

SCoREBOARD

Billing Processes – H1 2023

Cypriot NSG

Background

Since publication of the [Collateral Management Harmonisation Report](#) in December 2017, the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) has made a number of significant breakthroughs in its ambition to create a **Single Collateral Management Rulebook for Europe (SCoRE)**.

What is SCoRE?

SCoRE defines common rules for managing collateral in Europe. These rules will replace the fragmented legacy standards, structural constraints and complex and diverse market practices that exist across Europe today. Implementation of SCoRE should remove operational impediments to the availability, usage and mobility of collateral. Market participants in AMI-SeCo have committed to implementing the SCoRE Rulebook, with the first set of rules due to be implemented by 8 April 2024. Their implementation efforts are regularly monitored by AMI-SeCo which facilitates an active dialogue with market participants on issues related to the clearing and settlement of securities and to collateral management.

National stakeholder groups (NSGs) are coordination forums that have been established in the markets covered by the AMI-SeCo to support the implementation of the Single Collateral Management Rulebook for Europe (SCoRE).

The Single Collateral Management Rulebook for Europe contains 4 Standards related to billing processes (published as the [SCoRE Standards for Billing Processes](#)). Implementation progress is monitored twice per year.

Introduction

This summary report presents the results of the H1 2023 monitoring exercise conducted by the Cypriot NSG with the involvement among the following stakeholders:

- 1 CSD – Cyprus Stock Exchange
- 7 Custodians (of which 5 participated)

This report focuses on the milestones to be met by the time the survey was closed. In this monitoring exercise, participants were expected to have achieved all the

8 entities are monitored in the Cypriot market, only 6 entities participated in H1 2023 monitoring exercise

milestones up to Milestone 9 inclusive “Internal testing Complete for SCoRE” (with a deadline of 10 March 2023) as described in section 3 below.

Section 1 presents the key takeaways per Entity Type i.e. CSD, TPA, Custodian etc. Section 2 depicts the compliance status with the standards by each entity type. Section 3 focuses on the progress against the individual milestones and Section 4 provides concluding remarks.




1

Key takeaways

Implementation of the Billing Processes Standards in the Cypriot market is behind schedule

6 stakeholders out of 8 participated in the H1 2023 monitoring exercise. Implementation of the Billing Processes Standards in the Cypriot market is on track. This section presents the key findings of the survey for each entity type.

Figure 1
Summary of the monitoring exercise

	 Response Rate	 Implementation Status	Are all milestones 1 to 9 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 08 April 2024)?
Custodians	71%	Implemented 14.2% Implementation started 9.52% Analysis started 19.0% Analysis not started 9.52% Non applicable standards 19.0% Replies not submitted 28.5%	Average % of milestones achieved 38%	% of custodians on time 43%
CSD - CYPRUS STOCK EXCHANGE	Survey submitted	Implemented 0% Implementation started 100% Analysis started 0% Analysis not started 0% Non applicable standards 0% Replies not submitted 0%	No	11/24

CSD – Cyprus Stock Exchange (CSE)

CSE implementation is behind schedule

The CSE is currently behind schedule for the implementation of SCoRE Billing Processes Standards (based on the agreed milestones), as the CSE has indicated that the in-depth analysis of the applicable standards and the adaptation has not yet

been completed. The CSE does not expect to meet the final implementation date of 8 April 2024 as they expect to adapt the standards slightly behind schedule.

The CSE's compliance with interim milestones depends, to a great extent, on the corresponding harmonisation work of ATHEXCSD (i.e. for Billing Processes Standards 1, 2, 3 and 4). This is because ATHEXCSD is a critical service provider to the CSE as: (i) it provides, hosts and maintains the servers of the Central Depository Central Registry (i.e. 'CDCR', which is a department of the CSE) at the primary site, and (ii) it hosts and maintains the dematerialised securities system of CDCR at a second processing site in Greece.

ATHEXCSD submitted its adaptation plan for SCoRE Standards in June 2020, enabling CSE to obtain a clearer picture of the compliance of the CY market with future milestones.

In light of this, the CSE has revised its adaptation plan and submitted an updated version to the ECB in early 2021. Therefore, interim milestones were updated in order to be compatible with ATHEXCSD plan. Additional updates of the implementation milestones were indicated by the CSE since the H1 2022 monitoring exercise, following consultations with ATHEXCSD. Following the completion of the H1 2023 monitoring survey, it was observed that the CSE will deviate from the implementation dates previously indicated and will not be able to meet the deadline of 8 April 2024. Nevertheless, the Central Bank of Cyprus contacted the CSE in order to ensure that due action is taken, in cooperation with ATHEXCSD, in order for the CSE to bring the project back on track.

Currently, all 4 standards require harmonisation. The CSE has indicated that full implementation of the standards is postponed until late 2024. Except for Milestones 1 and 2 that have been implemented, the rest fall behind schedule (please refer to Table 3 'Expectation of achieving the milestones at the set dates').

Custodians

The majority of custodians have not yet started the implementation procedures

H1 2023 monitoring exercise covers around 71% of custodians which are active in the Cypriot market, the implementation status of who participated is distributed as follows:

- 14% of standards (at granular subpoint level) are reported as already implemented;
- 10% of standards are reported under ongoing development and implementation;
- 19% of standards are reported under internal analysis;
- For 10% of standards analysis has not started yet;
- 19% of standards are reported as not applicable to the individual custodians' operations.

Standards 3 and 4 do not apply to custodians.

NCB

In the context of the ECMS project, the Central Bank of Cyprus is on track for implementing the SCoRE Billing Processes for its collateral management activities by 8 April 2024.

2 Compliance with the standards

This section provides an overview of the current status of compliance with the billing processes standards. CSDs and TPAs are monitored on an individual basis and are assigned a colour-code status in accordance with the methodology outlined in Figure 2 below. Custodians are too many to represent individually. Thus the replies of custodians from the AMI-SeCo community participating in the monitoring are presented on an aggregated basis per market and assigned a percentage representing their compliance status.

Figure 2
Standards implementation status as defined in the AMI-SeCo framework document



- The Standard has been implemented
- Implementation of the Standard is on schedule (based on the agreed milestones)
- Implementation is behind schedule (based on the agreed milestones)
- Implementation has not started

Table 1
Compliance level with the standards by each entity type

STANDARD	Custodians	CSD - CYPRUS STOCK EXCHANGE
1: ISO 20022 messaging	20%	G
2: Billing cycles	43%	G
3: Cut-off date		G
4: Dates for payments fees		G

- Notes:
- Standards 3 and 4 are irrelevant for custodians
 - For CSDs and TPAs the colour-code reflects the current implementation status of each Standard in accordance with the methodology outlined in Box 1 above.
 - For custodians the % indicates the percentage of custodians which have implemented the standard or have the standard under development and implementation.
 - Percentages are calculated on the basis of expected respondents, i.e. number of entities monitored in the market.

3 Progress towards the milestones

This section tracks market stakeholders progress in implementing the Standards against the 13 set milestones identified by AMI-SeCo.

The milestones facilitate consistent implementation across markets (given the long-term efforts that are needed) and avoids issues remaining undetected until the deadline of 8 April 2024 to achieve compliance and implementation of the standards.

Table 2
Milestones identified by AMI-SeCo

Milestone	Description	Date
M1	Analysis Started: Have you commenced an in-depth analysis of all applicable SCoRE Standards in order to identify and document all the changes required to internal processes and procedures in order to comply with the SCoRE Standards?	30/06/2020
M2	Initial Communication: Has initial high-level communication with external stakeholders on the changes introduced by SCoRE commenced?	01/03/2021
M3	Analysis Completed: Have you completed an in-depth analysis of all applicable SCoRE Standards?	31/07/2021
M4	Documentation Completed: Have you documented all the internal processes and procedures which need to be adapted in order to comply with the SCoRE Standards?	31/12/2021
M5	Detailed External Communication: Has detailed communication started regarding (i) upcoming changes in business processes, (ii) messaging formats and usage guidelines (in the case of new messages based on non-registered latest drafts by SWIFT) and (iii) planned testing activities been provided to users?	31/12/2021
M6	SCoRE Adaptation Started: Have you started to adapt/develop the processes and procedures in order to comply with the SCoRE Standards?	01/01/2022
M7	SCoRE Adaptation Complete: Have you completed the necessary adaptations/developments for the processes and procedures in order to comply with the SCoRE Standards?	30/06/2022
M8	Internal Testing Started for SCoRE: Have you started to test the changes to your internal processes and procedures which have been introduced in order to comply with the SCoRE Standards?	01/07/2022
M9	Internal Testing Complete for SCoRE: Have you completed the necessary internal testing?	10/03/2023
M10	External Testing Started for SCoRE: Are you in a position to test the changes introduced in order to comply with the SCoRE Standards with your user community (i.e. CSD participants / Collateral Givers and Collateral Takers in the context of the Standards applicable to TPAs)?	22/05/2023
M11	Final External Communication on SCoRE: has final communication to users been provided (i.e. updated user guide to reflect the changes implemented, final message usage guidelines for A2A communication) related to the SCoRE Standards?	22/05/2023
M12	External Testing Completed for SCoRE: Is the testing of the changes introduced in order to comply with the SCoRE Standards with your user community completed (i.e. CSD participants / Collateral Givers and Collateral Takers in the context of the Standards applicable to TPAs)?	16/02/2024
M13	SCoRE Standards Implemented: have the SCoRE Standards been implemented?	08/04/2024

The current H1 2023 monitoring exercise focuses on milestones 1 to 9 given that Milestone 9 “Internal testing Complete for SCoRE” (with a deadline of 10 March 2023) was meant to have been achieved by the time the survey closed.

In each survey round, all the entities are asked to confirm (on a yes/no basis) whether the milestones will be met by the set milestones dates. If it is not the case, they are also asked the expected date for when the milestone will be reached.

For the milestones which had to be achieved by the time the survey closed: the blue colour code is assigned to those milestones that have been successfully achieved.

Milestones that will only be achieved later than their set deadline are assigned a yellow status with indication of the likely date of achievement.

For the milestones that are only due to be achieved after the current reporting cycle: the green colour code indicates that the entity anticipates achieving that future milestone on time. A yellow status indicates that the milestone is foreseen to be met later than the set milestone date. In this case, the date of achievement anticipated is also indicated in the table.

Table 3
Expectation of achieving the milestones at the set dates

	Custodians	CSD - CYPRUS STOCK EXCHANGE
Milestone 1 June 2020	57%	Yes
Milestone 2 March 2021	57%	Yes
Milestone 3 July 2021	29%	03/24
Milestone 4 December 2021	29%	04/24
Milestone 5 December 2021	14%	05/24
Milestone 6 January 2022	43%	06/24
Milestone 7 June 2022	43%	09/24
Milestone 8 July 2022	57%	09/24
Milestone 9 March 2023	14%	09/24
Milestone 10 May 2023	43%	10/24
Milestone 11 May 2023	43%	11/24
Milestone 12 February 2024	43%	10/24
Milestone 13 April 2024	43%	11/24

4 Concluding remarks

The CSE is currently behind schedule for the implementation of SCoRE Billing Processes Standards (based on the milestones provided by the AMI-SeCo).

The CSE's compliance with the set milestones depends, to a great extent, on the corresponding harmonisation work of ATHEXCSD, which is a critical service provider to the CSE for providing, hosting and maintaining the servers of the Depository in Greece.

Following the submission of ATHEXCSD's adaptation plan in June 2020, the CSE has consulted the concerned stakeholders, including ATHEXCSD, and revised its adaptation plan in order to reflect a more accurate view of the harmonisation progress. In light of this, the CSE has revised its adaptation plan and submitted an updated version to the ECB in early 2021. Therefore, interim milestones were updated in order to be compatible with ATHEXCSD plan. Additional updates of the implementation milestones were indicated by the CSE since the H1 2022 monitoring exercise, following consultations with ATHEXCSD. Following the completion of the H1 2023 monitoring survey, it was observed that the CSE will deviate from the implementation dates previously indicated and will not be able to meet the deadline of 8 April 2024. Nevertheless, the Central Bank of Cyprus contacted the CSE in order to ensure that due action is taken, in cooperation with ATHEXCSD, in order for the CSE to bring the project back on track.

Currently, all 4 standards require harmonisation. The CSE has indicated that full implementation of the standards is postponed until late 2024. Except for Milestones 1 and 2 that have been implemented, the rest fall behind schedule (please refer to Table 3 'Expectation of achieving the milestones at the set dates').

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For specific terminology please refer to the [ECB glossary](#) (available in English only).