

SCOREBOARD

Corporate Actions – H2 2023

Romanian 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 November 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 15 Standards related to the processing of corporate actions (published as the SCoRE Standards for Corporate Actions). Implementation progress is monitored twice per year.

Introduction

This summary report presents the results of the H2 2023 monitoring exercise conducted by the Romanian NSG with the involvement among the following stakeholders:

6 entities are monitored in the Romanian market

- 2 CSD Depozitarul Central, SaFIR
- 4 Custodians

The findings of the monitoring exercise reflect the Milestones roadmap in place by the time the survey closed (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 11 inclusive "Final external communication on SCoRE" (with a deadline of 22 May 2023) as described in section 3 below.

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

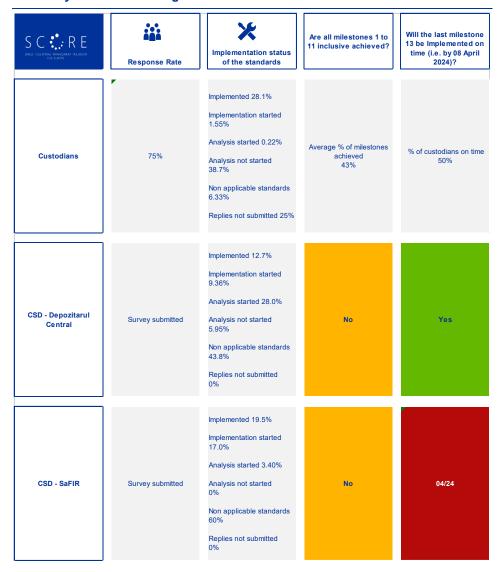
1 Key takeaways

This section presents the actual situation of the Romanian market regarding the implementation of the SCORE standards in the corporate actions area.

The implementation of Corporate Actions Standards in Romanian market, for debt-instruments, by Depozitarul Central and National Bank of Romania-SSS (SaFIR) is anticipated to be on time (November 2024).

Both Romanian CSDs responded to the survey and three out of four custodians also participated to the current monitoring exercise.

Figure 1
Summary of the monitoring exercise



CSD - Depozitarul Central

Depozitarul Central implementation is progressing

The milestones in Table 3 below are referring to debt-instruments. In order to comply with the AMI-SeCo Corporate Actions Standards applicable to debt instruments which are underlying for events that are supported by Depozitarul Central, as issuer CSD, the internal adaptation is started with the goal to meet the go-live date (November 2024).

There are corporate action events that are not currently subject to development or implementation process due to the absence of market use cases. Their implementation will be dependent on market demand.

Depozitarul Central is currently fully compliant with Standards no. 2, 4 and 7 while Standards no. 1, 8 and 9 are partially implemented.

CSD - SaFIR

SaFIR implementation status is on track

National Bank of Romania-SSS (SaFIR) has already implemented some of the 15 standards (Standard 1: 1A Notification; Standard 4: Rounding rule 1, 2, 3, 5; Standard 7: Securities Amount Data; Standard 8: Payment time and Standard 14: Foreign Currency) and is on track with the remaining standards.

Custodians

Implementation status of Romanian custodians

Three out of four custodians participated to the current monitoring exercise.

2 Compliance level with the standards

This section provides an overview of the current status of compliance with the corporate actions standards. CSDs 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 - Depozitarul Central | CSD - SaFIR |
|-------------------------------------|------------|------------------------------|-------------|
| 1A: Notification | 38% | G | В |
| 1B: Instruction | 39% | N/A | G |
| 1C: Advise | 33% | В | Υ |
| 1D: Confirmation | 31% | В | G |
| 1E: Reversal | 27% | Y | Υ |
| 1F: Meeting Notification | 56% | Υ | N/A |
| 1G: Meeting Instruction | 26% | R | N/A |
| 1H: Meeting Results | 35% | R | N/A |
| 2: Calculation of Proceeds | 34% | В | G |
| 3: Consistency of Information | 35% | Y | Υ |
| 4: Rounding Rule 1 | 50% | В | В |
| 4: Rounding Rule 2 | 50% | В | В |
| 4: Rounding Rule 3 | 50% | В | В |
| 4: Rounding Rule 4 | 50% | В | Y |
| 4: Rounding Rule 5 | 50% | В | В |
| 5: Negative Cash Flows | 50% | N/A | G |
| 6: Business Day Rule | | Υ | Υ |
| 7: Securities Amount Data Rule 1 | | В | В |
| 7: Securities Amount Data Rule 2 | | N/A | N/A |
| 7: Securities Amount Data Rule 3 | | В | N/A |
| 7: Securities Amount Data Rule 4 | | В | N/A |
| 8: Payment Time Rule 1 | | В | В |
| 8: Payment Time Rule 2 | | N/A | В |
| 8: Payment Time Rule 3 | | G | В |
| 8: Payment Time General Principle 3 | | В | В |
| 9: Processing Status | 50% | В | G |
| 10: Rule 1 | 50% | N/A | N/A |
| 10: Rule 2 | 33% | N/A | N/A |
| 10: Rule 3 | 50% | N/A | N/A |
| 11: Default Option | 50% | N/A | N/A |
| 12: Handling of Fees | 50% | N/A | N/A |
| 13: Reversal | 25% | Y | G |
| 14: Foreign Currency | | N/A | В |
| 15: ISO 20022 Messaging | 5% | Υ | G |

Notes:

For CSDs and TPAs the colour-code reflects the current implementation status of each Standard in accordance with the methodology outlined in figure

¹ above.
TPAs are using custody services provided by CSDs or Custodians in order to disseminate CA information to Collateral Givers and Collateral Takers.

Monitoring of TPAs thus focuses on the implementation of triparty specific workflows described in Standard 1.

For custodians, the % indicates the percentage of custodians which have implemented the standard or have the standard under development and

Insurance and the same of their obligation to provide all relevant information to the Issuer CSD (on a Yes/No basis). The % reflects the number of issuers who responded yes to the survey

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 to achieve compliance and implementation of the standards. The Milestone dates refer to the timeline in place at the moment of survey closing (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024.

Table 2Milestones 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? | |
| M2 | Initial Communication: Has initial high-level communication with external stakeholders on the changes introduced by SCoRE commenced? | |
| 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? | |
| 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? | |
| М9 | 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)? | |
| 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 H2 2023 monitoring exercise focuses on milestones 1 to 11 given that Milestone 11 "Final external communication on SCoRE" (with a deadline of 22 May 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

 Entities' expectation of achieving the milestones at the set dates

| | Custodians | CSD - Depozitarul Central | CSD - SaFIR |
|-------------------------------|------------|---------------------------------|-------------|
| Milestone 1 June 2020 | 50% | Yes | Yes |
| Milestone 2 March 2021 | 50% | Yes | Yes |
| Milestone 3 July 2021 | 25% | Yes | Yes |
| Milestone 4 December 2021 | 50% | Yes | Yes |
| Milestone 5 December 2021 | 50% | Yes | Yes |
| Milestone 6 January 2022 | 50% | Yes | Yes |
| Milestone 7 June 2022 | 50% | 10/23 | 04/24 |
| Milestone 8 July 2022 | 25% | 11/23 | 03/24 |
| Milestone 9 March 2023 | 25% | 01/24 | 11/24 |
| Milestone 10 May 2023 | 50% | 02/24 | 02/24 |
| Milestone 11 May 2023 | 50% | 02/24 | 02/24 |
| Milestone 12 February 2024 | 50% | 03/24 | 04/24 |
| Milestone 13 April 2024 | 50% | Yes | Yes |

4 Concluding remarks

The goal of the Romanian market is to meet the final milestone for go-live agreed by the AMI-SeCo as regard to events that are applicable for the local market and have the debt-instruments as underlying.

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