SCoREBOARD

Billing Processes – H2 2021

Estonian NSG

The Single Collateral Management Rulebook for Europe (SCoRE) contains four Standards related to billing processes (published as the SCoRE Standards for Billing Processes). Implementation progress is monitored twice per year. This summary report presents the results of the H2 2021 monitoring exercise conducted by the Estonian NSG with the involvement of the following stakeholders:

- 1 CSD – Nasdaq CSD

- 5 Custodians

The SCoRE Overview provides a high-level summary of the H2 2021 monitoring exercise.

6 entities are monitored in the Estonian market

SCoRE SINGLE COLLATERAL MANAGEMENT RULEBOOK FOR EUROPE	Response Rate	Implementation Status	Milestones achieved?	Implemented on Time?
Custodians	20%	Implemented 28% Analysis started 20% Implementation started 0%	20%	40%
CSD - NASDAQ	100%	Implemented 40% Analysis started 60% Implementation started 0%	No	Yes

Note: Implemented on time reflects the entity's expected ability to achieve the final milestone on time.

This NSG summary report is structured as follows: The Executive Summary provides an overview of the responses received per Entity Type i.e. CSD, TPA, Custodian etc. Section 1 presents the compliance status of each entity type. Section 2 provides an overview of the progress against the individual milestones. Section 3 then provides a more detailed overview of the implementation status per Standard for each entity type.

Executive Summary

Custodians' response rate to the summary of the H2 2021 monitoring exercise was 20%. The Estonian CSD – Nasdaq – is on schedule. Although custodians are behind the schedule, this is not perceived as a major concern at this moment.

Implementation of the Billing Processes Standards in the Estonian market is considered to be on track overall

CSD – Nasdaq CSD

Implementation of the Standards has started and two of them have been implemented. Nasdaq CSD is on track overall.

Nasdaq has implemented Standard 2: Billing cycles and Standard 3: Cut-off dates, with analysis having commenced for Standard 1: ISO 20022 messaging and Standard 4: Dates for payment fees.

Although some delays have been experienced with milestones to-date (M2 and M3) and are expected for some prospective ones, the final implementation date of November 2023 is expected to be met on time.

Custodians

No issues of concern to be highlighted at this juncture

Participation by custodians was low during this monitoring exercise (20%) with greater effort required to enhance such for future monitoring rounds. Despite this, we believe that there are no issues with the implementation of the standards that need to be highlighted at this moment.

The pandemic has implicated the activities of banks to a certain extent. Although analysis has not been started yet for several entities, we don't see this as a problem, considering their flexibility as seen in previous projects.

NCB

Eesti Pank is on track to adopt the SCoRE Standards by November 2023

Eesti Pank is on track to implement the SCoRE Standards for Billing Processes for its collateral management activities by November 2023.

1   SCoREBOARD

This section presents the overall compliance status in the market. CSDs and TPAs are monitored on an individual basis and are assigned a colour-code status in accordance with the methodology outlined in Box 1[1]. Custodians are monitored on an aggregated basis and assigned a percentage compliance status.

Box 1
SCoREBOARD – Implementation Phase

SINGLE COLLATERAL MANAGEMENT RULEBOOK
FOR EUROPE

■ 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

For custodians, progress is monitored and reported as a percentage; for example the % of custodians in a given market who have started internal adaptation of IT systems.

Table A
SCoREBOARD

STANDARD	Custodians	CSD - NASDAQ
1: ISO 20022 messaging	40%	Y
2: Billing cycles	40%	B
3: Cut-off date	60%	B
4: Dates for payments fees	60%	Y

Notes:
- 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 that the standard has either already been implemented, or that implementation is on track i.e. at a minimum that analysis has already started or that implementation has started per Standard.
- Percentages are calculated on the basis of expected respondents, i.e. number of entities monitored in the market.

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[1]   For further details please refer to the AMI-SeCo Monitoring Framework

2 Milestones

This section tracks an entity's progress in implementing the Standards on an ongoing basis. 13 milestones have been defined as listed in the box below.

Box 2

SCoRE Milestones

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?	02/12/2022
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)?	05/12/2022
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?	01/04/2023
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)?	13/10/2023
M13	**SCoRE Standards Implemented:** have the SCoRE Standards been implemented?	20/11/2023

Notes: N/A

Milestones expected to be achieved in the current reporting period are highlighted in blue in the header of Table B below. The blue colour-code is then assigned to those milestones which have been successfully achieved to date for each respective entity. Milestones which will only be achieved later are assigned a yellow status, while milestones which will only be achieved with significant delays / where work has not yet commenced are marked in red.

For the remaining milestones (i.e. milestones due to be achieved only after the current reporting cycle) the colour-code indicates an entity's expected ability to achieve a future milestone on time. The expected date of achievement is also indicated in the table if it is different to the milestone date defined by AMI-SeCo.

Table B

Milestones

	Custodians	CSD - NASDAQ
Milestone 1 June 2020	20%	Yes
Milestone 2 March 2021	20%	05/22
Milestone 3 July 2021	20%	01/22
Milestone 4 December 2021	20%	07/22
Milestone 5 December 2021	20%	10/22
Milestone 6 January 2022	20%	07/22
Milestone 7 June 2022	20%	01/23
Milestone 8 July 2022	0%	01/23
Milestone 9 December 2022	0%	04/23
Milestone 10 December 2022	0%	04/23
Milestone 11 April 2023	20%	Yes
Milestone 12 October 2023	40%	Yes
Milestone 13 November 2023	40%	Yes

Notes: Actors were asked to report for all milestones, i.e. whether they meet the current milestones and whether they expect to meet the dates for future milestones.
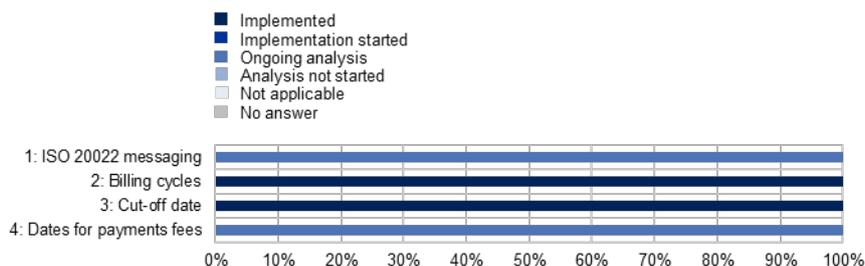
Summary

For CSD Nasdaq, the first milestone (M1) - Analysis started – has been met on time, while others due over 2021 are currently behind schedule (M2 and M3). However, overall, Nasdaq is on track to meet the final implementation date of November 2023. Further input is required from custodians in order to provide a complete picture of their anticipated compliance going forward.

3 Implementation status per SCoRE Standard

This section presents the implementation status of each Standard per entity type.

CSD - Nasdaq CSD
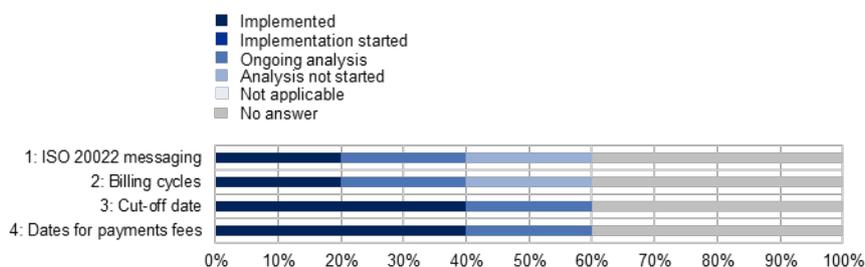### Implementation status per SCoRE Standard

Notes
N/A

Custodians
Implementation status per SCoRE Standard

Notes
N/A