

SCoREBOARD

Billing Processes – H2 2022

French 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 2023. 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 to support the implementation of the Single Collateral Management Rulebook for Europe. 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, except for 2020 where the monitoring occurred only once.

Introduction

This summary report presents the results of the H2 2022 monitoring exercise conducted by the French NSG with the involvement among the following stakeholders:

- 1 CSD – Euroclear France
- 2 TPAs – BNP Paribas, Euroclear France
- 8 Custodians

11 entities are monitored in the French market

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 milestones up to Milestone 8 including “Internal testing Started for SCoRE” (with a deadline of 1 July 2022) as described in section 3 below.

Section 1 presents the key takeaways per Entity Type i.e. CSD, TPA, Custodian. 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

All the CSDs and TPAs responded to the Billing Processes survey. Their participation is complete, and implementation of the standards is mostly on track: except for the TPA BNP Paribas – who expects to achieve the full implementation of Billing Processes standards by November 2027 – other participants expect to be compliant in due time, by November 2023 (i.e. Euroclear France as a CSD and as TPA).

Implementation of the Billing Processes Standards in the French market is mainly on track, with the need to focus on future implementation milestones for less than half of custodians and one TPA.

As regards custodians, their overall response rate to the survey is 63%, which is lower than in the H1 2022 monitoring round (78%) but still higher than the overall response rate in 2020 (44%). More than half of the French custodians (63%) expect to achieve full conformity with SCoRE milestones by November 2023 (56% during the H1 2022 monitoring round). As regard remaining implementation delays, it is still relevant to recall that the Covid-19 pandemic induced organisational challenges and related prioritisation of activities, sometimes at the expense of structural adaptations. Yet, we observe improvements over time. For instance, the implementation rate of milestones 1 to 8 is now 36% and the overall implementation rate is equal to 16.6%.

The French NSG remains fully committed to upstream communication, in order to make participants (especially within custodians) aware of the relevance of the SCoRE harmonisation for ECMS, and to maintain their progression rate towards full adoption of standards in due time. To this aim, the NSG Secretariat is committed to organising regular meetings with NSG members.

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 8 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 20 November 2023)?
Custodians	63%	Implemented 16.6% Implementation started 12.5% Analysis started 0% Analysis not started 8.33% Non applicable standards 50% Replies not submitted 12.5%	Average % of milestones achieved 36%	% of custodians on time 63%
TPA - BNP Paribas	Survey submitted	Implemented 40% Implementation started 0% Analysis started 40% Analysis not started 0% Non applicable standards 20% Replies not submitted 0%	No	11/27
TPA - Euroclear France	Survey submitted	Implemented 40% Implementation started 0% Analysis started 40% Analysis not started 0% Non applicable standards 20% Replies not submitted 0%	No	Yes
CSD - Euroclear France	Survey submitted	Implemented 40% Implementation started 0% Analysis started 40% Analysis not started 0% Non applicable standards 20% Replies not submitted 0%	No	Yes

CSD – Euroclear France

Euroclear France has already implemented two standards and is on track for the remaining two.

Euroclear France has fully completed the monitoring survey in a timely manner. 40% of the Billing Processes standards have already been implemented. Euroclear has also started the analysis for the remaining standards. Of note, part of Standard 1 (“Receive camt.077”) is non-applicable as Euroclear France has no requirement to receive camt.077 messages.

Out of the four sets of standards gathered in the SCoREBOARD below, two have already been implemented (Standard 2: Billing Cycles and Standard 4: Cut-off Dates). The two remaining sets of standards (Standard 1: ISO 20022 Messaging and Standard 4: Dates for Payments Fees) are behind schedule. However, regarding the latter, Euroclear France has already performed the relevant analysis and should begin the implementation soon. Hence, the remaining point of attention is related to the ISO 20022 messaging standard.

Although Euroclear France plans to experience some delays in the implementation of relevant milestones by February 2023, the CSD still expects to have implemented all the Billing Processes standards by November 2023. As a result, thanks to the one-year postponement of the SCoRE standards deadline, Euroclear France will be compliant with the final deadline.

TPA – BNP Paribas

BNPP has fully completed the monitoring survey in a timely manner. 40% of the Billing standards have already been implemented.

BNP Paribas TPA is experiencing delays in the implementation of the billing standards. The TPA plans to be fully compliant by November 2027.

Out of the four sets of standards gathered in the SCoREBOARD below, Standard 2 (Billing Cycles) and Standard 4 (Dates for Payments Fees) have already been implemented, while analysis has not yet started for Standard 1 (ISO 20022 Messaging). One standard is deemed non-applicable (Standard 3: Cut-off Date).

Consistently with this, all implementation milestones, starting from milestone 1 (deadline of June 2020), will be met with a delay. BNP Paribas as a TPA plans to reach compliance with milestones 1 to 8 (which should have been attained by July 2022) by January 2026 (a four-years delay). Moreover, full compliance can only be expected by November 2027. Of note, in its April 2021 Adaptation Plan, BNP Paribas explains that the implementation of ISO 20022 messaging standards is coordinated by a dedicated team within BNP Paribas Securities Services. Hence, the final assessment and the definitive timeline for implementation of related milestones will only be confirmed upon completion of the tasks of this dedicated working group, which helps explain the reported implementation delays. In addition, BNP Paribas TPA will continue to support the ISO 15022 messages after 2023, should any commercial bank temporarily wish to continue using it.

Notwithstanding some delays at intermediary stages of the adaptation process, Euroclear France TPA is on-track as regard the final milestones.

TPA – Euroclear France

Euroclear France has fully completed the monitoring survey in a timely manner. 40% of the standards have already been implemented (40% in H2 2021 and 20% as of H1 2021). The analysis has started for the rest of the standards.

Out of the four standards gathered in the SCoREBOARD below, two are already implemented (Standard 2: Billing Cycles and Standard 3: Cut-off Date). Analysis is ongoing for the remaining two standards (Standard 1: ISO 20022 Messaging and Standard 4: Dates for Payments Fees).

While Euroclear expects to be ready by November 2023, milestones 1 to 9 will be reached with a delay, while the CSD will achieve Milestone 10 on time, by March 2023. In its April 2021 Adaptation Plan Euroclear France underlined that the Euroclear Group is currently deploying a new Oracle-based billing solution. The migration of Euroclear France, together with the other ESES CSDs, has started at the end of 2021 and will be completed in 2022. The migration project plan has been adapted to ensure compliance with the new standards, including production of the ISO 20022 billing report.

Custodians

In the H2 2022 monitoring round, the response rate among custodians has lowered compared to the previous round (63% against 89%). The implementation rate has also declined, with 16.6% of the standards already implemented by custodians (which have overall also started the implementation for about 12.5% of the remaining standards). Furthermore, 36% of custodians have achieved the 8 first milestones (custodians were expected to reach Milestone 8 by July 2022).

The percentage of custodians having implemented Standard 2: Billing Cycles amounts to 63% (86% in H1 2022). However, this rate is much lower for Standard 1: ISO 20022 messaging and has even reduced (13% only versus 17% in H1 2022). This result confirms that messaging standards remain the main difficulty for French market participants (custodians but also CSDs as reported above), given the need to update their systems accordingly. Of note, Standard 3 and Standard 4 are non-applicable to custodians.

The fact that a portion of custodians have not adopted some standards, and / or have not started the required analyses, translates into a low level of participants – only 36% – having reached the expected milestones (Milestones 1 to 8) as of H2 2022. More generally, this reflects the heterogeneity among participants in terms of adoption progress. While the rate of expected completion of future milestones by November 2023 has progressively increased over time and currently stands at 63%, efforts are still needed to meet deadlines.

NCB

Banque de France is on track to implement the SCoRE standards for Billing for its collateral management activities by November 2023.

Results are still heterogeneous among participants: only 36% have already met the expected milestones as of the start of 2022, and 63% of them plan to reach full compliance by November 2023. Hence, less than half of the custodians will not be ready for the final deadline, which calls for close monitoring of progress.

Banque de France is on track to adopt the SCoRE Standards in November 2023

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 1
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	TPA - BNP Paribas	TPA - Euroclear France	CSD - Euroclear France
1: ISO 20022 messaging	13%	Y	Y	Y
2: Billing cycles	63%	B	B	B
3: Cut-off date		N/A	B	B
4: Dates for payments fees		B	Y	Y

Notes:

- Billing 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 standards / standards being 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 20 November 2023 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?	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)?	20/03/2023
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?	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

The current H2 2022 monitoring exercise focuses on milestones 1 to 8 given that Milestone 8 inclusive “Internal testing Started for SCoRE” (with a deadline as of 1 July 2022) 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	TPA - BNP Paribas	TPA - Euroclear France	CSD - Euroclear France
Milestone 1 June 2020	38%	01/25	Yes	Yes
Milestone 2 March 2021	38%	03/25	12/22	12/22
Milestone 3 July 2021	38%	07/25	12/22	12/22
Milestone 4 December 2021	25%	12/25	12/22	12/22
Milestone 5 December 2021	25%	12/25	12/22	12/22
Milestone 6 January 2022	38%	01/26	Yes	Yes
Milestone 7 June 2022	38%	06/26	12/22	12/22
Milestone 8 July 2022	50%	07/26	Yes	Yes
Milestone 9 December 2022	50%	12/26	02/23	02/23
Milestone 10 March 2023	50%	12/26	Yes	Yes
Milestone 11 April 2023	50%	04/27	Yes	Yes
Milestone 12 October 2023	63%	10/27	Yes	Yes
Milestone 13 November 2023	63%	11/27	Yes	Yes

4 Concluding remarks

For Euroclear France, the implementation milestones will be met by November 2023, although this CSD is expected to experience some delays for the initial milestones i.e. until February 2023. As regards TPAs, Euroclear France will also postpone compliance for the initial milestones over 2021-2022 but will nevertheless achieve full compliance by November 2023. On the contrary, BNP Paribas TPA will continue to be late in meeting all implementation dates regarding ISO messaging and expects to achieve compliance four years after the November 2023 deadline (see explanations above).

As regards custodians, the results show a heterogeneous level of completion among participants, which translates into an overall compliance rate of 36% for the 8 first milestones, while 63% of custodians are expected to comply with the last milestone by November 2023.

Since the previous monitoring round, NSG members did not offer additional explanations to justify their low compliance levels.

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