

28 October 2021

SCoRE Standards Implementation

Introduction

Monte Titoli is pleased to inform its clients of the forthcoming implementation of the Eurosystem Collateral Management System (ECMS) and the associated SCoRE standards.

This implementation will meet clients' needs for increased compliance with standards and improved efficiency of Corporate Actions processing and harmonisation of services for clients across markets.

What is ECMS?

The Eurosystem Collateral Management System (ECMS) is a unified system for managing assets used as collateral in Eurosystem credit operations. Its launch is planned by Eurosystem for November 2023.

Financial intermediaries connected to the Eurosystem (e.g., T2S) will be required to connect to ECMS, which will comply with the SCoRE standards.

What is SCoRE?

As part of its mandate to foster European financial markets integration and promote a truly domestic single market in Europe, the Eurosystem's [Advisory Group on Market Infrastructures for Securities and Collateral \(AMI-SeCo\)](#) is working towards developing a Single Collateral Management Rulebook for Europe (SCoRE).

SCoRE is a set of standards, which defines common rules for managing collateral. The implementation of these standards aims to reduce fragmentation in the European markets, which arises due to the variety of legacy standards, structural constraints and as a result of complex and diverse market practices.

While the AMI-SeCo identified ten areas where harmonisation is needed, the first set of published standards focus on three topics:

1. Triparty Collateral Management
2. Corporate Actions
3. Billing processes

For Monte Titoli, as part of the initiatives envisaged by the ECMS project, only Corporate Actions and Billing standards are applicable and, in relation to the first phase expiring in 2023, Monte Titoli will guarantee the connection with the collateral platform only, postponing processing ISO 20022 for CAs and billing for customers at a later stage of implementation.

Monte Titoli will publish its plan for compliance with the SCoRE standards in due course.

Corporate Actions

The consultation on the latest update of the SCoRE Corporate Actions Standards is still ongoing. The latest version of these standards can be found on the [ECB website](#).

While our analysis of the standards, their impacts and the best method of implementation is still ongoing, Monte Titoli can already foresee changes that will result from their adoption. A non-exhaustive list of the expected changes has been drawn up and is provided as follows:

- Enhanced handling of securities that follow Modified Following business days conventions.
- Introducing simultaneous bookings of cash and securities for redemption events.
- Ensure availability of the default option.
- Expansion of use of blocking of securities.

Billing

The AMI-SeCo validated the content of the SCoRE Billing Standards in June 2021. The final version of the standards can be found on the [ECB website](#).

Monte Titoli will comply with the standards for the ECMS deadline.

Impacts of compliance with the SCoRE billing standards is expected to have minute impact for clients.

Impact on clients and further information

Monte Titoli is currently completing its impact analysis and project definition to ensure the best possible solution for its clients.

As some of the details of the standards are still the subject of consultation and feedback, we are actively participating in the discussions with the various groups. This is to ensure that the compliance with the standards and associated timetable meet the needs of our clients, and that we can manage the impact of the time required for these discussions on our compliance implementation and overall roadmap.

More detailed information regarding client impact and timetables will be provided at a later date.

Key milestones

This project aims to meet the main milestones listed in the table below, which align with the high-level timetable for the implementation of the ECMS platform.

More details on the timetable will be provided in future communications.

Publication of first client documentation	by Q1 2022
Communication of detailed functional & technical changes	Q1 2022
Completion of internal changes	Q1 2023
Client / user testing	Q2 – Q3 2023
Rehearsals with the ECMS	Q2 – Q3 2023
Go-live	November 2023

For further information please contact your Monte Titoli Relationship Manager.