

Warsaw, 15 February 2023

Third meeting of the National Stakeholder Group AMI-SeCo NSG_PL

(video call)

2 February 2023, 11.00-12.30

Report

1. Opening of the meeting

Mr Maciej Trybuchowski, CEO of Krajowy Depozyt Papierów Wartościowych S.A. (KDPW S.A.), welcomed all participants and said that KDPW's priority was to proceed in accordance with the approved timetable for the implementation of the SCoRE standards. He proposed that meetings of the group should be held more frequently than once a year and that the group should meet twice this year.

2. SCoRE standards – monitoring milestones (KDPW presentation, NBP presentation)

Mr Leszek Kołakowski, Director of the KDPW S.A. Business Development Department, delivered a presentation on the monitoring of the AMI-SeCo milestones. He presented the current monitoring methodology of the ECB Monitoring Framework of December 2019. The document defines three stages of work: defining standards, implementation planning, and implementation. The benchmark for the monitoring study are milestones which allow a transparent assessment of the status of work of the participants in the process. Mr L. Kołakowski asked for greater engagement and involvement of the participants in the monitoring surveys, which take place every six months (the deadline for completing the surveys is April and October). Based on information collected in the surveys, AMI-SeCo prepares a Progress Report.

Ms Małgorzata Kapis (NBP) delivered a presentation on the implementation of the SCoRE standards in the SKARBNET4 (SK4) system. She recalled that it is a system for recording Treasury bills (periodically issued by the Ministry of Finance) and NBP money bills (issued by NBP in open market operations, which are the main instrument of monetary policy). There are only two issuers in SKARBNET4: NBP and the Ministry of Finance (which does not currently use this function). The only corporate action (CA) in the case of NBP money bills and Treasury bills is the redemption of debt securities. The seev.031 message for the redemption of bills is not currently supported in SKARBNET4 and its implementation will be the main change to be made in order to comply with the SCoRE standards. Regarding the billing report, there is only one fixed quarterly fee in SKARBNET4. The fee is charged by debiting SKARBNET4 participants' accounts on the basis of the authorisation issued by participants when signing the SK4 participation agreement. A camt.077 message compliant with the ISO 20022 standard (xml file) will be added as part of the alignment with the standards. It will be made available to SKARBNET4 participants as notification of the upcoming quarterly fee. NBP does not expect to receive any information from SKARBNET4 participants transmitted via the clearing message (camt.077). Relative to the generally approved timetable, in the case of SKARBNET4, there is currently a delay in the implementation of the milestones for two reasons: the project was joined with a significant delay; and the work related to the implementation of the settlement discipline regulations needs to be completed. However, Ms M. Kapis

reported that the M4 milestones had been met. As for M5, consultations with SK4 participants on the seev.031 message format were completed in December 2022 (on schedule). The camt.077 message format is already prepared and will be presented for consultation with SK4 participants in the near future. In parallel, work is underway to consult with NBP's IT line on changes to SK4 to include message processing, and internal testing is expected to start in March (on schedule). The remaining milestones should be completed on schedule.

After the NBP presentation, Mr L. Kořakowski returned to the presentation of the implementation of the milestones at KDPW and said that the first 6 milestones for corporate events had been met by KDPW while the subsequent milestones are linked to external conditions, which will be further discussed in agenda item 8 concerning the timeline. With regard to billing processes, Mr L. Kořakowski reported the postponement of milestones 3 to 6 to March 2023, depending on the outcome of the analysis of participants' needs and the comparison with another important project, the National e-Invoicing System (KSeF).

3. ISO 20022 SR 2023 message versions

Mr Michał Krystkiewicz (KDPW S.A.) delivered a presentation with information on Corporate Action Standards 1 and 15 which relate to the harmonisation of business processes and the use of ISO 20022 messages for corporate events. He reported on a significant change in the ECB's approach to message versions. The initial plan to implement the messages based on Standard Release 2020 and to freeze their updates for a period of three years has been changed to a plan to adapt the message versions based on Standards Release 2023 (SR2023) without a transitional period. In addition, an annual update will take place as part of ISO maintenance cycles. Next, the scope of the changes applicable to KDPW participants was outlined and the target message versions compliant with SR2023 were presented as compared to the current status of SR2012 and the published specifications for SR2021. The publication of the final version of SR2023 on the MyStandards platform was expected in mid-January 2023. KDPW consulted with SWIFT in mid-January on the possibility to start updating the message specifications based on the repository available on the platform. Following SWIFT's suggestion, the update of the specifications from SR2021 to SR2023 will start at the beginning of March 2023. The presentation also outlined the scope of the changes to the various messages. Changes affecting communication between KDPW and market participants will be limited in scope.

4. Global practice and SMPG recommendations

Mr Michał Krystkiewicz (KDPW S.A.) presented the work carried out by the Securities Market Practice Group, including recommendations and global practice on the application of the SCoRE standards to corporate events. The SMPG's work relates, among others, to the mechanism for transmitting the seev.035 message containing information on entitlements (ENTL) and the forecast of flows in the event (CAPA), the rules for execution of reversals of corporate events and realised cash and securities flows, and the use of the seev.044 message to cancel forecast transmitted by the seev.035 message.

5. Executing CA event reversals

Ms Monika Adamowicz (KDPW S.A.) discussed KDPW's approach to implementing SCoRE CA Standard 13 for the execution of corporate event reversals. She emphasised that for events processed by KDPW as issuer CSD, only events related to the distribution of cash benefits will be eligible for reversal, excluding flows in securities. She reported that, given the expected infrequent execution of reversals, the involvement of the KDPW systems in the process was expected to be minimal as regards notification and confirmation of the execution of CA event reversals. In event reversals, KDPW will not debit participants' accounts. Reversals will be transferred by participants to a designated KDPW

account. A list of events that will be eligible for reversal was presented, including: mandatory cash dividend payments (DVCA), interest payments on debt securities and structured certificates (INTR), mandatory payment of FIZ income without redemption of investment certificates (CAPG), handling of the tax certification process under the Quick Refund procedure (TREC), mandatory reduction of the face amount of shares with cash payment (DECR).

Mr L. Kołakowski opened the discussion and advised that an expansion of the scope of events eligible for reversal would require an appropriate amendment of legal regulations. The introduction of such a change could relieve issuers, the central securities depository or depositaries from the risk of an erroneous list of eligible persons.

6. Expressing the amount of debt instruments

Mr L. Kołakowski (KDPW S.A.) presented in detail Corporate Actions Standard 7 concerning the denomination of the amount of debt instruments in face amount (FAMT). He indicated which entities are covered by this standard and to what extent. He then reported on the uncertainties in using FAMT to express the amount of debt instruments. Currently in KDPW the amount of debt instruments is expressed only in face amount (FAMT) in the processing of corporate events. As regards settlement, KDPW does not require the use of FAMT but allows it; the amount can also be denominated in units (UNITS). Most KDPW participants use UNITS in settlement. Mr Kołakowski discussed the relevant provisions of the Bond Act and invited a discussion in the last agenda item on the use of FAMT on the Polish market by KDPW participants. It was pointed out that the current legal provisions do not conflict with the description of Standard 7. Taking this into account, it was agreed that Standard 7 is met at KDPW level.

7. camt.077 invoice format

Mr L. Kołakowski delivered a presentation on the first billing process standard, which deals with the use of ISO 20022 messages in the content of invoices, i.e., the use of the camt.077 format. The problem KDPW currently faces is the form of the camt.077 message. It only functions as a draft of the ISO 20022 standard. In addition, KSeF will be implemented next year, where the structured invoice has an xml format which is consistent with the logical structure of the FA e-Invoice (1) published in the Central Repository of Electronic Document Templates (CRWDE) on the ePUAP platform. KDPW will provide electronic billing within KSeF in line with the legislation that is likely to take effect from 1 July 2024. The implementation of camt.077 as a standard in KDPW should depend on the actual needs of KDPW clients. Consequently, the question was once again put to participants regarding the need for such an invoice and the optional or mandatory nature of this message. Clients that could potentially use camt.077 are foreign clients.

8. Timetable for the implementation of the SCoRE Standards

In this agenda item, Mr Leszek Kołakowski provided information about the decision taken by AMI-SeCo at its meeting in December 2022 to postpone the implementation of the Eurosystem Collateral Management System (ECMS) to April 2024. Initially, the implementation of the SCoRE standards was dependent on the ECMS implementation date. Participants were informed of KDPW's strong determination to implement key elements of the standards on time, including the transition to new versions of the ISO 20022 messages planned for November 2023. The implementation of the remaining SCoRE standards in parallel with the ECMS project is under consideration, i.e., the implementation of

new functionalities such as event reversal, the expansion of the list of events recorded via WebWS and the implementation of the camt.077 message at a later date, i.e., April 2024.

9. Any other business

In this agenda item, KDPW's approach was presented to the execution of events on the SCoRE list that are not currently supported by KDPW. It was reported that the execution of events that are not currently supported by KDPW depends on legitimate business needs raised by KDPW participants and a positive outcome of an analysis concerning the admissibility of the execution of a given event under Polish law. If a decision is taken to start processing an event in KDPW, the implementation of the changes is planned for November 2025. In addition, it was reported that KDPW had been notified by some direct participants of the need for KDPW to start processing tender offers in shares of companies (TEND event). In this regard, it was clarified that the current national legislation does not include KDPW's participation in the process of handling tender offers. Participants were asked whether they saw a need to amend the regulations in this regard.

Mr L. Kołakowski invited all participants to express their opinions mainly on the use of the corporate event reversal process, the definition of the amount of debt instruments, and camt.077 billing. Mr Jacek Mierzejewski (Citi Handlowy) referred to the issue of face amount and explained the reason for not using this message due to the gradual transfer of data in the system. Regarding event reversals, he expressed a strong interest in the role that KDPW would play in this respect in the context of the current legislation. The floor was then taken by Mr Rafał Jagiełło (Deutsche Bank Polska), who asked for confirmation as to whether full and final versions of the messages, including a set of messages in the corporate events area, would be available in March 2023. KDPW representatives replied that the full Standard Release 2023 would be available, including messages beyond the corporate actions area. Mr Jarosław Litwiniec (Citi Handlowy) asked whether there would be access to invoice analytics as part of the use of camt.077 in billing processes, or whether such an option was envisaged in KSeF. Mr L. Kołakowski replied that it was not currently envisaged to include invoice analytics within KSeF. This could be allowed in the camt.077 message. At the end of the meeting, participants were advised that a memo and the presentation from the meeting would be posted on the website. It was agreed that the next meeting of the AMI-SeCo NSG_PL group could take place at the end of September 2023 before the implementation of the SCoRE standards.