



**SMPG**  
**Global Meeting**  
**Investment Funds Working Group**  
**Minutes**  
**Luxembourg 27-29<sup>th</sup> April**

**Revision History:**

- [1] 1st draft circulated to co-chair of the SMPG Investment Funds Working Group meeting in Luxembourg.
- [2] 2<sup>nd</sup> draft circulated to SMPG Investment Funds Working Group attendees to meeting in Luxembourg

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## 1. ATTENDEES

1.	BR	Liliane Reis Dutra	LRD
2.	DE	Eduard Schroeder	ES
3.	DE	Rudolf Siebel (27 <sup>th</sup> only)	RS
4.	DE	Klaus Thielmann	KT
5.	DK	Niels Hougaard (28 <sup>th</sup> and 29 <sup>th</sup> only)	NH
6.	ES	Juan Carlos Gallego (27 <sup>th</sup> and 28 <sup>th</sup> only)	JCG
7.	LU	Simone Thelen*	ST
8.	LU	Andreas Heid*	AH
9.	LU	Emmanuel Stroh*	SE
10.	LU	James Bolton*	JB
11.	NO	Pal Bergquist	PB
12.	NO	Svein Borgersen (28 <sup>th</sup> and 29 <sup>th</sup> only)	SB
13.	US (ISITC – guest)	Nasrene Pimental (27 <sup>th</sup> and 29 <sup>th</sup> only)	NP
14.	XS	Rainer Vogelgesang	RV
15.	Facilitator	Omar Rodriguez	OR
16.	Co-chair	David Broadway	DB
17.	Co-chair	Nadine Badesire Muhigiri	NBM

\* Guest attendees to the US trailer fees market practice presentation by ISITC on the 27<sup>th</sup>

## 2. AGENDA

1. US trailer fees market practice presentation by ISITC
2. Introduction + Market Updates
3. Portfolio Transfers Process – Workflow
4. Account Opening
5. Wrap Up and Next Steps

### 3. SMPG Overview

#### 3.1. ORGANISATION

- **Co-Chairs**
  - David Broadway / Investment Management Association (UK)
  - Nadine Muhigiri / Euroclear (XS)
- **Facilitator**
  - Omar Rodriguez / S.W.I.F.T. Scrl (XS)
- **Steering Committee Sponsor**
  - Rudolf Siebel / BVI Bundesverband Investment und Asset Management e.V. (DE)

### 4. Objective of the meeting

US Trailer fees market practice presentation by ISITC, in order to collect feed-back on the next steps, and approach to reach consensus on a global market practice.

Define the business process to exchange the required information to trigger a portfolio transfer and underlying stock transfers.

Introduction to the account opening process, and agree the scope to be covered.

Agree on time line to sign off Stock Transfer market practice.

### 5. US Trailer Fees Market Practice

Thoughts that were shared during the presentation:

**JB:** if the real pain of determining the trailer fees is for distributors, then this community should be involved in the discussions to develop global market practices.

**DB:** suggested that perhaps developing a commissioning report/commission statement message may be the preferred approach to cover this business process. **OR** pointed out that if Swift was asked to develop such message, a business justification will have to be submitted along with the commitment of pilot users to implement the message.

The group thanked **NP** for the presentation made, and concluded that although the work undertaken by ISITC was valuable, and the issue may be considered in the future, at this stage this topic is not on the list of priorities of the group. Nevertheless, the follow up on the subject and contact with **NP** will be kept.

### 6. NMPG (COUNTRY UPDATES)

#### 6.1. BRAZIL

- **LRD** stated that the Brazilian market decided to adopt ISO 20022 messages. There is an ongoing project of exchange of information with the financial markets to implement the Price Report, and they are also looking at the implementation of the Securities Balance Accounting Report.
- **LRD** also mentioned that they are very interested to look into the current Total Portfolio Value (under development) message, and asked SMPG members to be part of the Prospectus message ISO SEG review, once the business justification is approved.

## 6.2. CLEARSTREAM

- **RV** stated that Vestima now supports +/- 20 ISO 20022 messages and also support 15022 – 20022 coexistence.

## 6.3. EUROCLEAR

- **NBM** stated that they will implement the statement of holdings.

## 6.4. GERMANY

- **ES** stated that the 15022 – 20022 migration business case is being questioned in Germany, and that some pilot institutions have stopped their projects.
- They have also discussed whether or not they should support multiple orders, since Swift is pushing the usage of this functionality with a special price offering in Asia, but it's unfortunate that Swift did not consult the recipient of these messages, to see whether or not the function could be supported, before launching the initiative, now the recipient of these messages will have to invest in supporting the function. However, the German market does not have many Asian clients, therefore, they'll most probably conclude not to support multiple orders. They also covered orders redemption confirmations, securities rejection, order status, and the order status request. They're also finalizing the price report, and start looking at the cash report and transfers at the next NMPG meeting.

## 6.5. NORWAY

- **PB** stated that they are implementing subscription and redemption orders /cancellations, price report, and are going live with a pilot customer on May 27<sup>th</sup>. They offer ISO 20022 messages service through the Swift network or MQ services.
- **PB** commented that there is a potential source of confusion, due to two possible namespaces (Swift and ISO 20022) for an ISO schema. Swift supports messages with both namespaces. This is what opens up for confusion. It must be identical use of namespace in both ends. If not, exchange of ISO 20022 messages is not possible. Therefore they have to make some little changes to change the namespace to Swift. **OR** acknowledged this issue and assured the group that Swift will address it. Precautions should be taken to avoid confusion.

## 6.6. SPAIN

- **JCG** stated that the group is focusing on 15022 - 20022 migration by November 2012. However, the financial institutions in the market have little appetite to migrate. They are working closely with Swift to present all the tools available to facilitate the migration, but the market seems to be reluctant to invest money in adoption of ISO 20022 messages, when the ISO 15022 messages work well in Spain.

## 6.7. UNITED KINGDOM

- **DB** stated that the UK NMPG has published a market practice for Account Opening, and that the portfolio and stock transfers market practice documents are being consolidated and will be merged into one document.

## 7. Stock transfers

- There's the possibility that the group would come back to the stock transfer work at the meeting in Amsterdam, but it was agreed to first finish the work around portfolio transfer, including message usage, before coming back to the work on stock transfer messages usage, so that it gives enough time to NMPGs to discuss the message elements required in the stock transfer messages. Otherwise, depending on the progress on stock transfer messages usage between now and then; would require that the work will have to be deferred to the meeting in Brazil. **OR** pointed out that the

group should think about making a “sexy agenda” for Brazil, since some members may not be granted the budget to attend the meeting in Brazil if the focus is on stock transfers only.

## 8. Portfolio transfers scope definition

- Extended discussions took place to define the business process that should be adopted to carry out the portfolio transfers, including the underlying of stocks transfer. A presentation capturing the flows and business elements will be shared with the group shortly to trigger discussions and gather feedback on the subject.

## 9. Account Opening discussion

It was agreed to cover the following account opening schemes:

- Account at the top level (by accountholder, with multiple designated sub-accounts)
- Account at the middle level (by designation, with multiple fund holdings)
- Account at the bottom fund level (separate accounts at fund level)

It was agreed to cover ISO 20022 messages only:

- Account Opening Instructions
- Account Details Confirmation
- Account Management Status Report

The business processes associated to the account opening process determined were transfers and subscription orders (in some markets the account opening is only carried out when the subscription order transaction is placed).

## 10. Miscellaneous

- **NBM** suggested that the group recommended the implementation of the Securities Balance Accounting and Securities Balance Custody Report instead of the Custody Statement Of Holdings and Accounting Statement Of Holdings (messages that were developed for the Investment Funds community). This suggestion was agreed by the group since Securities Balance Accounting and Securities Balance Custody Report cover all asset classes, and avoid the increase problem of coexistence.
- **DB** suggested the set up of a mechanism to have combined sessions with the different working groups when necessary, since the S&R and CA groups have already started the reverse engineering of ISO 15022 into 20022, therefore, there is a greater possibility to collide.
- **NH** provided an update on his attendance to the T2S meeting targeting the Funds industry. The following statement/comments were made at this T2S meeting: T2S was meant to support only bonds and equity when the project was kicked off. Therefore, if funds were to be supported it could only be in phase II. **NH** was personally of the opinion that this evolution in the project could be seen as an attempt to bring up the total volumes. T2S phase II would in theory be launched 6 months after implementation of phase I (2014). He observed that a possible interpretation of the ECB's intentions was at one extreme to introduce a requirement that CSD settlement via T2S be possible for all funds within the T2S zone.

## 11. Wrap Up and Next Steps

- **DB** will complete revision of portfolio transfer business flows with intermediary chains for review by the Group.
- **OR** will create separate sets of documents 1) to cover the portfolio transfer and 2) to cover the underlying stock transfers. The 1<sup>st</sup> document will call out the 2<sup>nd</sup> one where applicable.

- **OR** will make the 1<sup>st</sup> mapping of elements required in the portfolio transfer messages, based on the conclusions reached during this meeting.
- **OR** will draft the 1<sup>st</sup> Account Opening document & message elements mapping, to carry on with the discussions in parallel with the Transfer discussions.
- The group agreed to continue looking at the Price Report as next priority.

## 12. Future Meetings

### 12.1. Physical Meeting Schedule

2010 - 2011 Physical Meeting Schedule	
29 <sup>th</sup> – 30 <sup>th</sup> October	Global SMPG Meeting in Amsterdam
5 <sup>th</sup> - 7 <sup>th</sup> April	SMPG Global Meeting in Rio de Janeiro