

SMPG Global Meeting

Investment Funds Working Group

Nordea & Pohjola Bank, Helsinki,

19, 20 & 21 April 2016

Minutes

(v0.04 Draft 15 Sept 2016)

**Document History**

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| --- | --- |
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# Attendees

|  |  |  |  |
| --- | --- | --- | --- |
| 1 | BR | Ana Abidor | Anbima |
| 2 | LU (Co-chair) | Charles Boniver | RBC |
| 3 | NO | Svein R. Borgersen | VPS |
| 4 | - | Tomas Bremin | Clearstream |
| 5 | GB | Ben Cocks | Altus |
| 6 | ES | Rafael Higueruelo Islan | All Funds |
| 7 | DK | Niels W. Hougaard | VP |
| 8 | IT | Andrea Milanesio | Pine 3 Consulting |
| 9 | (Co-chair) | Nadine Muhigiri | Euroclear |
| 10 | *Steering* | Rudolf Siebel |  |
| 11 | SE | Henrik Staffas | Scandia |
| 12 | CH | Rainer Vogelgesang | Six Securities Services |
| 13 | -- | John Willis | Calastone |
|  |  |  |  |
| 14 | KR | Kyoungmee Jeong | KSD |
| 15 | KR | Churlyoung Park | KSD |

**Apologies**

Valerie Vaudel (FR), Robert Poulter (AU), Janice Chapman (SWIFT)

# SMPG investment Funds Organisation

* + - * + Co-Chairs

Nadine Muhigiri, Euroclear

Charles Boniver, RBC, (LU)

* + - * + Facilitator

Janice E. Chapman , S.W.I.F.T. Scrl

* + - * + Steering Committee Sponsor

Rudolf Siebel, Bundesverband Investment und Asset Management e.V. (DE)

# Presentations and Documents

*All presentations have now been uploaded to smpg.info in a zip file called “xx”*

| # | File Name | Content | Source |
| --- | --- | --- | --- |
| 1 |  |  |  |

# Agenda Overview

* NMPG country updates
* Transfers
* Account Management
* Statements
* Securities Balance Transparency Report
* Best Practice Validation Capability (Cancelled)
* Working Group Co-chairs Election
* ISO 20022 Documentation Types
* Action items review, priorities, future work plan

# NMPG Country Update – France

## Current Market Practice Status

### Orders

The 5 templates for Funds are available on MyStandards (public access).

## Next Steps / Future Market Practice

We are looking for 2017 Maintenance ISO-20022 Funds messages.

## Migration ISO 15022 to 20022

Most of the French actors are working with ISO 20022 messages (more than 80% of the French traffic for Funds).

## Miscellaneous

### Document Resources

Document "FFMPG Pratiques de Place française pour la passation d'ordres Swift sur OPCVM", also available on Euroclear website : https://my.euroclear.com/eses/ef/fr/knowledge-base/ucits-order-routing.html

# NMPG Country Update – Brazil

## Current Market Practice Status

The Brazilian working group continues the work of developing best practices for the use of a message based on the SecuritiesBalanceAccountingReportV04 – ISO 20022. In July 2015, ANBIMA stopped providing maintenance on the proprietary message currently used by custodians to exchange information about the underlying assets of a Fund or portfolio. This action reinforced the use of the ISO 20022 based message by the Brazilian institutions. The message is also used by the Galgo System in Brazil.

### Price Reporting

The price report message and the price report cancellation are used by the Galgo System in Brazil.

### Funds Cash Forecast

The fund cash forecast message and the fund cash forecast cancellation are used by the Galgo System in Brazil.

### Administration

The reject message is used by BM&FBOVESPA in the new Clearinghouse

### Trade Services Management

The error report, status report request and acknowledgement messages are used by BM&FBOVESPA in the new Clearinghouse.

## Next Steps / Future Market Practice

### Account Management

For the 2015/2016 maintenance cycle, a change request was submitted (CR520) to the ISO RA in order to add optional elements in the set of messages for the Brazilian market. The majority of adding elements are required due to specific Regulatory Organisation’s Law and/or Instructions (for instance, the Securities and Exchange Commission Instruction 506 - ICVM 506).

### Securities Events

BM&FBOVESPA´s CSD is working on a Securities and Exchange Commission Instruction (ICVM 561) regarding Proxy Voting. The project’s main purposes are: (i) increase the shareholders participation on general assemblies, (ii) simplify the access to vote in the assemblies, and (iii) improve corporate governance instruments in the Brazilian market. The target date to go live is May 2nd 2016. The messages will be exchanged with the transfer agents, the biggest banks in the Brazilian market, assigned by the companies to maintain records of investors.

## National Group Initiative

The national market practice group in Brazil is composed of 15 custodians and administrators (Citibank, Banco do Brasil, BNP Paribas, Bradesco, BNY Mellon, Caixa Economica Federal, Credit Suisse, Banco Daycoval, Deutsche Bank, HSBC, Itaú-Unibanco, JP Morgan, Santander and Votorantim) and also the biggest vendors present in the Brazilian market.

## Legislation Impacts / News

### Proxy Voting

As previous stated, the Brazilian Securities and Exchange Commission published a new Instruction regarding proxy voting in order to allow equity holders to vote in Meetings before their occurrence by sending the company’s voting documents directly to the company or to the Custodian/Transfer Agent. The main goal is to facilitate the participating of equity holders in meetings improving corporate governance principles in Brazil. The market is working on a set of ISO 20022 messages (Securities Events - SEEV).

### LEI Code

In April 2016, the Department of Federal Revenue of Brazil took a first step on the adoption of the LEI (Legal Entity Identifier) Code in the Brazilian market by releasing a public hearing that proposes the inclusion of the code among the information that compose the records of all legal entities in Brazil. For now, the information is optional.

## Miscellaneous

### Events

In August 2015, a workshop organized by ANBIMA shed light on the theme of the use of international standards for communication within the financial market. During the event, a fruitful debate was held between market participants, the Brazilian Central Bank and National Market Infrastructures. As a positive result from the workshop, a Portuguese webpage was set under ANBIMA’s website dedicated to continuously update the market regarding recent developments in Brazil concerning Market Infrastructure and standards.

Link: <http://portal.anbima.com.br/informacoes-tecnicas/regulacao/infraestrutura-de-mercado/Pages/default.aspx>

### Document Resources

In the above link, the Brazilian market can find three important documents (all in Portuguese):

1. Document by the Brazilian Central Bank aiming to improve the dialogue with the industry regarding the development of the Brazilian Payment System (SPB) and revealing the actions that will guide them in promoting financial inclusion. Among other topics, the document highlights the importance of further adoption of standards and forms of communication that are internationally accepted as the ISO 20022 by all market infrastructures that perform a role in the SPB (quotes principle 22 of the IOSCO Principles for Financial Markets Infrastructure).

2. Research developed by ANBIMA in order to hear the feelings and concerns of the market about implementing an international standard. In summary, some of the worries are costs and that the standard does not fully satisfy the requirements of the Brazilian market. However, the market recognizes that the benefits in the long term are worth it and suggest that an implementation moves first in the segments that are not standardized today (for instance: exchange of messages between market participants and new systems by the Market Infrastructures) and recommends the use of conversion services of the local standards.

3. Presentation used in the workshop highlighting the recent events organized in Brazil to discuss standards and that summarizes the result of the research developed by ANBIMA.

# NMPG Country Update – Great Britain

## Current Market Practice Status

Trading in UK pension funds adheres to the UKFMPG Corporate Pension Order Processing market practice (aka ViaNova) based on ISO 200022. Usage of the market practice is widespread and participants closely adhere to the standard.

A market practice has been defined for general mutual fund order processing but this is not used. Outside of pension funds, order processing typically employs proprietary formats.

### Account Management

No market practice defined. Processing is undertaken manually or using propriety mechanisms.

### Statements

ISO 20022 used for pension funds (see ViaNova above).

Otherwise reporting uses propriety formats.

### Price Reporting

ISO 20022 used for pension funds (see ViaNova above).

Otherwise reporting uses propriety formats.

### Transfers

Portfolio and asset transfers adhere to the UKFMPG Transfers market practice based on ISO 20022. The market practice covers a wide range of account wrapper types and asset types and includes support for sub-custodians. Usage of the market practice is widespread and participants closely adhere to the standard.

### Conversions

Market practice defined but not currently used.

### Funds Cash Forecast

No market practice defined.

### Hedge / Alternative Funds

SHARP market practice defined a few years ago but not used. GAIA market practice now defined but no usage reported.

## Next Steps / Future Market Practice

## Orders

New sub-group planned to revisit the general mutual fund order processing market practice.

The ViaNova sub-group continues to actively develop and promote STP for UK pension funds.

## Statements

A new sub-group established to produce and promote a new market practice for holdings and transaction statements.

## Transfers

The transfers sub-group continues to actively develop and promote automated transfers.

Updates planned for further regulatory and operational changes.

## Maintenance of Market Practice

The UKFMPG Transfers sub-group will be raising change requests for transfer messages.

Order related market practices will need to take account of the planned 2017 order message updates.

## Migration ISO 15022 to 20022

ISO 15022 has never been used to any significant degree in the UK for funds order processing and therefore the migration will have negligible impact.

## Legislation Impacts / News

Huge amount of UK and European regulatory changes in the pipeline that will impact existing market practice and may create demand for new standards (most notably MiFID II, FAMR, and UK tax).

## Miscellaneous

### Document Resources

All UKFMPG market practices and associated documentation are published in MyStandards.

# NMPG Country Update – Euroclear

## Current Market Practice Status

## Next Steps / Future Market Practice

## Maintenance of Market Practice

## National Group Initiative

## Migration ISO 15022 to 20022

## Other Market Practice

## Legislation Impacts / News

## Miscellaneous

### Document Resources

### Events

### New Initiatives

### Business Application Header

# NMPG Country Update – Denmark

## Current Market Practice Status

### Orders

We accept both single and bulk orders

### Account Management

Under development and will be put in production November 2016.

### Statements

Not offered

### Price Reporting

Not used

### Transfers

Only two-legged as FoP transfers via a sese.023

### Funds Cash Forecast

TA sends a semt.041 when NAV is calculated.

### Hedge / Alternative Funds

Not offered

## Next Steps / Future Market Practice

Align with the European market practice when SR for funds has been publish.

## Maintenance of Market Practice

According to SWIFT standard maintenance cycle and as described in ISO 20022 Harmonisation Charter.

## National Group Initiative

A DK IFWG does not exists. Dialogue takes place on semi-annual user group meetings with the entire Danish SWIFT community.

## Migration ISO 15022 to 20022

We have never offered service in ISO 15022

# NMPG Country Update – Spain

There are no changes in the Spanish market. No feedback from the group.

# NMPG Country Update – Italy

## Current Market Practice Status

Italian Market Practices are available since 2011 when V1 'Linee Guida' was published by Associations (ABI/ Assogestioni) and promoted to the domestic banks and asset managers.

'Linee Guida V1-V2' covers : accounts, order, transfer, statement of holdings and Fund processing passport.

'Linee Guida V3' is in progress and will be published before summer 2016, new version will include the addition new sections : - Updated process for Transfers, Data sets FATCA-AML-CRS, Price reports and standard template for subscription form.

### Orders

Market Practices, message usage and XSD schema are available and constantly updated by ABI Lab.

MyStandards is used for message publication and message comparison (new releases)

### Account Management

Market Practices, message usage and XSD schema are available and constantly updated by ABI Lab.

MyStandards is used for message publication and message comparison (new releases)

### Statements

Market Practices, message usage and XSD schema are available and constantly updated by ABI Lab.

MyStandards is used for message publication and message comparison (new releases)

### Price Reporting

Market Practices, message usage and XSD schema are available and constantly updated by ABI Lab.

MyStandards is used for message publication and message comparison (new releases)

### Transfers

Market Practices, message usage and XSD schema are available and constantly updated by ABI Lab.

MyStandards is used for message publication and message comparison (new releases)

## Next Steps / Future Market Practice

Next priorities for Italian market are :

- To extend the usage of ISO messages to small and medium size counterparties, actually most of the ISO volume is between big players (domestic or international)

- The process to cover 'Single leg' Transfer (also at domestic level) is a top priority and there is a 'strong' demand by the Italian community (especially by SIP) to implement ISO transfer messages between Italy and LUX/IRELAND

- We have appointed a dedicated sub-group within ABI Lab WG focussed on analyzing and harmonizing business content of subscription form, this step is completed and now we have started working on 'subsequent order' . Work are progressing well and by end September 2016 also this part will be done.

## Maintenance of Market Practice

Local industry is complaining about the increase of cost due to the yearly maintenance process and the need of stability in ISO 20022 messages is absolutely needed to allow counterparties to complete the current migration to ISO therefore we locally agreed to 'freeze' all new CRs unless required by law (Eg regulatory changes as CRS/DAC2)

The only exception is 'Orders' where due to the temporary 'unfreeze' of ISO maintenance planned for 2016/2017 will allow us to submit few CRs.

## Migration ISO 15022 to 20022

See attached power point document (EN 2016 StandFondi Results mar30 \_16.ppt)



## Legislation Impacts / News

During 2014/2015 we have defined a standard set of data required by AML/FATCA/CRS-DAC2 regulations (called 'data set') exchanged by counterparties banks, asset managers and Hub to fulfil regulatory , legal and operational requirements.

AML/FATCA /CRS dataset have been added to Accounts messages using extensions and now available in ISO 2015 release, A process to replace extension with Change Request is in progress and CRs are regularly submitted to ISO to align messages .

## Miscellaneous

### Events

In June a Forum will be organized by ABI Lab to promote V3 of 'Linee Guida' and to share with the industry the result achieved so far on ISO migration program.

# NMPG Country Update – Luxembourg

## Current Market Practice Status – ALMUS

### Securities Management

Discussion took place with regards to the version of the statement of holdings that we should use. We have concluded that even there is no business case, we will need to migrate to the “generic” version; i.e. version 9 to be implemented in Nov 2016. We believe that we should do it ASAP, we recognize that 2017 is not realistic as there will be already a lot of changes with the order messages. Our recommendation is to do the same for the statement of transaction. The issue we face here is slighty different as it is not the version that is different, but it is the message type. We will ask SWIFT to do a similar gap anaylsis for those two message type as they did for the versioning of the statement of holdings.

### SESE

The transfer process is still being discussed. There is a clear will to process the transfer using the single leg instruction. The Findel group is also pushing towards this (more info below). The simple scenario (no intermediaries between the transferee and the TA and also no intermediaries between the transferor and the TA has been published in MyStandards. The complex scenario, when there are intermediaries are still being discussed. We have had presentation of MFEX (Sweden) that explained us how their model was working and also presentation from ISFAM on their solution. The conclusion is that the MFEX model, where the instruction is enriched as it goes through the chain can ease our challenges, but ISFMA is not the solution that we are looking for; however, they could facilitate the exchange of information between the transferee and transferor side.

## Next Steps / Future Market Practice

### SWITCH

Need to finalize the SWIFT status message before being able to publish the MP.

### SESE

Continue the transfer market practice.

## Change request

We have worked on several change for the order messages for the 2017 cycle. There are 7 CRs.

## Findel news

As you know, the new Findel group is focusing on the Asset Manager operational concerns. They are focusing on three areas: KYC, KYD and the transfers.

For KYC and KYD, a short white paper should be published in the coming weeks. For the transfers, there is a clear will to use the single leg instruction, and to have it automated. We have had a presentation from ISFAM and from Calastone. A short white paper should also be published just before the summer holidays.

## ALFI News

ALFI published in October last year a Q&A on the impact of T2S on the Luxembourg investment funds. A second version of this paper should be expected in the coming weeks.

# NMPG Country Update – Norway

## Current Market Practice Status

## Next Steps / Future Market Practice

## Maintenance of Market Practice

## National Group Initiative

## Migration ISO 15022 to 20022

## Other Market Practice

## Legislation Impacts / News

## Miscellaneous

### Document Resources

### Events

### New Initiatives

### Business Application Header

# NMPG Country Update – Sweden

## Current Market Practice Status

### Orders

A Swedish market practice for order in ISO20022 was adopted in October 2013. Usage is increasing but from very low levels.

### Account Management

No market practice exists.

### Statements

No market practice exists.

### Price Reporting

No market practice exists.

### Transfers

NMPG SE is currently working with establishing an ISO20022 Market practice for transfers. The work is based on guidelines from the Swedish Investment Fund Association and the work done at FINDEL. NMPG SE has decided to use the Single Leg Model.

### Funds Cash Forecast

No market practice exists.

### Hedge / Alternative Funds

No market practice exists.

## Next Steps / Future Market Practice

NMPG SE will continue to work with market practice for transfers

## Maintenance of Market Practice

None planned.

## National Group Initiative

The Swedish Investment Fund Association is currently trying to establish common processes for corporate actions for funds.

## Migration ISO 15022 to 20022

ISO 15022 is not used for funds in the Swedish market, fax is the most common communication method for funds. Institutions moving away from faxes go directly to ISO 20022.

## Legislation Impacts / News

MiFID 2 will propably have a huge impact on the Swedish fund market. Finansinspektionen, Sweden´s financial supervisory authority, will most likely ban distribution fees for funds.

The tax status of Swedish mutual funds continues to be unclear. The Swedish Tax Agency´s view is that they are not allowed any tax relief on foreign dividends, but this was recently overturned by a court decision. A new court ruling is expected to be announced on April 15th 2016.

# NMPG Country Update – Switzerland

## Current Market Practice Status

### Orders

The Swiss Commission for Financial Standardisation (SCFS) conducts market coordination activities of the MT-MX-migration of ISO 20022 IF order processes, based on the mandate of the Swiss SWIFT NUG. The cornerstones of the coordination are agreed timeline, MT-MX-migration market practice and MP tooling environment (SCFS validation portal).

The Swiss MT-MX-migration Market Practice was developed during 2011-2012 and the first release (1.0) finalised at the end of 2012. Contrary to other national funds market practices, the Swiss MT-MX-migration Market Practice does not apply to the order message flow towards the domestic TAs, but instead specifies the market practice in the national distribution chain for cross-border funds order flows going to other TA markets.

At the end of April 2014, the second MP release (1.1) was published.

Whilst a large number of funds players in the Swiss market expected to migrate by the NOV-2015 deadline to the ISO 20022 funds messages, there are some remaining players that continue to enjoy the facilities provided by SWIFT for continued use of the MT message set beyond NOV-2015.

### Transfer

Starting in April 2014, the SCFS has investigated opportunities for automating portfolio transfers.

Within the Swiss securities market, the settlement and reconciliation processes are highly automated through ISO 15022 messaging. Thus, the ISO 15022 MT 586 message constituted a natural choice for a standardised message-based portfolio transfer process. In the Swiss market, investment funds instruments are included in the scope of the MT 586-based processes.

Based on an earlier draft global SMPG market practice using the MT 586, the SCFS has developed a portfolio transfer market practice for the Swiss securities market which in the meantime has been approved by the SMPG SnR WG as a final global SMPG market practice.

A newsletter has been published on the SCFS web-site:

<http://www.scfs.ch/fachkommissionen/fachkommission-securities/subcommittee-settlement-reconcilitation-se-r/interne-dokumente/SKSF%20Newsletter%20MT586%20englisch.pdf>

The SCFS is aware of the need to extend the MT 586-based SMPG market practice in a suitable manner in order to reach funds players that employ ISO 20022 messaging. This would be conducive in cases of cross-border flows to ISO 20022-based TAs and/or cross-border flows to securities markets that have migrated to ISO 20022 messaging.

### Hedge / Alternative Funds

During the MT-MX-migration, it became apparent that a number of alternative funds processes had been implemented by the Swiss funds players in the ISO 15022 message set. These processes were however not harmonised throughout the Swiss funds market. In absence of any messaging standard for alternative funds processes, the Swiss NMPG decided that there was not sufficient a case for a domestic initiative to harmonise the various implementations of alternative funds processes by use of the ISO 20022 investment funds messages set, as this message set does not cater for alternative funds processes.

Therefore, in the first half of 2014, the SCFS conducted an investigation into the investment funds distribution related message sets of the two ISO 20022 business justifications entitled ‘investment funds distribution (BJ 2)’ and ‘alternative funds (BJ 37)’. The aim of this investigation consisted in analysing whether there were sufficient potential for harmonising both message sets.

Following the presentation of this topic at the spring 2014 meeting of the SMPG IFWG, the SCFS has raised an ISO CR to merge the two message sets. The CR has in the meantime been accepted by the Funds Evaluation Team (ET). Currently, the SCFS SC FUND is monitoring the preparations for the review effort of the Funds Evaluation Team (ET).

## Maintenance of Market Practice

With the forthcoming end of the maintenance freeze of the ISO 20022 order flow messages, the Swiss MT-MX-market practice will have to be maintained in order to accommodate the new functions that will be introduced into the ISO 20022 standards during the 2016-2017 maintenance cycle.

## National Group Initiative

See reference to the Portfolio Transfer market practice above (see section 15.1.2).

## Migration ISO 15022 to 20022

By using the Swiss investment funds market practice as a recommendation, a large number of funds players in the Swiss market migrated by the Nov 2015 deadline to the ISO 20022 funds messages. There are nevertheless some remaining players that continue to enjoy the facilities provided by SWIFT for continued use of the MT message set beyond Nov 2015.

As these users of the FIN funds template are catered for by SWIFT in a closed user group (CUG), the SCFS has no intelligence of the progress being made by this CUG.

## Miscellaneous

### Document Resources

**SCFS Validation Portal - SCFS Investment Funds Market Practice**

Based on solution provided by GEFEG mbH

URL: <http://portal.gefeg.com/scfs-funds-mp.htm>

Usage: publication of MP guidelines, implementation support functions

This year's edition of the annual SCFS Investment Funds Conference is scheduled for 24 June 2016. See advance information on the SCFS web-site:

<http://www.sksf.ch/events/sksf-fonds-konferenz-2016>

### Business Application Header

The SCFS is an active member of the ISO 20022 Technical Support Group (TSG).

The TSG is currently working on two BAH-related topics:

1.) standardisation of the mechanism for binding the BAH to the related business message

2.) enhancing the BAH with a 'content indicator'

Related to the content indicator topic, the SCFS has raised an ISO 20022 CR (<http://www.iso20022.org/documents/CRs/CR0531_SCFS_BAH_v1.doc>).

This CR is particularly relevant to investment funds messages, as the 'MDR\_Part2\_InvestmentFunds\_Maintenance\_2014\_2015’ makes mention of an element entitled ‘MarketPracticeVersion’.

It is the intention that the function of the message-specific ‘MarketPracticeVersion’ element would be fulfilled by the content indicator block of the BAH. By making available this feature through the BAH to the ISO 20022 messages of all ISO 20022 domains, the 'MarketPracticeVersion' element could eventually be removed from the payload of the investment funds messages.

# NMPG Country Update – Clearstream

## Current Market Practice Status

We are closely aligned with ALMUS (LU NMP) and SMPG (global MP) usage guidelines.

Orders

Orders are handled in MT and MX. A service bureau is developing a translation service for FIX users

Account Management

No support.

Statements

MT only.

Price Reporting

No support.

Transfers

MT only.

Funds Cash Forecast

No support, and not relevant to our users.

Hedge / Alternative Funds

Orders are handled in MT and MX

## Next Steps / Future Market Practice

Merge of MX guidelines to a single set for orders of all types of funds.

## Maintenance of Market Practice

Migration from Gefeg FX to SWIFT MyStandards to be completed during 2016.

## National Group Initiative

ISO registration of two MX for the transparency of holdings is approved.

## Migration ISO 15022 to 20022

On hold due to MX maintenance release in 2017.

## Other Market Practice

GAIA - moving on to statements

Findel SLT - answers to legal issues are critical

## Legislation Impacts / News

Nothing to report

## Miscellaneous

Nothing to report

### Document Resources

### Events

### New Initiatives

### Business Application Header

# NMPG Country Update – xxx

## Current Market Practice Status

## Next Steps / Future Market Practice

## Maintenance of Market Practice

## National Group Initiative

## Migration ISO 15022 to 20022

## Other Market Practice

## Legislation Impacts / News

## Miscellaneous

### Document Resources

### Events

### New Initiatives

### Business Application Header

# Transfers

We review all the transfer process in the domestic markets and in cross border. It seems that from a domestic point of view, processes are already in place or already agreed. It is on the cross-border side that processes are still be agreed, Findel proposal was reviewed.

### Domestic transfer processes:

| **Country** | **Double leg** | **Single leg** | **Remarks** |
| --- | --- | --- | --- |
| **Sweden** |  | X  Today: Fax with 2 signatures. | * Working on automation by trying to find a solution to solve the trust issue * No discovery phase needed |
| **Norway** |  | X | Today, the account holder triggers the process by instructing the TA. Currently, there is no issue but as there is more and more nominee accounts, a trust issue similar to Sweden may appear in the near future. |
| **UK** | X (with CSD) | X (with TA) | Single leg is combined with a contract club. |
| **Brazil** | N/A | N/A | In Brazil, it is more a change of attribute in the register account details than really a transfer. |
| **Denmark** | X | X (if there is digital signature of the end client) | For cross-border, always a double-leg. |
| **Italy** |  | X (only for portfolio transfer) | Italy has also contract clubs. |
| **Switzerland** |  |  |  |

Cf. related presentations in attachment.



Transfer matrix:



### Cross-border transfer processes:

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Double leg** | **Single leg** | **Remarks** |
| **LU (Findel)** |  | X |  |

**ACTION**: Review the Findel process for complex scenario. Actionee: All

<https://www2.swift.com/mystandards/#/mp/mx/_GuC8cALeEea09P6p1TZFAw>

# Order Maintenance

We reviewed the list of the CRs, we discussed following more specifically the CRs:

### CR 028: Business Application Header BAH

The Group discussed how to handle this CR, 3 possible scenarios were identified:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Scenario 1** | **Scenario 2** | **Scenario 3** |
| **Scope of SR 2017** | Nothing is done | Only order messages | All funds messages |
| **Decision for SR 2017** | Recommended | Rejected because we rather prefer to do it all in once. | Rejected because the size of SR 2017 would be too large. |

The Group recommends to postpone the implementation of this CR and to implement it to all the messages at the same time. This is only a recommendation, the final decision will be taken by the ISO 20022 SEG.

We also discuss whether we should keep the duplicate elements in both the BAH and the body of the message. This is quite impacting and would have to be looked at carefully when this CR will implemented as we have 2 opposite ways:

* keep the elements in both places but with the risk of conflicting information
* delete the duplicate elements in the body of the message but it is quite impacting for the early adopters.

### CR 049: Replace Extension with Supplementary Data

The Group recommends to postpone the implementation of this CR and to implement it to all the messages at the same time. The final decision will be taken by the ISO 20022 SEG.

Moreover, the Group wants to further investigate how to use the Supplementary data, in case of unexpected change happening between 2 maintenance cycles.

### CR 027: Replace Financial Institution Identification 3 Choice with Branch And Financial Institution Identification 4

This CR was submitted by UK NMPG in 2010 and we wanted to check if the CR could be revalidated by the UK NMPG.

**Action**: Ben Cocks to check with UK NMPG (pension funds).

**Answer (25/04/2016)**: Ben Cocks checked with Steve Wallace, who raised the request and still leads the corporate pension subgroup, and UK NMPG would still like this change to be considered by the SEG.

### CR n39: Add client reference to the legs to be consistent with the subscription and redemption messages.

This CR was submitted by IT NMPG and we wanted to check if the CR could be revalidated by the IT NMPG since there is already a client reference at the level of the switch.

**Action**: Andrea Milanesio to check with IT NMPG.

### CR n41: Order Type: add code RGSU (Regular Saving Plan Update)

This CR was submitted by IT NMPG and we wanted to check if the CR could be revalidated by the IT NMPG since the code already exists.

**Action**: Andrea Milanesio to check with IT NMPG.

**Answer (21/04/2016)**: Andrea Milanesio confirmed it is required since the code RGSU is present in the order confirmation but missing in the order instruction.

### CR 454: Add hedge/alternative funds functionality to investment funds messages.

This CR was submitted by SCFS. Questions were raised by John Willis on the rational of this CR since there is already SHARP messages for hedge funds.

The Group explained that:

* the SHARP messages are not ISO messages.
* The mutual funds messages are already tricked to be used for alternative funds therefore it would be better to add the missing elements to make sure they are properly used.

Therefore the SMPG confirmed its full support to this CR.

# Account Management

# Statements

Version 2 of the messages was created for investment funds. It was a partial reverse engineering of the MT 535. Since then the S & R group have maintained the message so that it is now a complete reverse engineering of the MT 535 and should be suitable for both funds and securities use.

|  |  |  |  |
| --- | --- | --- | --- |
| **Funds** | | ***S & R*** | |
| *Semt.002.001.02* | CustodyStatementOfHoldingsV02 | *Semt.002.001.09* | SecuritiesBalanceCustody ReportV09 |
| *Semt.003.001.02* | AccountingStatementOfHoldingsV02 | *Semt.003.001.09* | SecuritiesBalanceAccounting ReportV09 |
| *Semt.004.001.02* | CustodyStatementOfHoldings CancellationV02 | semt.020.001.05 | SecuritiesMessageCancellationAdviceV05 (generic message, used to cancel a statement, a settlement confirmation and other messages sent by an account servicer). |
| *Semt.005.001.02* | AccountingStatementOfHoldings CancellationV02 |

The Group confirmed its recommendation to use the same messages for all types of instruments.

Moreover the Group recommends that the migration to the latest version of the messages must be done for both statement of transactions and statement of holdings during the same release.

The Group also agreed that we should not link the CR 454 (Addition of hedge/alternative funds functionality to investment funds messages) to the migration of the statements, the CR 454 can be done in SR 2017 while the statement migration could happen later. In the meantime, the hedge funds holdings and transactions will be reported the same way they are reported today.

Finally the Group could not agree on a recommendation on the timing of this statement migration. It will be decided during the May conference call if the migration can already take place in November 2018.

# Securities Balance Transparency Report

Tomas Bremin presented the new officially ISO messages:

* Securities Balance Transparency Report V01 ([semt.041.001.01](http://www.iso20022.org/documents/messages/semt/schemas/semt.041.001.01.zip))
* Securities Balance Transparency Report Status Advice V01  ([semt.042.001.01](http://www.iso20022.org/documents/messages/semt/schemas/semt.042.001.01.zip) )

The Message Definition Repport (MDR) is available on the ISO 20022 website: <http://www.iso20022.org/securities_messages.page>

The Group recognize that these messages can be used for transparency purpose (bottom-up). However the Group recommends not to use these messages (top-down) instead of the statement of holdings.

# Best Practice Validation Capability

Jonathan Ehrenfeld (SWIFT) was not able to travel, therefore this session is cancelled, it will be held via conference call in the coming weeks.

# Working Group Co-Chair Election

Carla Mc Kenna presented the new co-chair election process. The terms and election process follows the principles are mentioned in paragraph III.C.2.Terms and III.C.4.Election procedure of the SMPG By-Laws.

A staggered approach will be applied for the co-chairs and voting will take place in the spring meeting. For the 1st election, it is the position of the co-chair who is in charge since the longest period that will be open for the election, therefore in case of the IF SMPG, it is the position of NMB who will be open for election in spring 2017.

The facilitator of the working group will organise the voting including the collection of the candidates and the voting process itself. Votes will be taken from each NMPG and International Market Infrastructure that participates in the working group.

In the event that a co-chair needs to step down during a term, a special election will be held in which a new co-chair will be elected for the remaining term of the co-chair stepping down. Voting at the spring meeting then will apply at the end of the partial term of the new co-chair.

# ISO 20022 Documentation Types

# Future Market Practice Work Plan

# Autumn 2016 Meeting

This meeting is to take place in Zurich from Wednesday 21 September until Friday 23 September 2016. Investment funds will probably continue working on the Friday afternoon (the other working groups will finish at 12 noon).

## Business Topics For Zurich Agenda

# Action Items

This list of action items will be produced as a separate document and any pending action items from the 2015 Autumn (Singapore) meeting will be added in.

## New Action Items

