

SMPG Global Meeting

Investment Funds Working Group (SMPG IF WG)

Zürcher Kantonalbank, Zurich,

20, 21, 22 & 23 September 2016

Minutes

(Final 8 November 2016)

**Document History**

|  |  |
| --- | --- |
| 2016-09-27 | First draft |
| 2016-10-18 | Final with track changes |
| 2016-11-08 | Final without track changes – circulated to the SMPG IF WG and posted on swift.com |

Table of Contents

[Table of Contents 2](#_Toc464572935)

[1 Attendees 3](#_Toc464572936)

[2 Presentations and Documents 4](#_Toc464572937)

[3 Agenda Overview 4](#_Toc464572938)

[4 NMPG Country Update – Denmark 5](#_Toc464572939)

[5 NMPG Country Update – Luxembourg 6](#_Toc464572940)

[6 NMPG Country Update – Italy 7](#_Toc464572941)

[7 NMPG Country Update – United Kingdom 9](#_Toc464572942)

[8 NMPG Country Update – Spain 11](#_Toc464572943)

[9 NMPG Country Update – Clearstream 11](#_Toc464572944)

[10 NMPG Country Update – Switzerland 13](#_Toc464572945)

[11 NMPG Country Update – Germany 15](#_Toc464572946)

[12 NMPG Country Update – Norway 18](#_Toc464572947)

[13 NMPG Country Update – Sweden 19](#_Toc464572948)

[14 NMPG Country Update – France 19](#_Toc464572949)

[15 NMPG Country Update – Euroclear 19](#_Toc464572950)

[16 Asia Update 19](#_Toc464572951)

[17 ISO 20022 Harmonisation Charter 20](#_Toc464572952)

[18 Message Maintenance Release November 2017 - Orders 20](#_Toc464572953)

[19 Impact of Maintenance on Order Market Practice 21](#_Toc464572954)

[20 Impact of Maintenance on Order Market Practice – Hedge/Alternative funds 22](#_Toc464572955)

[21 Message Maintenance Release November 2017 – Account Management 22](#_Toc464572956)

[22 Impact of Maintenance on Account Management Market Practice 23](#_Toc464572957)

[23 Transfers 24](#_Toc464572958)

[24 Investment Funds and T2S 26](#_Toc464572959)

[25 T2S Transfer European WG on portfolio transfer. 26](#_Toc464572960)

[26 MiFID II 27](#_Toc464572961)

[27 Custody Statement Of Holdings / Securities Balance Custody Report 28](#_Toc464572962)

[28 Statements Of Investment Fund Transactions 29](#_Toc464572963)

[29 Offshore / Onshore 29](#_Toc464572964)

[30 Business Application Header (BAH) 30](#_Toc464572965)

[31 ISO Documentation Clarity 30](#_Toc464572966)

[32 Migration 30](#_Toc464572967)

[33 Working Group Co-chair 30](#_Toc464572968)

[34 Monthly Meeting Schedule 31](#_Toc464572969)

[35 Country Report Template 31](#_Toc464572970)

[36 Action Items 31](#_Toc464572971)

[37 Priorities 31](#_Toc464572972)

[38 Business Topics For Spring Meetings 31](#_Toc464572973)

# Attendees

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | NO | Svein R. Borgersen | VPS | SB |
| 2 | - | Tomas Bremin | Clearstream | TB |
| 3 | ES | Rafael Higueruelo Islan | All Funds | RHI |
| 4 | DK | Niels W. Hougaard | VP | NH |
| 5 | DK | Bjorn Sven Jensen | VP | BJ |
| 6 | IT | Andrea Milanesio | Pine 3 Consulting | AM |
| 7 | *Co-chair* | Nadine Muhigiri | Euroclear | NM |
| 8 | *Steering Committee* | Rudolf Siebel | BVI, DE | RS |
| 9 | SE | Henrik Staffas | Scandia | HS |
| 10 | CH | Rainer Vogelgesang | SIX Securities Services | RV |
| 11 | -- | Jon Willis | Calastone | JW |
| 12 | Facilitator | Janice Chapman | SWIFT | JEC |
| *Observers* |  |
| 13 | CH | William O’Brien | Credit Suisse |  |
| 14 | CH | Gilbert Kesselring  | Credit Suisse |  |

**Apologies**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | BR | Ana Abidor | Anbima |  |
| 2 | LU *(Co-chair)* | Charles Boniver | RBC  |  |
| 3 | GB | Ben Cocks | Altus |  |
| 4 | FR | Valerie Vaudel | BNP Paribas |  |
| 5 | AU | Robert Poulter | NAB |  |
| 6 | IE | Nicola Jones | JP Morgan |  |

 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

## Presentations are available on smpg.info

| # | File Name | Source |
| --- | --- | --- |
| 1 | [*ISO20022\_harmonisation\_SMPG\_Sept 2016.pdf*](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/2_Investment_Funds_WG/1_Global%20Meeting%20Documents%20and%20Minutes/2016-2_Autumn_Zurich/3_Other_Presentations/ISO20022_harmonisation_SMPG_Sept_2016.pdf) | SWIFT, E. Piron |
| 2 | [*VP funds solutions.pptx*](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/2_Investment_Funds_WG/1_Global%20Meeting%20Documents%20and%20Minutes/2016-2_Autumn_Zurich/3_Other_Presentations/VP_funds_solutions.pptx) | NH |
| 3 | [*t2s\_portfolio\_transfer\_draft.pdf*](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/2_Investment_Funds_WG/1_Global%20Meeting%20Documents%20and%20Minutes/2016-2_Autumn_Zurich/3_Other_Presentations/t2s_portfolio_transfer_draft.pdf) | RV |
| 4 | [*Funds Overview semt.008 Diff between V02 and V08\_v1.pptx*](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/2_Investment_Funds_WG/1_Global%20Meeting%20Documents%20and%20Minutes/2016-2_Autumn_Zurich/2_Material_Statements/Funds_Overview_semt.002_Diff_between_V02_and_V08_v1.pptx) | JEC |
| 5 | [*Statement Trans v Trans Posting Report.pptx*](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/2_Investment_Funds_WG/1_Global%20Meeting%20Documents%20and%20Minutes/2016-2_Autumn_Zurich/2_Material_Statements/Statement_Trans_v_Trans_Posting_Report.pptx) | JEC |
| 6 | [*’ISO20022\_Documentation\_Clarity\_Matrix.pdf’*](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/2_Investment_Funds_WG/1_Global%20Meeting%20Documents%20and%20Minutes/2016-2_Autumn_Zurich/3_Other_Presentations/ISO20022_Documentation_Clarity_Matrix.pdf) | RV |
| 7 | [*MT54X\_transfer\_V6\_FINAL\_SR02.doc*).](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/2_Investment_Funds_WG/1_Global%20Meeting%20Documents%20and%20Minutes/2016-2_Autumn_Zurich/4_Other_Material/MT54X_transfer_V6_FINAL_SR02.doc) | Provided by TB. Source CB. |

The presentations are stored in the folder **2016-2\_Autumn\_Zurich:**



The presentation used for use in the ‘order, status and confirmation maintenance seminar’ has not been included at this point as it needs to be updated.

## Minutes and Action items Documents

This document and the action items spreadsheet are stored in the folder **2016-2\_Autumn\_Zurich** at the root (click on the folder name and look to the right side of the screen).



# Agenda Overview

* NMPG country updates
* Message maintenance
* Impact of account management maintenance on market practice
* Impact of order, status and confirmation maintenance on market practice
* Statements
* Offshore / onshore
* Migration
* Working Group Co-chairs Election
* Action items review, priorities, future work plan

# NMPG Country Update – Denmark

VP SECURITIES offers a solution entirely in ISO 20022. The solution are using master variant and the newest version when the facility was developed in 2013. Therefore, our solution version is not in line with other providers. We plan to update the solution in line with the SR2017 funds maintenance.

## Current Market Practice Status

### Orders

We accept both single and bulk orders

### Account Management

Under development and will be put in production November 2017.

### Statements

Not offered

### Price Reporting

Received directly from TA

### Transfers

Only single 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 IF WG does not exists. Dialogue takes place on semi-annual user group meetings with the entire Danish SWIFT community.

## Migration ISO 15022 to 20022 Status

We have never offered service in ISO 15022

## Other Market Practice

N/A

## Legislation Impacts / News

N/A

## Miscellaneous

N/A

# NMPG Country Update – Luxembourg

## Current Market Practice Status

### Orders

Market practice on the Switches has been finalized for the SETR013, 015 & 016.

### Account Management

Nothing to report

### Statements

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 slightly 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 analysis for those two message type as they did for the versioning of the statement of holdings.

### Price Reporting

Nothing to report

### Transfers

Work ongoing under the old "Findel working group". Need to resume our work on the complex scenario.

### Funds Cash Forecast

Nothing to report

### Hedge / Alternative Funds

Nothing to report

## Next Steps / Future Market Practice

Discuss the CR2017

## Maintenance of market Practice

Impact of the CR2017 on SETR messages

## National Group / Initiative

Findel is now an asset management back office forum. I don't participate any longer. I might be called upon for specific topics such as Standards or Transfers.

## Migration ISO 15022 to 20022 Status

Ongoing.

## Other Market Practice

N/A.

## Legislation Impacts / News

ALFI should post the second version of its Q&A Target2 - Securities for Funds.

## Miscellaneous

N/A.

# 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.

A new version 'Linee Guida V3' is now available (in Italian only for the moment) and covers the following new sections : - Updated process for Transfers, Data sets FATCA-AML-CRS, Price reports and standard template for initial 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)

### Hedge / Alternative Funds

Actually we do not have yet any best practices available, this is part of the planning for 2016/2017.

## Next Steps / Future Market Practice

Next priority 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

- A subgroup of local TA is working with ABI Lab to fine tune the Transfer process between them and local distributors (main issue is the transfer reference agreed between distributors )

- We have appointed a dedicated sub-group within ABI Lab WG focussed on analysing 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 December 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. Local community have been informed about the relevant size of the coming maintenance cycle (ISO 2016/2017) .

## Migration ISO 15022 to 20022 Status

Not significantly changed compared to Helsinki Update (see attached doc)

## 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 with 2016/2017 ISO release most of extensions will be replaced by new ISO elements.

We are in the process to review the MIFID II regulation and evaluate possible impact on ISO messages and procedure

## Miscellaneous

### Events

In June a Forum have been 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. More than 150 persons attended the meeting

Local Authorities (Bank of Italy and Consob) supported the event and were present as speakers

SMPG's representatives and more than 50 local/international financial institutions were also present.

# NMPG Country Update – United Kingdom

## Current Market Practice Status

### Orders

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.

However, a new market practice has now been drafted and should be released later this year.

### 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. A new version (V3.0) goes live in November.

### 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 this is a private group and not part of UKFMPG.

## Next Steps / Future Market Practice

### Orders

A new sub-group will be considered early next year in light of a broader UK industry debate on the future of funds trading and settlement.

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

### Statements

The statements sub-group will complete the new draft market practice.

### Transfers

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

Updates planned for further regulatory and operational changes.

### Conversions

A new group has been established to review this and also consider conversions as part of the transfer process.

## 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.

## National Group / Initiative

See next steps above.

## Migration ISO 15022 to 20022 Status

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.

## Other Market Practice

See current market practices above.

## 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

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

# NMPG Country Update – Spain

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

# 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, MX and online via a dedicated web services. FIX translation services are offered by third parties.

### Account Management

No support.

### Statements

Offered in MT, CSV, PDF and proprietary XML.

### Price Reporting

Offered in MT, CSV, PDF and proprietary XML.

### Transfers

Instructions are accepted in MT and forwarded in MT and fax (and letter for some alternative funds that require 'wet signature').

### Funds Cash Forecast

Available in CSV from dedicated web services.

### Hedge / Alternative Funds

AIF orders are handled in MT, MX and dedicated web services.

## Next Steps / Future Market Practice

The merging of MX guidelines to a single set for orders of all types of funds, along with implementation of GAIA usage guidelines, is a high priority, second to supporting the T2S migrations of the relevant markets.

## Maintenance of market Practice

Our migration from Gefeg FX to SWIFT MyStandards is progressing well, due to be completed in October 2016. An issue with the validation of messages against our guidelines is remains to be solved.

## National Group / Initiative

Clearstream is actively participating in ISO 20022 RMG and SEG, SMPG, FMAG, DESSUG, ALMUS, ALFI, GAIA, SKSF, AFTI and ad hoc working groups.

## Migration ISO 15022 to 20022 Status

On hold due to MX SR2017.

## Other Market Practice

GAIA - preparing for updates with respect to MX SR2017.

Findel single-leg transfer protocol - cannot progress due to critical legal issues (eg 'dumping' of shares on our register account at the TA).

## Legislation Impacts / News

We recently looked into a PRIIP requirement of supporting the timestamp of order receipt. We determined it is not relevant to the primary market execution of fund orders, as the NAV price is the same for any and all orders received before the cut-off.

## Miscellaneous

Nothing to report.

# 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.

### Transfers

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 by a stock transfer process 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 ISO 20022 Securities Standards Evaluation Group (Securities SEG) for the 2016-2017 ISO 20022 maintenance cycle. SWIFT has confirmed that the merged message set will be made available with the SWIFTNet Funds release in November 2017. Currently, the SCFS SC FUND envisages to develop a new version of the Swiss investment funds market practice to serve as an implementation recommendation for the SWIFTNet Funds release of November 2017.

## Maintenance of Market Practice

See also point 1.3 above. With the forthcoming end of the maintenance freeze of the ISO 20022 order flow messages, the Swiss funds market practice will have to be maintained in order to accommodate, apart from the hedge funds functions, any additional relevant new functions that will be introduced into the ISO 20022 standard during the 2016-2017 maintenance cycle.

## National Group / Initiative

See reference to the Portfolio Transfer market practice above (see section 1.2).

## Migration ISO 15022 to 20022 Status

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 reliable intelligence of its own on the progress being made by this CUG. It is believed that the MT-MX-migration rate in the Swiss funds market stands at around 80% (status date: mid-2016).

## 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

### Events

This year's edition of the annual SCFS Investment Funds Conference took place on 24 June 2016. For agenda and presentations given refer to the SCFS web-site:

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

### Business Application Header (BAH)

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 – Germany

## Current Market Practice Status

Revised German market practice was finalised on 29 September 2015. All MX message types which are relevant for the German market are included and published on the SMPG website in the GEFEG format. We are in the process of migrating them to the MyStandards format. SWIFT gave us an introduction to the system and we will start working with it in September 2016.

Assessment of the European Post-Trade Forum (EPTF) with Focus on fund unit trades.

### Orders

Up to date on the SMPG web site

### Account Management

Not applicable for the DE funds market

### Statements

We will assess the relevance of the following message types for the DE market:

- StatementOfInvestmentFundTransactionsV03 semt.006.001.03

- StatementOfInvestmentFundTransactionsCancellationV03 semt.007.001.03

### Price Reporting

We will check the changes of the last for the DE market

### Transfers

Not applicable for the DE funds market

### Funds Cash Forecast

We will check the changes of the last for the DE market

### Hedge / Alternative Funds

Not applicable for the DE market

## Next Steps / Future Market Practice

See comments above in section 1

## Maintenance of market Practice

We are in the process of assessing the impact of the maintenance requests for the DE market.

## National Group / Initiative

SWIFT KYC Registry presentation by Julian Laurent

DESSUG /Fonds supports the SWIFT/ EFAMA survey on the automation of the DE fund orders (similar to the EFAMA Fund Processing Standardisation Report. EFAMA and SWIFT publish on a bi-yearly basis trends in standardisation and automation rates of fund orders received by transfer agents (TAs) in Luxembourg and Ireland. We support at least a one off report of that format for DE funds).

Assessment of the European Post-Trade Forum (EPTF) with Focus on fund unit trades.

Problem of T2S transparency: DESSUG Position paper on ear marking

Disruptive Technology – Block chain for investment funds

## Migration ISO 15022 to 20022 Status



## Other Market Practice

The following message types are not applicable for the German market practice for investment funds:

AccountDetailsConfirmationV05 acmt.002.001.05

AccountModificationInstructionV05 acmt.003.001.05

GetAccountDetailsV02 (von ISO widerrufen)

RequestForAccountManagementStatusReportV03 acmt.005.001.03

AccountManagementStatusReportV04 acmt.006.001.04

FundConfirmedCashForecastReportV04 camt.041.001.04

FundConfirmedCashForecastReportCancellationV03 camt.044.001.03

FundDetailedConfirmedCashForecastReportCancellationV03 camt.045.001.03

PriceReportCorrectionV03 (von ISO widerrufen)

SubscriptionOrderConfirmationAmendmentV01 setr.048.001.01

RedemptionOrderConfirmationAmendmentV01 setr.052.001.01

SwitchOrderConfirmationCancellationInstructionV01 setr.055.001.01

FundProcessingPassportReportV02 reda.004.001.02

InvestmentFundReportRequestV02 reda.005.001.02

CustodyStatementOfHoldingsV02 semt.002.001.02 *(for DESSUG settlement and Reconciliation Group which still focusses on MT & T2S message types)*

AccountingStatementOfHoldingsV02 semt.003.001.02 *(for DESSUG settlement and Reconciliation Group which still focusses on MT & T2S message types)*

CustodyStatementOfHoldingsCancellationV02 semt.004.001.02 *(for DESSUG settlement and Reconciliation Group which still focusses on MT & T2S message types)*

AccountingStatementOfHoldingsCancellationV02 semt.005.001.02 *(for DESSUG settlement and Reconciliation Group which still focusses on MT & T2S message types)*

SwitchOrderConfirmationAmendmentV01 setr.056.001.01

## Legislation Impacts / News

Not applicable for the DE funds market

# NMPG Country Update – Norway

## Current Market Practice Status

### Orders

ISO 20022 setr.010.001.03 / setr.012.001.03 and setr.004.001.03 / setr.006.001.03 setr.013.001.03 / setr.014.001.03 implemented

### Account Management

ISO 20022 acmt.001.001.05 / [acmt.003.001.0](http://www.iso20022.org/documents/messages/acmt/schemas/acmt.003.001.05.zip)6 / acmt.002.001.06 Implemented

### Statements

ISO 20022 holding, semt.002.001.02 is implemented for funds

ISO 20022 transactions, semt.006.001.02 is implemented for funds

### Price Reporting

ISO 20022 reda.001.001.04 implemented for both reporting from fund accountant and for broadcasting.

### Transfers

ISO 20022 single-leg transfers implemented on TA-level.

### Funds Cash Forecast

ISO 20022 FundDetailedConfirmedCashForecastReportV04 / Camt.043.001.04 is implemented for a few specific bilateral connections. VPS uses this to report summary information from the settlement of all executed orders. This is also referred to as an End of Day report.

### Hedge / Alternative Funds

Implemented as ISO 20022 in line with ordinary Investment funds.

## Next Steps / Future Market Practice

## Maintenance of market Practice

Market Practice has so far mainly been distributed between NMPG participants. Demand for external access to the documentation has been low. The goal for future maintenance is to update this on MyStandards, and update the general documentation on smpg.info.

## National Group / Initiative

Transfer in and out between nominee accounts and segregated accounts on beneficiary level.

A market practice is defined, but implementation has not been a priority from the different market participants.

The process of defining market practice for advanced transfers in the Swedish NMPG is followed closely.

## Migration ISO 15022 to 20022 Status

None. ISO 15022 messages are not implemented for funds. Only ISO 20022.

## Other Market Practice

None.

## Legislation Impacts / News

Yes, FATCA, CRS, anti-money laundering, new tax regulations for fund.

## Miscellaneous

None

# NMPG Country Update – Sweden

# NMPG Country Update – France

# NMPG Country Update – Euroclear

# Asia Update

The following information was provided by Kineth Yuen, SWIFT Standards Ambassador Asia and Janice Chapman SWIFT Standards

## AFAC

Funds standards are very stable at AFAC. No real issues, except for the offshore/onshore item.

## Australia

AU implemented funds standard for their domestic funds. According to Kineth Yuen, they have a self-supported market group managing their implementation. No issues to report.

## Hong Kong

For HK, HKMA is running the fund hub and serving HK small distributors. The interaction is between HKMA and TAs.

## Taiwan

There is a trend for funds distributors to migrate from SWIFTNet funds to TDCC fund hub service because it is free of charge.

## Korea

Fund hub service is being offered in this markets.

# ISO 20022 Harmonisation Charter

Evelyn Piron (SWIFT) presented the current status of the ISO 20022 Harmonisation Charter. This is a framework facilitated by SWIFT to encourage the adoption of the most recent version of a message standard and for market practice to be available for the latest version of the standard in a timely manner. This charter has been endorsed or is supported by a large number of significant market infrastructures and organisations. The Payments Market Practice Group (PMPG) recently gave its support for its charter. The aim of this session was to see if the various working groups of the SMPG will support this charter.

The power point: *ISO20022\_harmonisation\_SMPG\_Sept 2016.pdf*

Karla McKenna (Chair of the SMPG Steering Committee) pointed out that according to her, the SMPG bylaws which lacks implementation power for MPs, see [SMPG By-Laws](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/5_SMPG%20Governance/1_SMPG_By-Laws_2015_v4_0.pdf) section IV .B.2. d (‘market practice will be updated and aligned annually with the maintenance of the ISO standards and with the annual Swift standards release’). Section IV.A – the last bullet (‘when a community of users is ready to use MP they are implemented by SMPG’).

The SMPG IF WG does not see any contradictions between the SMPG by laws and the principles of the Charter and therefore agreed to support the charter since it had put into practice the principles of the charter from the start of the funds market practice work in 2005.

The SMPG IF WG suggests that if a maintenance cycle was skipped and change requests were ‘bundled’ up for a subsequent maintenance cycle, it would be beneficial if this presentation highlighted the fact that the Supplementary Data mechanism exists in messages and could be used to specify data whilst waiting for the next maintenance cycle.

# Message Maintenance Release November 2017 - Orders

ISO 15022 SWIFT message users are well versed in knowing if an annual maintenance is taking place and where to get information. Because the funds ISO 20022 messages have not be maintained for ten years, there is a concern that funds users are ‘out of the habit’ of maintenance. Therefore, for the November 2017 cycle, SWIFT will, exceptionally, undertake some additional communication. SWIFT will organise a number of webinars.

The presentation that will be used for this was reviewed by the SMPG IF and invaluable feedback was received:

[1] In essence, the presentation made it ‘look too easy’. There was a request to show that even if there is no business impact on the customer, some kind of implementation is always required because of the change of version number to the schema xsd file, the new schemas have to be ‘injected’ into the customers’ system and regression testing performed, unlike in ISO 15022, where no business impact also means no technical impact. The presentation will be updated accordingly.

[2] Something needs to be said to the effect of ‘implementers, take a good look at any new functionality first, particularly, the Transaction Overhead sequence - you won’t need everything and you should only implement what you need for your market.

[3] Can there be some kind of ‘press release’ about this webinar that can be used by the SMPG IF WG members to alert people about this webinar.

**ACTION ITEMS / TASKS**

[1] The presentation is to be updated

[2] Produce some text that describes the webinar that can be used by SMPG IF WG members to publicise the webinar event.

# Impact of Maintenance on Order Market Practice

For the 2017 maintenance, changes have been made to the investment funds order messages and therefore there is an impact on the published market practice.

It was agreed that the new version of the market practice should be publically available as soon as humanly possible. For the SMPG IF WG and for some markets, there is a dependency on MyStandards to be able to update its market practice. Switzerland has no dependency on MyStandards as its market practice publication is done using the Gefeg toolset, however, the new versions of the message schemas are needed for this. Italy want to be able to provide is revised market practice on the order messages in the June time frame.

And it was agreed that although work on the message usage guidelines cannot be undertaken until the new versions are in the MyStandards platform (tentatively January/February 2017), work on the ‘process’ document can be started earlier. In fact, this work was started in Zurich. Some further updates are required (replacement of XML examples) and new examples and then the document is ready for review, planned for the November 2016 monthly meeting.

In reality the market practice should become simpler because in some cases, interim work-arounds can be deleted as specific fields are present in version 4 of the messages. However, the new Transaction Overhead sequence (the replacement sequence for the charge and commission sequence) may require careful thought.

It was agreed that the market practice should be ready for public consumption by April 2017. And for this reason, it was agreed that there should be a ‘extraordinary’ physical meeting in February 2017 to finalise the market practice. Clearstream have offered premises and the planned dates are Monday 27 and Tuesday 28 February 2017.

**ACTION ITEMS / TASKS**

[1] Tomas Bremin has confirmed that Clearstream will host the additional physical meeting

[2] The ‘process document’ is to be updated with revised XML examples, new XML examples are to be provided (Transaction Overhead), the document is to be circulated. (JEC, by end November 2016). (When the document is uploaded as final to SMPG, there should be two versions, one with track changes, one without.)

[3] The message usage guidelines will be migrated to the new version of the standard and posted on MyStandards (private) (JEC, January 2017 or earlier)

[4] The message usage guidelines are to be reviewed in preparation for the February meeting (All)

[5] Review and finalisation at the 27 – 28 February 2017 meeting (All)

[6] Update to MyStandards, public. (JEC, tentatively end of April 2017).

# Impact of Maintenance on Order Market Practice – Hedge/Alternative funds

For those that wish to see the GAIA hedge/alternative funds market practice, this is the link (provided by Jon Willis)

<http://media.wix.com/ugd/6b172f_34be69e0ea424bc6b749255322c3aba1.pdf>

In the November 2017 maintenance, the ISO 20022 messages are updated to include optional elements for hedge/alternative funds.

There needs to be a decision on how hedge/alternative funds is to be ‘brought under the umbrella’ of SMPG or otherwise.

In the short term, the updates to the order market practice as currently published on MyStandards will not take into account hedge/alternative funds. The reason for this is because the revised order market practice must be on MyStandards by end of April 2017 at the latest.

**ACTION ITEMS / TASKS**

[1] Arrange a call with GAIA (NM, CB, TB, JEC to participate) for a discussion about how best to move forward with the global market practice with respect to hedge/alternative funds. Update 18 October 2016: this conference call took place. See 18 October 2016 monthly meeting minutes for the conclusions.

# Message Maintenance Release November 2017 – Account Management

The changes being made are as a result of legislation and new functionality to support securities (as started last year.) Among other things, new functionality is introduced:

[1] enhancing the account modification instruction message (acmt.003) to allow it to change the status of the account, in effect, allow its use for re-activating an account, in the event an account closure was wrong sent and the account is still enabled or pending closure

[2] inclusion of a mechanism to instruct the closure of an account. This can be done in one of two ways

[a] extend the functionality of the account modification instruction message (acmt.003) so that it can be used to instruct the closure of an account

[b] create a new message for securities / funds account closure. A business justification (BJ) has already been submitted to ISO 20022 by Euroclear Sweden and SWIFT

Should the account modification instruction message (acmt.003) be extended to instruct the closure of an account, then the ISO 20022 User Handbook (message definition report part 1) needs to include a message flow that shows the following sequence of messages:

[i] account modification instruction (acmt.003) message sent to instruct the closure of an account

[ii] account management status report (acmt.006) message to report the status of the acmt.003 instruction

[iii] account details confirmation (acmt.002) message sent to confirm the status of the account is ‘pending-closure’ or closed, etc.

There should also be a flow to illustrate the re-activation of an account.

If a new message is introduced to close an account, then a flow should be introduced to show the following sequence of messages:

[i] account closure (acmt.xxx) message sent to instruct the closure of an account,

[ii] account management status report (acmt.006) message to report the status of the closure instruction (acmt.xxx) message.

On being asked the question should the account modification instruction (acmt.003) message be extended for account closure, those of the SMPG IF WG that use the current investment funds account management messages said:

|  |  |  |
| --- | --- | --- |
| 1 | Denmark | Prefer to include in acmt.003 |
| 2 | Norway | Prefer to include in acmt.003 |
| 3 | Italy | Prefer to include in acmt.003 |

At the time these minutes were produced, it was still unknown whether a new account closure message would be created or the functionality of acmt.003 be extended.

[1] Arrange a call with Teemu Makela (Euroclear), NM, CB, JEC for a discussion about how best to move forward with the account closure functionality. A decision before 3 October 2016 would allow modifications to the account modification message to be carried out within the 2016-2017 maintenance cycle, if that is the decision made.

**Update 18 October 2016:** It has been agreed that the Account Modification Instruction (acmt.003) and associated messages is to be enhanced with functionality for account closure. The business justification was withdrawn.

# Impact of Maintenance on Account Management Market Practice

For the 2017 maintenance, changes have been made to the investment funds account management messages and therefore there is an impact on the published market practice.

**ACTION ITEMS / TASKS**

[1] The message usage guidelines will be migrated to the new version of the standard, the process document will be updated. The process document will also be updated to include account closure and account reactivation (JEC January 2017). Update 18 October 2016: it is now known that this functionality is to be covered by the Account Modification Instruction (acmt.003) and related messages and additional information will be inserted to cover this.

[2] The draft market practice will be reviewed in a small group comprising Norway, Italy and SWIFT. The work of this group will be presented in a monthly meeting or at the Spring meeting. (JEC).

# Transfers

In the past, it had been agreed that rather than ‘reinvent the wheel’. SMPG IF would adopt/base itself on the work of the Findel Single Leg Transfers (SLT) group for the publication of an SMPG market practice on transfers since several members of the SMPG were also part of the Findel Transfer Working Group.

Currently, the Findel SLT group has made only one aspect of its SLT process market practice work publically available on MyStandards (see [ALMUS FINDEL-LU-IF-SLT-AssetTransferProcessSimple - Final (24 April 2014)](https://www2.swift.com/mystandards/#/mp/mx/_hFKsoEt-EeOdDcH1ilAdyg)).

This comprises a ‘process document’ and message usage guidelines as follows:



The **‘simple process’** is defined as a flow in which the transferee and the transferor both have account at the transfer agent. In the Findel simple market practice collection on MyStandards, the communication between the transferee and transferor is not covered.

The ‘complex process’ is defined as a flow in which there are intermediary institutions between the transferee and or the transferor. This is based on input from the members of the Findel SLT working group, the NMPG-IF-GB funds subgroup and Sweden.

For some institutions or markets, a SLT process is not acceptable for compliance reasons because securities are being placed into an account without and instruction from the account owner. For some institutions or markets, there is not this constraint.

In some markets, it is not possible to engage in a single leg process without some kind of legal framework, an overall governance of responsibilities. In the UK, the ‘Contract Club’ was created to perform such a legal framework. Other markets, such as Sweden and Norway do not seem to have this kind of constraint.

Some markets, for example, Sweden, Norway and the UK have successfully adopted domestically a single leg process, whether for simple (no intermediaries) or complex (with intermediaries) However, there are variations in how this is done and it makes sense for SMPG to publish market practice sooner rather than later, in order to, at least, provide guidance on the message types to be used.

The Findel SLT working group has, via, ALMUS and ALFI tried to trigger the need for a legal framework, however, this has been unsuccessful to date. It is proposed that Rudolf Siebel take this up with EFAMA.

The Findel SLT working group is no longer under the Findel umbrella but is now part of ALMUS (which is a Luxembourg-SWIFT group). Some SMPG members wanted to make sure that even if this SLT working group is under the ALMUS umbrella that non-LU and non-SWIFT-based participants can continue to contribute to the discussions.

SMPG will not work on the ‘complex’ scenario but will leverage the outcome of the Findel/ALMUS SLT working group.

SMPG IF must propose a market practice for double leg transfers as, for the time being, double leg transfers are used at both domestic and cross-border level.

**ACTION ITEMS / TASKS**

Tomas Bremin and Jon Willis are to provide the necessary input to Rudolf Siebel so that the legal framework issue can be discussed in EFAMA.

In the meantime, it is agreed that, for at least the **simple** SLT process, the SMPG IF working group should take steps for the adoption/endorsement of the sub-process described by the simple Findel SLT process. It is agreed that some overarching statements in the ‘process’ describing its intended usage will be required:

[1] The MP is only applicable to those markets / institutions that are able to adopt a single leg process SLT.

[2] The current market practice as published on MyStandards only covers the communication between the transferor and transfer agent and the transferee and transfer agent. It does not cover the communication between the transferor’s bank and transferee’s bank.

[3] SMPG IF does not preclude a double leg process

[4] In some scenarios, a combination of double-leg and single leg will be necessary

[5] Whilst SMPG IF market practice focuses on ISO 20022 as the messaging standard, SMPG IF does not preclude the use of ISO 15022 message standards

[6] The SMPG IF working group will, over time, document all aspects of transfers: there need to be outline descriptions of the single leg flow, double leg flow, flows in which a combination of single and double leg is used and flows involving CSDs. If possible, information about legal constraints should also be described.

Note: SMPG cannot impact on T2S settlement processes with respect to free of cash transfers.

**ACTION ITEMS / TASKS**

[1] The current Findel **simple** SLT message usage guidelines are to be migrated to the most recent version of the message standard (at the time of writing this document, the November 2016 version of the standard is the current version) (J. Chapman).

**Something for consideration:** should there been only one version that is ‘shared’ between Findel and SMPG IF. Or, will there be two sets of message usage guidelines, one as Findel and one as SMPG IF? (It is more efficient to have one version, obviously.

[2] The current Findel ‘simple’ process document should be updated to include the limitations of its usage (see above). JEC to initiate and consult with RV.

The usage guidelines will then be uploaded to MyStandards (status Private) but made available to the SMPG IF members

[3] SMPG IF WG review. All members are to review the document and usage guidelines in readiness for the Spring meeting.

[4] Tomas Bremin will send to Jon Willis an old double market practice document so someone in Jon’s team can provide a 1st draft of the double leg market practice quite quickly.

 **Update 27 September 2016**: Tomas Bremin has located an ‘old’ market practice document for use of MT 54x for transfers (*MT54X\_transfer\_V6\_FINAL\_SR02.doc*). See section 7.

# Investment Funds and T2S

A presentation has been provided by Niels Hougaard, VP Denmark: *VP funds solutions.pptx*

# T2S Transfer European WG on portfolio transfer.

RV provided information on the Market Practice for Portfolio Transfers of the so-called European Working Group on Portfolio Transfers (EWGPT).

This MP is in discussion for being implemented in T2S. It is understood that this MP would encompass investment funds ISINs.

RV asks that what the relationship between the SMPG IF portfolio transfers market practice and the T2S MP for portfolio transfer of the EWGPT would be.

Market Practice for Portfolio Transfer of the European Working Group on Portfolio Transfers (EWGPT) *(’t2s\_portfolio\_transfer\_draft.pdf’)*

<http://www.ecb.europa.eu/paym/t2s/governance/ag/html/substand/mtg24.en.html>



**RV provided this text for the Zurich minutes document**: In the discussion it was considered that this market practice has its own relevance in the settlement processes encompassing T2S. It was determined that an over-arching high-level document on SMPG IF portfolio transfer would be required in which the applicability of the various IF portfolio transfer process were collated. It was understood that the single leg portfolio transfer, the double leg portfolio transfer and the EWGPT portfolio transfer processes would be referred to in this over-arching document.

It was recognised that the portfolio transfer process of the EWGPT differs from the portfolio transfer process of the SMPG SnR WG (based on MT 586/sese.037). The latter does not foresee to route the portfolio information exchange messages via the CSD. Although it is not ideal if the same business process is implemented in different ways it was understood that this issue would fall into the area of responsibility of the SMPG SnR WG. SMPG IF should make SMPG SnR WG aware of the potential for multiple market practices covering the same business process, that is, portfolio transfers.

# MiFID II

One of the changes that has been done on the order and confirmation messages for the November 2017 release, is a change to the structure of the charge/commission/tax sequences of the messages which will allow unambiguous specification of the charge, commission, and tax, facilitating transparency between the net amount and gross amount and the impact on the settlement amount. This new structure called ‘Transaction Overhead’ was done without taking into account MiFID II specifically. However, it is anticipated that this kind of change will facilitate compliance to MiFID II. It is thought the only thing that might have to be done in order to comply with MiFID II is the introduction of new fee types, but this is to be determined..

**ACTION ITEMS / TASKS**

[1] An initial review of the impact of MiFID II on the funds messages is to be carried out and an update presented at the Spring 2017 meeting. (JW / AM (?))

# Custody Statement Of Holdings / Securities Balance Custody Report

Investment funds uses version 2 of semt.002. This is the version that was created as a result of the partial reverse engineering of the MT 535 and is specific to investment funds. It is called the Custody Statement Of Holdings. Version 3 of the message was created as a result of full reverse engineering of the MT 535 by the S & R group and is for both securities and investment funds. It was renamed to Securities Balance Custody Report. Over the years, this message has been maintained and the version produced for November 2016 is version 8. Semt.002 is also maintained for the November 2017 release (a definition update only.)

It has been agreed that that the ‘latest’ version of semt.002 should be adopted. (The funds solution contains both version 2, the Custody Statement Of Holdings, and the latest version, Securities Balance Custody Report, in readiness).

A power point describing the differences between version 2 and version 8 is available: *Funds Overview semt.008 Diff between V02 and V08\_v1.pptx*.

The date for this adoption by investment funds has not yet been finalised. In 2015, a comparison was done of semt.002.001.002 and semt.002.001.008. And the market practice created for version 2 was transcribed into for market practice for version 8. At the same time the process document was updated to include version 8 Securities Balance Custody Report:

[SMPG-Global-IF-Statements-CONSOLIDATED-Draft (2015-11-20)](https://www2.swift.com/mystandards/#/mp/mx/_MDbEcISUEeWoW6fleZ2bJw)



**ACTION ITEMS**

[1] The market practice should be reviewed by the group so that it can be set to ‘public’. All members are to review.

[2] Where applicable, the usage guidelines for the following should be migrated to the November 2017 version:

|  |  |  |
| --- | --- | --- |
|  |  | Update required |
| semt.002.001.08 | Securities Balance Custody Report | YES |
| semt.020.001.04 | Securities Message Cancellation Advice | TBC |
| Semt.021.001.05 | Securities Statement Query | TBC |
| Semt.022.001.03 | Securities Status Or Statement Query Status Advice | TBC |

 This work is to be done by JEC in the February/March 2017 time-frame.

# Statements Of Investment Fund Transactions

An action item from the Helsinki meeting (item 2016-01) is to decide whether semt.006 Statement of Investment Fund Transactions can be replaced by semt.017 Securities Transaction Posting Report.

A power-point describing the similarities and differences is available: *Statement Trans v Trans Posting Report.pptx*

In the semt.006 Statement of Investment Fund Transactions, there are elements for transaction information – these are based on the **order** message.

In the semt.017 Securities Transaction Posting Report there are elements for transaction information – these are based on the **settlement instruction** message.

In addition, in 2003/2004, the semt.006 was created based on reporting requirements between the transfer agent (account servicer) and the account owner.

It has been stated that in order for semt.017 to be usable for investment funds, it will need to have the ‘Transaction Overhead’ sequence from version 4 (of the order or confirmation?) and Intermediary Information (related parties) added to the standard.

**ACTION ITEMS**

[1] The SMPG S& R working group is to be contacted to get feedback on the likelihood of such additions being acceptable (JEC, by end of 2016).

# Offshore / Onshore

This issue was raised by Kineth Yuen, SWIFT HK on behalf of HSBC TA. See power-point ‘OnShoreOffShore.pptx’ for the background.

During the Zurich meeting, Jon Willis asked colleagues to ask HSBC TA if this is an issue or not and the following was received:

CNH is the only currency code that funds should care about. Some fund managers have some funds in CNH and some in CNY. Some are only internal funds to CN? In the long term it is thought that CNH will be recognised as a ISO currency code.

HSBC TA has confirmed it has an interim solution – they automatically change the CNH currency code to CNY before sending the message where currency code validation is done. Everyone should use CNY – but recognise it is offshore.

**ACTION ITEMS**

[1] It is agreed that SMPG will write market practice to cover this. (JEC to initiate, JW to provide expertise and review.)

[2] E-mail to be written to Kineth Yuen to inform him of the outcome. (JEC, September 2016)

# Business Application Header (BAH)

The adoption of the BAH by SMPG IF (and SWIFTNet Funds solution) will not be done in the 2016-2017 maintenance cycle.

Draft market practice has been published on MyStandards (November 2015):

[SMPG-Global-IF-BAH-Draft (2015-11-06)](https://www2.swift.com/mystandards/#/mp/mx/_StTuoEphEeWAf5IEEJGfLg)

Once SMPG IF makes a recommendation as to when the BAH is to be adopted, SMPG IF will arrange a joint session with Funds, S & R and the CA working groups to review the market practice for the BAH with view to having a single market practice for SMPG.

# ISO Documentation Clarity

This item was not discussed in the Zurich meeting.

From Rainer Vogelgesang:

ISO 20022 documentation clarity matrix:

<https://www.iso20022.org/documents/general/ISO20022_Documentation_Clarity_Matrix.pdf>

The document *’ISO20022\_Documentation\_Clarity\_Matrix.pdf’* is also available. See section 2.

It was agreed to set aside some time to review this matrix in one of the forthcoming monthly conference call meetings.

# Migration

SWIFT has been asked by the Board to seek feedback on the coexistence versus migration topic. Victor Abbeloos (SWIFT) ran this session. A board paper will be presented to the SWIFT Board for the December 2016 meeting and is available through your National Member Group – contract your SWIFT User Group Chairperson.

# Working Group Co-chair

Nadine Muhigiri will be stepping down Spring 2017.

**ACTION ITEMS**

[1] A candidate interested in taking on this role should send an e-mail to the SMPG IF WG co-chairs and facilitator, saying that he/she ‘would like to be considered for the position of SMPG IF WG co-chair’ and that he/she ‘has the approval of his/her company to fulfil this role”. The role requires attendance at the two physical meetings that take place each year, any ad-hoc physical meetings and the monthly meeting conference calls. At the time of writing, there are no known restrictions on the kind of member that can take up this role. (The [SMPG By-Laws](http://www.smpg.info/typo3conf/ext/um_efmausers/pi1/includes/classes/download.php?file=/5_SMPG%20Governance/1_SMPG_By-Laws_2015_v4_0.pdf) are available on smpg.info.)

# Monthly Meeting Schedule

This was not discussed.

**ACTION ITEMS**

[1] A calendar item is to be posted for the next six months (October 2016 – April 2017). (JEC by end of September 2016)

# Country Report Template

The template was used for the Helsinki meetings and now for the Zurich meeting. No issues has been reported and it will be used for the 2017 meetings.

# Action Items

The action items specified in the various sections of this document will be copied to the spreadsheet *‘SMPG-IFWG-Actions Items Tracking\_YYYY-MM-DD.xlsx.*

# Priorities

The first priority is to maintain the order, status and confirmation market practice MP for the 2017 release of the message standards.

# Business Topics For Spring Meetings

In 2017, the SMPG Funds WG will have an additional physical meeting in addition to the global meeting in April.

|  |  |
| --- | --- |
| February Meeting | Order, status and confirmation market practice |
| April Meeting | Impact of MiFID II on investment funds message set. |
| Integration of hedge funds market practice into SMPG funds. |
| Statements MP – review and set to ‘public’ (if not already done) |
| Account Management MP – review and set to ‘public’ |
| Statement of Investment Funds Transaction (semt.006) versus Securities Transaction Posting Report (semt.017) and its adoption - progress update  |
| Securities Transaction Posting Report (semt.041) – review message usage (use examples from the ISO/SWIFTNet documentation Message Definition Report (MDR) part 1 as a precursor to creating market practice. |
| Transfers Simple SLT market practice |
|  | Transfers Double leg market practice |