

SMPG Global Meeting

Investment Funds Working Group (SMPG IF WG)

Citigroup Europe PLC, Dublin,

26, 27 & 28 April 2017

Minutes

(7 June 2017)

**Document History**

|  |  |
| --- | --- |
| 2017-05-18 | First draft |
| 2017-05-07 | Second draft. Norway country report added |
|  |  |

Table of Contents

[Table of Contents 2](#_Toc484589020)

[1 Attendees 2](#_Toc484589021)

[2 Presentations and Documents 4](#_Toc484589022)

[3 Agenda Overview 4](#_Toc484589023)

[4 NMPG Country Update – BR Brazil 5](#_Toc484589024)

[5 NMPG Country Update – DE Germany 6](#_Toc484589025)

[6 NMPG Country Update – DK Denmark 8](#_Toc484589026)

[7 NMPG Country Update – CH Switzerland 10](#_Toc484589027)

[8 NMPG Country Update – FR France 12](#_Toc484589028)

[9 NMPG Country Update – IT Italy 12](#_Toc484589029)

[10 NMPG Country Update – GB United Kingdom 15](#_Toc484589030)

[11 NMPG Country Update – NO Norway 17](#_Toc484589031)

[12 NMPG Country Update – XS Euroclear 19](#_Toc484589032)

[13 Impact of MiFID 19](#_Toc484589033)

[14 Order Market Practice 20](#_Toc484589034)

[15 Account Management Market Practice 24](#_Toc484589035)

[16 Holdings Statements 24](#_Toc484589036)

[17 Statement of Transactions 25](#_Toc484589037)

[18 Transfers 25](#_Toc484589038)

[19 Application Header v Business Application Header 26](#_Toc484589039)

[20 Message Statistics 26](#_Toc484589040)

[21 Working Group Co-chair Positions 26](#_Toc484589041)

[22 Monthly Meeting Schedule 26](#_Toc484589042)

[23 Action Items 27](#_Toc484589043)

[24 Priorities 27](#_Toc484589044)

[25 Business Topics For Autumn Meetings - TBC 27](#_Toc484589045)

# Attendees

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | CH | Rainer Vogelgesang | SIX Securities Services |  |
| 2 | DK | Niels Hougaard | VP |  |
| 3 | DK | Bjorn Sven Jensen | VP |  |
| 4 | GB | Steve Wallaces | Idea Group |  |
| 5 | IE | Nicola Jones | JP Morgan |  |
| 6 | IT | Andrea Milanesio | Pine 3 Consulting |  |
| 7 | NO | Svein R. Borgersen | VPS |  |
| 8 | SE | Henrik Staffas | Scandia |  |
| 9 | SE | Krister Lindgren | MFEX |  |
| 10 | -- | Tomas Bremin | Clearstream |  |
| 11 | -- | Romain Rovero | Clearstream |  |
| 12 | -- | Carmelo Interisano | Euroclear |  |
| 13 | -- | Jon Willis | Calastone |  |
| 14 | Facilitator | Janice Chapman | SWIFT |  |
| 15 | *Co-chair* | Charles Boniver | SWIFT |  |
| 16 | *--* | Rudolf Siebel | BVI, DE |  |

SMPG investment Funds Organisation

* + - * + Co-Chairs

Nadine Muhigiri, Euroclear (outgoing)

Henrik Staffas (in-coming

Charles Boniver, RBC, (LU) (outgoing)

* + - * + 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

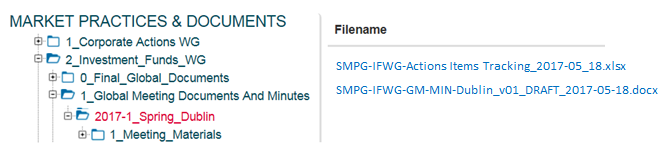
| # | File Name | Source |
| --- | --- | --- |
| 1 | *AcctManagement MP updates for 2017\_2017-04-18.pptx* | SWIFT Standards |
| 2 | *Funds Overview semt.009 Diff between V02 and V09\_v2.pptx (updated)* | SWIFT Standards |
| 3 | *MiFID II\_ OICR\_SMPG AM\_2.xlsx* | Andrea Milanesio |
| 4 | *Order MP Inclusion Hedge\_2017-04-21.pptx* | SWIFT Standards |
| 5 | *Order MP Meeting Material\_Revised\_2016-03-22.pptx* | SWIFT Standards |
| 6 | *setr.010\_UG\_Comparison\_2017-05-10.xlsx (updated)* | SWIFT Standards |
| 7 | *setr.012\_UG\_Comparison\_2017-05-10.xlsx (updated)* | SWIFT Standards |
| 8 | *SMPG-IFWG\_ResearchFee and other MiFID.pptx* | SWIFT Standards |

The presentations are stored in the folder **2017-1\_Spring\_Dublin:**



## Minutes and Action items Documents

This document and the action items spreadsheet are stored in the folder **2017-1\_Spring\_Dublin** at the root (click on the folder name and look to the right side of the screen).



# Agenda Overview

* NMPG country updates
* Order Market Practice – elements for anti-money laundering (AML)
* Order Market Practice – MiFID: impact
* MiFID – impact on other messages (Price Reports)
* Order Market Practice – ‘process’ document
* Order Market Practice – review & finalisation
* Alternative/hedge funds – order market practice
* Account Management Market Practice – review & finalisation
* Transfers – where are we?
* Statements (if time)
* Working Group Co-chairs
* Action items review, priorities, future work plan

# NMPG Country Update – BR Brazil

## Current Market Practice Status

### Securities Management

Since 2015, the custodians are already adopting a message based on the SecuritiesBalanceAccountingReportV04 – ISO 20022. On November, 2016 the Brazilian Regulatory Agency for Pension Funds (PREVIC) decided to adopt this message in order to receive information regarding the portfolio of pension funds. Having a regulatory obligation helps a lot developing more knowledge of the standard within the Brazilian securities market.

## Next Steps / Future Market Practice

### Reference Data Messages

B³ (merge between Cetip and BM&F BOVESPA) submitted, in December 2016, a ISO 20022 Business Justification proposing the development of standardized and automated processes for securities reference data report and response, within the pre-investment and pre-trade business areas.

**Objective:** enable and disseminate information to the market participants (both national and international) as a whole, and seeks to increase transparency for investors, intermediaries and regulators regarding the securities available in a certain market place.

**RMG:** indicated that a similar set of ISO 20022 securities reference data messages were being submitted by the European Central Bank, in the scope of the T2S (Target to Securities) project.

**Next Steps:** B³ is currently reviewing the ISO 20022 securities reference data draft messages that are being developed under the SEG Securities , looking forward to working together with the international community on developing and implementing the new ISO 20022 messages set.

## 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.

## News

### Working Group ISO 20022:

In June 2016, the Brazilian Central Bank established a working group together with representatives from all Brazilian market’s FMIs, financial institutions associations and the National Treasury aiming to establish a study for the accommodation of ISO 20022 communication standard in the Brazilian payments market.

**Objective:** The current study is ongoing and the goal is to provide the necessary information for the future assessment, which consists in whether the current ISO 20022 business models and message catalogues comprehend all communication needs within the Brazilian market.

**Next Steps:** The final paperwork will then be presented as an official Technical Note which will serve as a cornerstone for future evaluations and strategic decisions taken by the Brazilian regulator and the financial market’s institutions. These initiatives will certainly bring Brazilian institutions closer to the ISO 20022 Standard, along with its concepts and benefits, as well as shedding light in the understanding of best practices within different markets.

# NMPG Country Update – DE Germany

## Current Market Practice Status

Complete DE MP migrated from GEFEK to MyStandards. „Golden Copy“ of the German market practice (GMP) to be stored on MyStandards web site (internet link on SMPG Web site leading to MyStandards).

### Orders

In May: Validation of November 2017 Release for

• SecuritiesMessageRejectionV03\_semt.001.001.03

• OrderCancellationStatusReportV03\_setr\_017\_001\_03\_20170307\_1723

• OrderConfirmationStatusReportV01\_setr\_057\_001\_01\_20170307\_1729

• OrderInstructionStatusReportV03\_setr\_016\_001\_03\_20170307\_1724

• RedemptionOrderCancellationRequestV03\_setr\_005\_001\_03\_20170307\_1720

• RedemptionOrderConfirmationCancellationInstruction V01\_setr\_051\_001\_01\_20170307\_1727

• RedemptionOrderV03\_setr\_004\_001\_03\_20170307\_1726

• SubscriptionOrderCancellationRequestV03\_setr\_011\_001\_03\_20170307\_1722

• SubscriptionOrderConfirmationCancellationInstruction

V01\_setr\_047\_001\_01\_20170307\_1719

(All others are validated)

### Statements

The following msg will be handled by the settlement WG (currently in ISO 15022)

• AccountingStatementOfHoldingsV02 semt.003.001.02

• AccountingStatementOfHoldingsCancellationV02 semt.005.001.02

• CustodyStatementOfHoldingsV02 semt.002.001.02

• CustodyStatementOfHoldingsCancellationV02 semt.004.001.02

• StatementOfInvestmentFundTransactionsV03 semt.006.001.03

• StatementOfInvestmentFundTransactionsCancellationV03 semt.007.001.03

### Price Reporting

All validated

### Transfers

N/A (existing ISO 15022 Standard maintained by the Settlement NMPG)

### Funds Cash Forecast

In May: Validation of November 2017 Release for

• FundDetailedConfirmedCashForecastReportV04\_camt.043.001.04

• FundDetailedEstimatedCashForecastReportV04\_camt.042.001.04

## Next Steps / Future Market Practice

Pending validation of November 2017 Release (in May)

## Maintenance of market Practice

Not relevant for GMP:

AccountDetailsConfirmationV05 acmt.002.001.05

AccountManagementStatusReportV04 acmt.006.001.04

AccountModificationInstructionV05 acmt.003.001.05

AccountOpeningInstructionV06 acmt.001.001.06

FundConfirmedCashForecastReportCancellationV03 camt.044.001.03

FundConfirmedCashForecastReportV04 camt.041.001.04

FundDetailedConfirmedCashForecastReportCancellationV03 camt.045.001.03

FundProcessingPassportReportV02 reda.004.001.02

InvestmentFundReportRequestV02 reda.005.001.02

RedemptionOrderConfirmationAmendmentV01 setr.052.001.01

RequestForAccountManagementStatusReportV03 acmt.005.001.03

SubscriptionOrderConfirmationAmendmentV01 setr.048.001.01

SwitchOrderConfirmationCancellationInstructionV01 setr.055.001.01

## National Group / Initiative

- Following the European Post-Trade Forum (EPTF) and it impact on the GMP.

- Looking into the feasibility for DE of harmonising and Standardisation of ETF processing: A proposal of the Joint Working Group ETF Processing.

- Looking into increasing transparency in funds processing with the example of earmarking (FR)

## Migration ISO 15022 to 20022 Status



## Events

Next DESSUG/ funds WG on 15/16 May 2017

# NMPG Country Update – DK Denmark

## Current Market Practice Status

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 is not in line with other providers with respect to which versions we are using. We plan to update the solution in line with the SR2017 funds maintenance.

### 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

We have no plans for changing/updating the system. However, we will take the SR2017 versions in.

## 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 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 – CH 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.

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 is in the preparation phase for once more gathering the Swiss market practice working group in order to lift the current market practice (ver. 1.1) onto the forthcoming message set of the November 2017 release.

## Maintenance of Market Practice

The SCFS SC FUND has decided that any change requests for the ISO 20022 funds order messages implemented in the Swiss market should be consolidated within the SCFS SC FUND.

## 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

The SCFS Validation Portal, based on solution provided by GEFEG mbH, is being migrated onto a new technical hosting platform.

Whilst the previous platform was hosted in the cloud, the new platform will be hosted on a platform maintained by the Swiss Financial Market Infrastructure SIX Interbank Clearing. Any test files uploaded onto the platform are consequently stored on servers located within Switzerland.

The new hosting platform contains the Swiss investment funds market practice version 1.1 and is provided free of charge in the public domain under the following URL: <https://validation.iso-payments.ch/scfs>

### Events

This year's edition of the annual SCFS Investment Funds Conference will take place on 24 August 2017. Agenda and further information will be published in due course on the SCFS web-site: [www.scfs.ch](http://www.scfs.ch)

# NMPG Country Update – FR France

## Current Market Practice Status

### Orders

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

## Next Steps / Future Market Practice

The big project for 2017 is the 2017 Maintenance ISO-20022 Funds messages which will take place in November 2017.

French CSD Euroclear France announced 6 weeks of Market testing. Market tests should become on October the 9th.

## Maintenance of market Practice

We will have to update Market Practice following Swift Release 2017 Go Live.

## Migration ISO 15022 to 20022 Status

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

## Miscellaneous

### Events

Swift Forum in Paris on June 27th.

# NMPG Country Update – IT Italy

## Current Market Practice Status (no changes compared to previous report – Zurich meeting)

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.

Mystandard 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.

Mystandard 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.

Mystandard 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.

Mystandard 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.

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

### Hedge / Alternative Funds

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

## Next Steps / Future Market Practice

Current 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). Associations (ABI, Assogestioni) are working with Regulators (Banca d'Italia, Consob) to find the best way to promote and encourage a massive usage of ISO 20022 in Fund industry.

- We have appointed a dedicated sub-group within ABI Lab WG focussed on Transfers, an updated and final business process have been agreed among parties and now the implementation phase is underway.

- 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' . Original target date for the completion of the last phase has been postponed after 2017 summer due to other priorities (eg . ISO standard release, MIFID II)

## Maintenance of market Practice

1) Cross border market (Italy to/from LUX/DUB TA) :

Local community is working on ISO 2017 release (Swift SR 2017), most of counterparties will be ready for 'end to end' test during summer 2017.

2) Domestic Market

ABI Lab is working hard to deliver all documentations required to implement 'local' templates based on 2017 ISO release. Expected delivery date for ABI Lab release R09.0 package (documentation, sample and XSD) is 1st week of June. Implementation date is November 2017 same date as Swift SR 2017.

Migration ISO 15022 to 20022 Status

See point 2

## Legislation Impacts / News

MIFDII

We have completed a preliminary business review of MIFID II regulation focussed on transparency of Charges, Commission & inducements. Associations (ABI and Assogestioni) sent few Q&A to ESMA in order to clarify few critical aspects which could affect the implementation of MIFID II (answer from ESMA is expected before summer hopefully). From ISO point of view we have identified the following approach :

- One-off cost (Ex ante) wait for ESMA answers

- One-off cost (Ex post) covered by current ISO order confirmation messages

- On going (Ex ante/Ex post) few small changes needed to ISO Price report messages

Considering MIFID II implementation is required by January 2018, we will use extension as temporary solution and will submit CRs for ISO 2018 release (price)

INDIVIDUAL SAVING ACCOUNT with fiscal benefits (PIR)

Starting from January 2017 due to new fiscal regulation also in Italy are available individual saving account (PIR) with fiscal benefits like ISA in UK and PEA in France. Looks like these new products are very attractive and most of the Asset managers spent Q1/2017 to define process and promote PIR to the market.

ABI Lab WG worked with the Associations to define common process and a dataset of information to be exchanged between financials intermediaries in order support these new products (PIR). ABI Lab WG successfully delivered a PIR data set in March and updated ISO ABI Lab templates (R08.1)

# NMPG Country Update – GB 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 is undertaken manually or using mostly propriety mechanisms.

A draft of a more general market practice for holding and transaction statements has been created but is not currently used.

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

## Next Steps / Future Market Practice

### Orders

The ViaNova sub-group is updating the market practice for the 2017 order message changes.

### Transfers

The transfers sub-group continues to actively develop and promote automated transfers. Updates under discussion for further regulatory and operational changes.

There is a longer term plan for the UKFMPG Transfers sub-group to raise change requests for transfer messages but the detail has not yet been agreed.

## Maintenance of market Practice

See above.

## National Group / Initiative

See 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).

There are separate industry wide initiatives under way reviewing transfer processing and fund distribution more generally. These are expected to publish recommendations on governance, standards, service levels and commercials for the enabling technology within the next few months.

## Miscellaneous

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

# NMPG Country Update – NO Norway

## Current Market Practice Status

### Orders

ISO 20022 setr.010.001.03 / setr.011.001.03/ setr.012.001.03 and setr.004.001.03 / setr.005.001.03 / setr.006.001.03, setr.013.001.03 / setr.014.001.03 /setr.015.001.03, setr.016.001.03, setr.017.001.03 are implemented.

In addition setr.001.001.03, setr.007.001.03, setr.003.001.03, setr.009.001.03 and semt.001.001.03 are also used.

### Account Management

ISO 20022 acmt.001.001.06 / [acmt.003.001.0](http://www.iso20022.org/documents/messages/acmt/schemas/acmt.003.001.05.zip)6 / acmt.002.001.06 are implemented.

In addition acmt.006.001.05 is used when error in business logic.

### Statements

ISO 20022 for holdings, semt.002.001.02 is implemented for funds

ISO 20022 for transactions, semt.006.001.02 is implemented for funds

In addition semt.021.001.06 is used for requests of holdings or transactions.

### Price Reporting

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

In addition is reda.002.001.04 used.

### Transfers

ISO 20022 sese.001.001.07 single-leg transfers implemented on TA-level.

In addition is Sese.003.001.07 and sese.004.001.07 used.

### 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.

In addition camt.041.001.04, camt.042.001.04 are also used.

### Hedge / Alternative Funds

Implemented as ISO 20022 in line with ordinary Investment funds.

## Next Steps / Future Market Practice

- SR2017, adaption of local market practice.

- VPS sees a wider implementation of account messages

- There is a wider use of PriceReport messages.

- Use of ISO 20022 account messages for saving plans is increasing.

- VPS plans to implement semt.017.001.07 as an offer of holding and transaction reporting from the CSD.

## 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

Norwegian Government has launched a "share savings account" in the National Budget for 2017. Where one of the goals is to simplify the reallocation of shares and equity funds and increase the attractiveness of share investments, and in this respect contribute to a greater extent of share savings among private investors.

The new savings account comes with limitations regarding which securities that can be included and some tax benefits, and is only for private investors. Other specifics so far is:

- There is suggested a transition period within 2017 where you can move existing qualified investments to the new account structure without paying tax on sales profit.

- There is suggested it should be free movement of the account structure, including tax positions, between different institutions.

- You as an investor, can only keep one account structure per institution.

- The accounts have to be specifically marked (as ASK)

This initiative will have a small impact on account messages (new account type), and there will be a need for a new way of doing transfer of the whole account structure with securities holdings, cash and tax positions.

The NMPG IF has taken an initiative to discuss whether a market practice for the new transfers can be implemented as an ISO 20022 message, and how this can be done.

## Migration ISO 15022 to 20022 Status

None. ISO 15022 messages are not implemented for funds, only ISO 20022.

## Other Market Practice

VPS received and sent 350.000 - 400.000 reda.001.001.04 Price Report during 2016. Most of this traffic was outside of SwiftNet.

## Legislation Impacts / News

Yes, new "share savings account", possibly MiFID II.

## Miscellaneous

None

# NMPG Country Update – XS Euroclear

## Current Market Practice Status

### Orders

Implementation of Funds 5.0 currently ongoing.

### Hedge / Alternative Funds

Euroclear has contributed to the definition of the GAIA standards.

### Next Steps / Future Market Practice

Implementation of new market practice outcome of Funds 5.0 is currently ongoing.

## Migration ISO 15022 to 20022 Status

Euroclear has put on hold the migration in the frame of the implementation of Funds 5.0 release.

# Impact of MiFID

### Order Market Practice

The power-point “SMPG-IFWG\_ResearchFee and other MiFID.pptx” was used to facilitate discussions.

**Conclusions:** It is not appropriate to specify ‘research fee’ on an order confirmation message. This is the kind of information that is reported semi-annually or annually on a report sent to the investor. This is already being done in this way today.

### Price Report Market Practice – impact of MiFID

The following power-point “SMPG-IFWG\_ResearchFee and other MiFID.pptx” was used to facilitate discussions. The spreadsheet “MiFID II\_ OICR\_SMPG AM\_2.xlsx”, worksheet “Schema draft” was referenced.

**Conclusions:** it was agreed that this information, whilst looking like a good ‘fit’ for the price report message, the data should not be specified in the Price Report, not without changing the scope of the message. It seems that the Funds Processing Passport (FPP) could be a good fit, however, the message is not used in the funds industry and the message would need changes (there are many mandatory fields that would have to become optional).

*There is a need to report ‘something’ (Italy expects this data to be reported by its Luxembourg counterparts).*

# Order Market Practice

## Elements for anti-money laundering.

A number of elements were added to the order messages as part of the maintenance cycle 2016- 2017.

These are:

|  |  |  |  |
| --- | --- | --- | --- |
| [1] | Source of Cash | Code| Proprietary | Source of cash used for the settlement of the subscription. |
| [2] | Customer Conduct Classification | Code| Proprietary | Assessment of the customer’s behaviour at the time of the account opening application. |
| [3] | Transaction Channel Type | Code| Proprietary | Means by which the investor or account owner submits the open account form. |

It was agreed that these elements are not part of the global market practice and are set to ‘do not use’.

**STATUS:** Done.

## ‘Process’ document

This was looked at by the group, focusing on what had changed since the previous version.

[1] The scope section is to indicate that the market practice in the process document is specific to ‘classic’ funds usage. And that market practice and usage guidelines for alternative investment/hedge fund (AIF) will also be published on MyStandards, etc.

[2] It was agreed that when differentiating between the ‘classic’ or ‘normal’ funds and the hedge/alternative funds, the following terminology is to be used:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Term in full | Abbreviation | Comment |
| 1 | Investment fund | IF | Mutual, classic, normal funds |
| 2 | Alternative investment/hedge fund | AIF | Alternative, hedge, non-unitized |

[3] In the process document, collection and usage guidelines descriptions: add in text to explain what

means in the context of SMPG IF MP.

[4] It was agreed that in the DLEV section, for the scenario in which DLEV is specified as a fee, it should be stated that the inclusion of Informative Price Details with SWNG.

**STATUS:** Done.

## Usage guidelines review and finalisation

[1] Order messages: **Requested Future Trade Date** – set to ‘allowed’. In some markets this may be used for open-ended real estate funds or alternative funds.

[2] Order messages / **Requested NAV Currency**. The usage currently reads as:

If the fund is a ‘multi-currency NAV fund’ and the order is specified as AmountOrUnits/UnitsNumber, it is recommended that RequestedNAVCurrency is present. If the fund is a ‘multi-currency NAV fund’ and the order is specified as AmountOrUnits/GrossAmount, it is recommended that RequestedNAVCurrency is present. If the fund is a ‘multi-currency NAV fund’ and the order is specified as AmountOrUnits/NetAmount, it is recommended that RequestedNAVCurrency is present.

To make this more concise and readable, this is changed to :

**Usage**: If the fund is a ‘multi-currency NAV fund’ and the order is specified as AmountOrUnits/UnitsNumber or GrossAmount or Net Amount, it is recommended that RequestedNAVCurrency is present.

[3] Switch Order Confirmation / **Settlement Amount** to be set to do not use.

[4] Confirmation / **Individual Fee – rate** is to be allowed, with usage ‘SMPG IF recommends that this element is not used, but recognises that there are some scenarios in which the rate might also be specified. Users must agree on the interpretation of this field.”. This has been applied to StandardRate, AppliedRate, Discount / Rate.

**STATUS:** Done.

## Work-around for Settlement And Custody Details sequence

Currently, the messages only allow one place of settlement. A work around for a second place of settlement is required and a draft specification is in the power-point “10\_Order MP Meeting Material\_Revised\_2016-03-22.pptx” (slide 38). This slide has been extracted as “Funds setr PSETx2 workaround\_2017-05-09.pptx”

What was proposed is to be reviewed first by Charles (if possible) and if necessary, corrections are to be made. This is then to be sent to Clearstream for review. When agreed by the core SMPG group, this is to be circulated by DESSUG and France for their ratification and then added to the market practice at a later date.

**STATUS:** WIP

## Change Request for Settlement And Custody Details sequence

There is the need for a change request to be submitted to ISO to fill this functionality gap. See “10\_Order MP Meeting Material\_Revised\_2016-03-22.pptx” slide 39 for some preliminary thoughts.

**STATUS:** Clearstream to submit CR.

## Order Process Market Practice on MyStandards

It was agreed in the 27 & 28 February work session that the new version of the order market practice for the 2017 version of the messages needs to be published as ‘final’ on 5 May.

Any revisions as a result of the Dublin meeting have been actioned and a new version of the collection and process document have been uploaded to MyStandards on 2 May 2017 with status ‘Draft’. A e-mail was sent on 2 May 2017 to inform the group.

As planned, the status of the order market practice in MyStandards was changed to ‘final’ on 5 May 2017.



(This is not the full view of the collection.)

Notes:

Because of the introduction of a collection of AIF (alternative/hedge funds) (see later), there is a need to differentiate between usage guidelines for IF (investment funds) and AIF at the level of the collection and the usage guidelines themselves, hence it can be seen that the guidelines have ‘IF’ after the message identifier. This is of particular importance when identifying the usage guidelines for which a comparison needs to be run.

**STATUS:** Done. No further work is envisaged as this time, although, as ever, there may be scope for fine-tuning. At some stage, an ‘interim solution’ for the specification of two PSETs will have to be incorporated.

## Alternative/Hedge Funds Market Practice

### ‘Adoption’ by SMPG IF

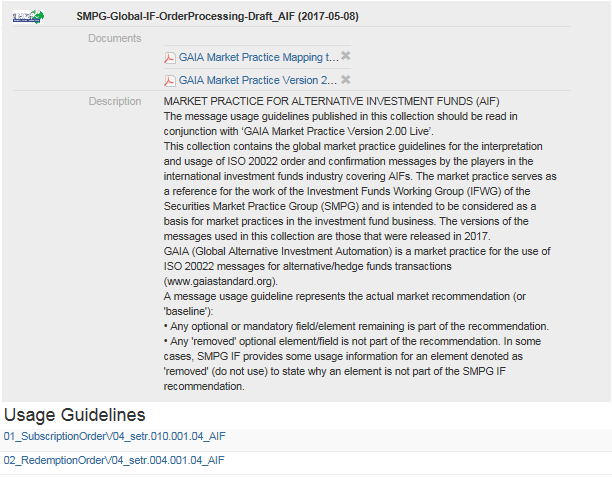
The power-point ‘UG\_Comparison\_setr.010 Classic V Hedge\_2017-04-14.xlsx’ was used to illustrate two different approaches to how the alternative/hedge funds market practice should be incorporated into the ‘classic’ funds market practice.

[1] The first approach is one in which alternative hedge funds restrictions and usage are incorporated into the ‘classic’ message usage guidelines. It was discovered that this leads to a loss of formalism and means that it will be necessary to read lots of usage information in order to know whether an element should be used or not. It also means that the market practice stops being concise and is less easy to read which is not a good outcome.

[2] The second approach involves creating separate message usage guidelines for the alternative/hedge funds market practice, but having them in same market practice collection.

It was agreed that the second approach is to be adopted, that is, a separate collection with separate usage guidelines are to be created for AIF (at this stage).

The GAIA market practice has been transcribed in the MyStandards environment. The MyStandards representation has been reviewed by Steve Wallace (GAIA) and several iterations were carried out:



(This is not the full view of the collection.)

It was subsequently agreed by GAIA the status of this market practice can now to be set ‘final’ and ‘public”.

**STATUS:** The collection on MyStandards has been updated to ‘final’ and ‘public’. See ***SMPG-Global-IF-OrderProcessing-Final\_AIF (2017-05-17)***

## Comparison between IF and AIF

Comparisons have been made between the IF and AIF usage guidelines. The differences have been assessed and a determination made between each difference on whether it is something can be harmonised or not.

The GAIA group held a meeting on 15 May 2017. Steve Wallace highlighted the differences between IF and AIF and said their might be scope for some harmonisation in the future. Janice Chapman also attended the GAIA meeting. A general update on SMPG investment funds working group was given. The GAIA group is now aware that their market practice, which is more an implementation market practice is on MyStandards and publically available.

There is scope to harmonise some of the minor differences. In the main differences are as a result of either a different process flow or specific elements required in the AIF space.

**STATUS:** Done. At this stage there is no further work envisioned on this. Copies of the comparison spreadsheets generated ae available on request.

# Account Management Market Practice

The current market practice has been updated with the base messages of the SR2017 messages. The power-point ‘15\_AcctManagement MP updates for 2017\_2017-04-18.pptx’ was used to facilitate the review process. It was agreed that the account parties as described in the power-point are to be set to ‘allowed’. The elements allowed for account party are to be consistent.

**STATUS:** Done. The usage guidelines have been updated and uploaded to MyStandards as a result of the Dublin review and the status is set to ‘final’ and ‘public’.

See ***SMPG-Global-IF-AccountManagement-Final (2017-05-11)***

# Holdings Statements

Two or three years ago, the market practice for semt.002.001.02 Custody Statement of Holdings was transcribed into the latest version of semt.002. A power-point was produced to show where the main differences are. This work was updated to version 09 of the semt.002 message. It was briefly reviewed at the Dublin meeting. The power-point was found to have a few typo graphical errors. It was agreed that some of the differences did not matter and change requests to update semt.002.001.00 are not required.

It was agreed that the power-point should be corrected and then made useful for a final discussion on whether any of the differences between the funds version semt.002.001.02 and the securities version semt.002.001.09 require a change request or can be ignored.

The conclusion at this stage is probably that the differences are not important.

A plan for the investment funds community to drop semt.002.001.02 in favour of adopting the latest version is to be discussed and agreed.

**STATUS:** Done. The market practice on MyStandards and the power-point have been updated. It is still draft, but it has been made public.

See ***“SMPG-Global-IF-Statements-CONSOLIDATED-Draft (2017-05-18)***.

**NEXT STEPS:** At the next monthly meeting, the conclusions are to be reviewed by the SMPG IF and the discussion on when the funds community will adopt the latest version of semt.o002 will be started.

# Statement of Transactions

|  |  |  |  |
| --- | --- | --- | --- |
| Funds message | | Securities message | |
| Statement of Investment Funds Transactions | Semt.006 | Securities Transaction Posting Report | Semt.017 |

It was thought that it should be possible for funds to converge with securities and that the use of semt.006 could be dropped in favour of using semt.017.

Further work needs to be carried out to identify any **real** differences and for the necessary change requests to be submitted to ISO 20022.

**STATUS:** work in progress.

# 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.

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.

Some markets have made real progress towards the definition of the process for SLT. Jon Willis presented an approach – contact Jon Wills for a copy of his slides.

Henrik Staff and Krister Lindgren presented the results of market practice work in Sweden (this is very similar to recent (but not published) work in the Findel group). Contact Henrik for a copy of the slides.

It was agreed that SMPG should create a market practice. The process should start after the ‘discovery’ and information exchange between the transferor (ceding party) and transferee (acquiring), starting with the instruction to transfer out by the transferor. The plan is start with small achievable steps.

The work of the Swedish market practice (which overlaps considerably with earlier Findel work) will be taken as the starting point for the SMPG IF work. The work of the Swedish market practice will ready mid-June 2017 to feed into the SMPG IF work. An SMPG IF ‘process’ document and usage guidelines will be created from this and adapted as necessary (and may incorporate some of the Findel work). When the draft SMPG IF SLT work is ready, the group will be asked to familiarise themselves with this work, in preparation for Tuesday 3 October 2017 in Luxembourg.

**STATUS:** work in progress.

**Next Steps:** An SMPG IF ‘process’ document and usage guidelines will be created and circulated. The topic is one of the main agenda items for the Luxembourg meeting (which starts on Tuesday 3 October 2017 for the funds working group.

# Application Header v Business Application Header

In the Funds solution it is mandatory to use a header. This is currently the Application Header (AH) *($ahV10.xsd).*

This header is not ISO approved (and never will be). The header that should be used is the Business Application Header BAH) *(head.001.001.01.xsd)*

In past discussions, it had been thought that the best approach to support the BAH would be a ‘big bang’, that all investment funds messages (69+) would be updated for the BAH at the same time and in the SWIFTNet Funds solution the Application Header would be removed and the Business Header added at the same time. Indeed, one of the group said that it could not support both the Application Header *($ahV10.xsd)* and the BAH *(head.001.001.01.xsd)* at the same time. It has become apparent that there would never be a maintenance on all the funds messages at the same time as this is just too difficult for implementers.

Apparently there is no longer such a constraint on this and therefore it would be possible to use a phased approach. When the next maintenance is done, the messages in scope of the maintenance should be updated for the BAH and the BAH should be used for those specific messages.

# Message Statistics

The volumes of price report and funds cash forecast messages show growth in the SWIFTNet Funds solution. It was pointed out that the volumes in the SWIFTNet Funds solution are not representative of actual use. Norway report volumes of price report messages sent to VPS Norway are currently at 400,00 per year.

# Working Group Co-chair Positions

## Working Group Co-chair – position 1

Nadine Muhigiri will be stepping down Spring 2017. This position is filled by Henrik Staffas.

## Working Group Co-chair – position 2

The position of Charles Boniver still needs to be filled. Charles will continue to cover this role up until a new co-chair is agreed or by Spring 2018, whichever is soonest.

# Monthly Meeting Schedule

This continues as third Tuesday of each month at 14:00 Belgium time.

# Action Items

The action items spreadsheet “SMPG-IFWG-Actions Items Tracking\_2017-mm-dd.xlsx” has been updated and posted on smpg.info with the meeting minutes.

# Priorities

Transfers and statements are the next priorities.

# Business Topics For Autumn Meetings - TBC

This is a proposal.

|  |  |
| --- | --- |
| SMPG October meeting | Transfers market practice |
| Statement of holdings – adoption of the latest version of semt.002. |
| 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. |