

FINAL

26 April 2018

Press Release



SMPG addresses market practice needs for single leg investment fund transfers

The investment funds Securities Market Practice Group (SMPG) has published a market practice for the investment funds transfer single-leg process in MyStandards¹. This includes a process document and message usage guidelines. The market practice document focuses on the transfer of units between two accounts recorded in the legal register of fund holders, in which the delivering party initiates the single-leg transfer with the transfer agent.

Transfers are generally instructed using physical documents or faxes. As such, they require manual intervention, which makes them resource intensive and exposes them to the risk of human error. Moreover, their processing is usually not time-critical, so they often are not processed with the same urgency as subscriptions and redemptions, leading to delays that can have a knock-on impact on a custodian's ability to service their client effectively. The single-leg model often operates with only the transaction reference of the instructing party, which makes it difficult for the counterparty to reconcile the transaction on the register against its own records. In particular, the receiving party sometimes does not realise it has received the units until it next reconciles to the fund register. The reasons why transfers are not automated include the lack of a defined process at both a local and global market level and different usage of the message standards.

The SMPG IF WG acknowledges that whilst all aspects of the market practice may not be appropriate in all markets, the standardisation of the messaging to and from the transfer agent for a single leg transfer process is achieved with this market practice.

SMPG is also working on market practice for a double leg process in which the delivering party and receiving party both instruct the transfer agent. It should be available in the second half of 2018.

End

¹ [SWIFT MyStandards](#)

Information for the Press:

Background on SMPG Single Leg Investment Fund Transfers Market Practice:

A number of predominantly Luxembourg based transfer agents and their distributors came together under the Findel (*1) and ALMUS (*2) umbrella to define and document a process that avoids the need for the transfer agent to carry out matching and be able to act upon a single transfer instruction to effect a transfer. The Securities Market Practice Group (SMPG) Investment Funds Working Group on the basis of this work and after input from other funds National Market Practice Groups (NMPG) in the UK (which has successfully implemented a single-leg transfer process), Sweden and Italy, to name but a few, adopted thereafter the market practice which is available on the MyStandards (*3) platform.

To find the market practice, logon to MyStandards:

- Enter “SMPG IF” in the search box >
- Click on “Groups”
- Click on "SMPG IF"
- The collection is listed: "SMPG-Global-IF-Transfers-SLT-FINAL_(2017-12-18)".
- Click on the collection name.

This takes you to a screen listing the usage guidelines of the collection. Click on ‘show details’ to get access to the collection description and the documents posted with the collection.

For further information on the SMPG Single leg Transfer Market Practice, contact Janice.Chapman@swift.com.

FOOTNOTES:

(*1) The Findel Group is formed of Asset Managers representing €1.4 trillion of assets under management of the cross border funds industry. (<http://findelgroup.com/about-us.html>).

(*2) ALMUS is the association of the SWIFT members and users in Luxembourg.

(*3) MyStandards (www.swift.com/MyStandards) is a collaborative web platform where banks, securities firms, corporates and market infrastructures can centralise and manage their standards releases and specifications more efficiently across their markets and business processes. MyStandards is an easy to use, online repository for all current and MT, MX and ISO 20022 base standards definitions. It’s also a platform for creating, publishing and sharing specifications and usage guidelines for users and customers to access in a choice of standard formats (PDF, Excel or XML schemas).

Background on SMPG:

The Securities Market Practice Group was established in July 1998 with a focus on defining market practices for the securities industry based on existing ISO messages for Trade Initiation/Confirmation, Settlements, Reconciliation and Corporate Actions. SMPG's goal is to provide the community of ISO 15022 and ISO 20022 securities message users with a global market practice on the usage of these messages. SMPG has produced over 30 market practice recommendations using ISO 15022 messages. SMPG has since expanded to define market practices for the Investment Funds industry using the ISO 20022 messages. All market practices are available on www.smpg.info.

SMPG is open to all securities players – through participation in a National Market Practice Group (NMPG) – interested in creating globally-agreed market practices for the securities industry. NMPGs are established in about 40 countries. SMPG is a non-funded industry group that only functions thanks to the dedication and assistance of the local experts active in the NMPGs.

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