SECURITIES MARKET PRACTICE GROUP

SMPG

INVESTMENT FUNDS GLOBAL MARKET PRACTCE

PRICE REPORTING

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Changes to previous versions			
Version 0.0.0.1.	Draft	First draft	August 2012
Version 2.1	Draft	Incorporates the discussions and follow-up of the Athens meeting, April 201, London 2014 meeting and 10 June conference call into version 4 of the price report messages.	June 2014

1   Introduction

This document contains the global market practice guidelines for the interpretation and usage of ISO 20022 account opening messages by the players in the international investment funds industry.

It serves as a reference for the work of Investment Funds Working Group (IFWG) of the Securities Market Practice Group (SMPG) and is intended to be considered as a basis for market practices in the investment fund business. The definition of such market practices is an important task of the SMPG. It is intended for:

Sell side

- Fund management companies
- Transfer agents

Buy side

- Institutional investors
- Fund platforms and hubs
- Custodians
- Distributors of investment funds

However, its primary purpose is to provide a reference source of the ongoing development of national market practices - implementers are recommended to refer to relevant local market practice documentation in the first instance. The document was prepared in consultation with the following countries and organizations participating in the SMPG IFWG

- Brazil (BR)
- Germany (DE)
- Denmark (DK)
- Germany (DE)
- Italy (IT)
- Luxembourg (LU)
- Norway (NO)
- Switzerland (CH)
- Sweden (SE)
- United Kingdom (UK)
- Clearstream
- Euroclear

This is a living document and is subject to future revision and addition as global market practice develops and evolves.

The main goal of this collaboration is to increase efficiency in the process of distribution and settlement in the cross border investment fund business, and is designed to complement the domestic market practice documents in each market.

2   Scope

The scope of this document covers the process of delivering investment fund prices using an automated message process. The recommendation of the SMPG is to communicate using the ISO 20022 message standard, which is non-proprietary and therefore network independent.

The process flows considered in this document are as follows:

- Provision of a price report
- Cancellation of a price report
- Correction of a price report

Note that currently there is no suitable messages in the ISO 20022 repository to carry associated status responses. Until such time as these messages become available under ISO 20022, these processes are out of scope for this market practice and the institutions involved will need to resort to alternative solutions

Messages used

The following ISO 20022 messages are used in this market practice:

Reda.001.001.04 – PriceReport

Reda.002.001.04 – PriceReportCancellation

History

The price report messages, version 3, were maintained for the 2012-13 ISO 20022 maintenance cycle. The SMPG proposed, in the Athens SMPG global meeting in April 2012, a simplified process for the correction of prices and the message standards were updated to reflect this. As a result, the PriceReportCorrection (reda.003.001.03) message is eliminated from the process, since the price correction functionality has been incorporated into the Price Report and PriceReportCancellation message functionality. In the London SMPG global meeting in April 2014, further market practice work has led to the conclusion that 'complete cancellation of prices by reference' may not be possible for all markets and this has led to the development of two variations of how 'complete cancellation' is specified in the messages.

Definitions

For the purposes of this document the term 'investment fund' and 'fund' include typical mutual fund and collective investment undertakings, such as unit trusts, open ended investment companies (OEIC[1], SICAV[2]) and contractual funds (FCP[3]). Note that although it may be possible for alternative types of

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[1] Open-Ended Investment Company

[2] Société d'Investissement a Capital Variable

[3] Fonds Commun de Placement

fund, for example, hedge funds, to follow the market practice, but the IFWG has not attempted to accommodate these specifically.

| Price report | a report of the dealing prices calculated for one or more investment fund share class at a particular valuation point, which is issued by a fund management company or its service provider. |
| Price report cancellation | notification to the recipient of a price report that it should be disregarded, for example, where it has been sent in error or is to be replaced by an amended version. |

3   Roles and Actors

This section describes the actors involved in the process outlined in this document, and the roles that they play.

Roles

| Receiving Party	Reporting Party
The party that requests and receives a price report.	The party that issues the price report, either at an agreed frequency or on request from the Receiving Party.

Actors

Actor	Description	Examples/synonyms	Typical Roles
Custodian	A party who holds the assets on behalf of an individual or institutional investor. They may be asked to send orders on behalf of the investor.		Receiving Party
Distributor	An entity through which investors may buy or sell funds units. This may be on an advisory or execution-only basis.	For example brokers, financial advisors, and banks.	Receiving Party
Data distributor	An entity that offers data distribution services to its customers, pushing information provided by the customer to various recipients.		Receiving Party Reporting Party
Data Vendor	An entity that provides feeds and other services to its customers concerning market data that it collects.		Receiving Party Reporting Party
Fund Accountant	An entity that may be appointed by the Fund Management Company to perform a fund's accounting, valuation and price calculation functions.		Reporting Party
Fund hub	An entity that manages and centralizes communication, settlement and coordination of individual orders among the various parties. A Hub's can range from managed order routing to settlement and asset servicing.	For example Vestima, Fundsettle, etc.	Receiving Party
Fund platform	An entity that collects and aggregates investor orders for placement with the registering party, and maintains the shares in its nominee account	Aggregator, consolidator	Receiving Party

Actor	Description	Examples/synonyms	Typical Roles
Investment manager	An entity that may be appointed by an investor to make investment decisions on their behalf.		Receiving Party
Investor	The party whose money is invested. It can be one or more individuals or entities.		Receiving Party
Transfer agent	The entity that undertakes the execution of subscription, redemption and switch orders on behalf of the fund.		Receiving Party Reporting Party

4   Activity Diagrams

The following diagram provides an overview of the reporting process. .

Price reports may be sent by the Reporting Party automatically at frequency or following specific events, as agreed between the Reporting Party and the Receiving Party.
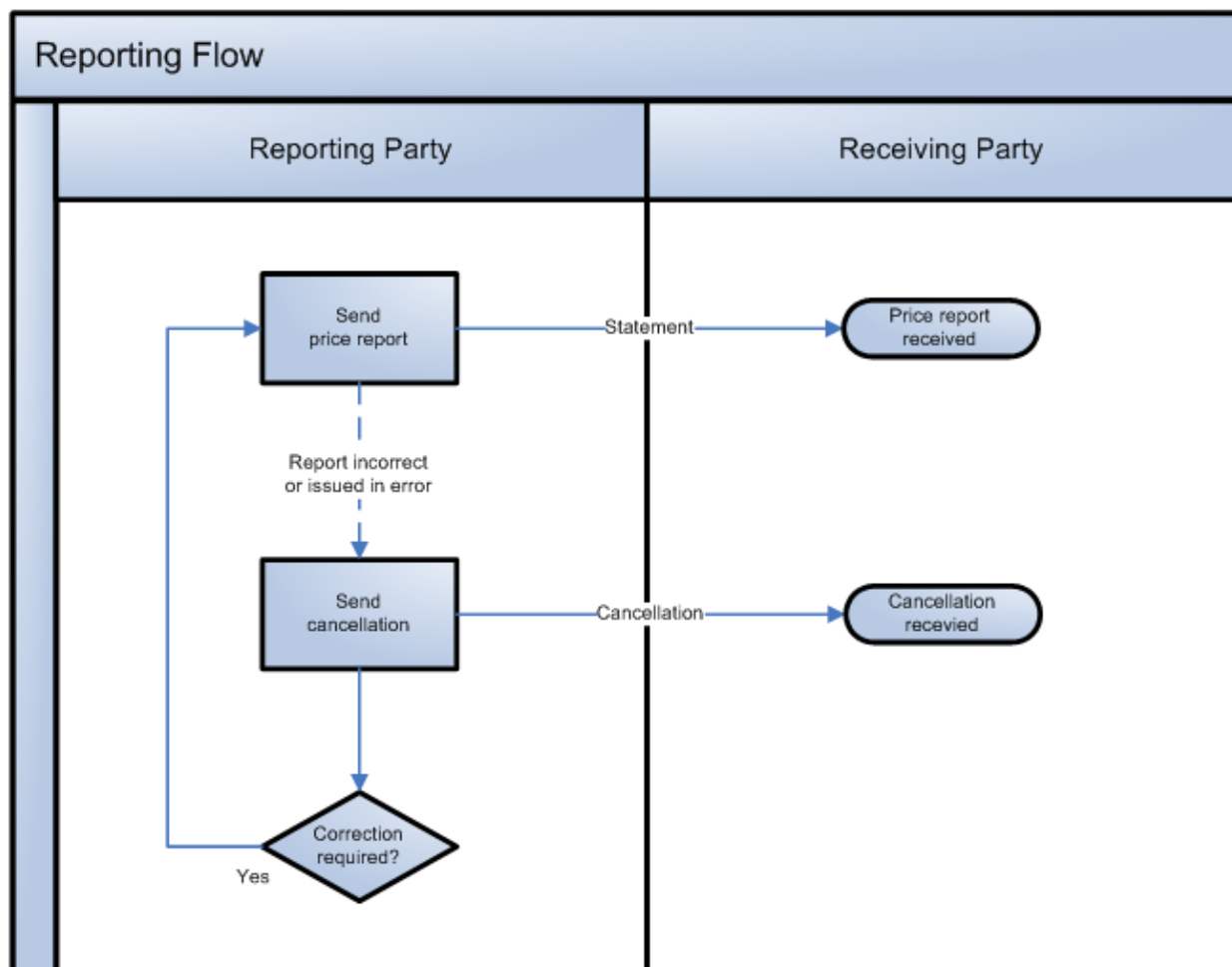

Currently there are no suitable messages in the ISO 20022 repository to support the request of a price report or the associated status response, or to confirm receipt of a price report. Until such time as these messages become available under ISO 20022, these processes are out of scope for this market practice and the institutions involved will need to resort to alternative solutions.

5 Sequence Diagrams

The following diagrams describe the communication flows for specific scenarios. It shows the typical exchanges of messages in the context of a transaction.

5.1 Price Report 'normal'
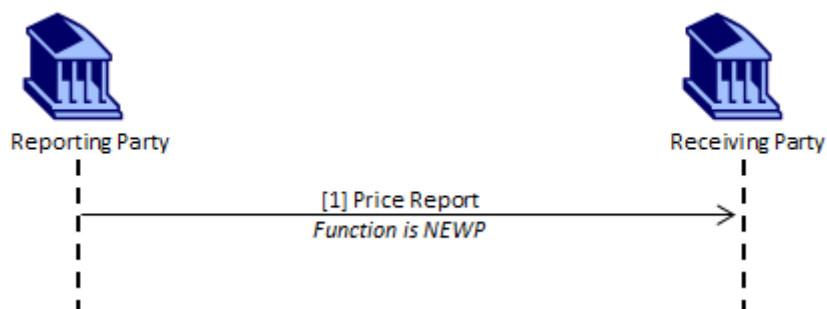
1. The Reporting Party sends a price report to the Receiving Party at the agreed frequency or in response to a request (which is not within the scope of this market practice). In the Price Report message, the element Function contains the value NEWP (New Price Report).

The messages used in the above flow are as follows:

Message	Identifier
Price Report	reda.001

5.2 Partial Cancellation and Correction of a Price/s

5.2.1 The Reporting Party sends a price report to the Receiving Party at the agreed frequency or in response to a request (which is not within the scope of this market practice). In the Price Report message, the element Function contains the value NEWP (New Price Report).

5.2.2 The Reporting Party, in order to cancel one of the prices in the previously sent Price Report message for the same price report identification, sends a Price Report Cancellation message,

indicating that the cancellation is not complete (the element Complete Price Cancellation contains the value 'false' or '0') and specifying the ISIN and price of the price that is cancelled.

5.2.3   Subsequently, the Reporting Party, in order to correct the price, sends a Price Report message specifying the message is a partial correction (the element Function contains the value PART (Partial Correction Price Report).

The messages used in the above flow are as follows:

Message	Identifier
Price Report	reda.001
Price Report Cancellation	reda.002

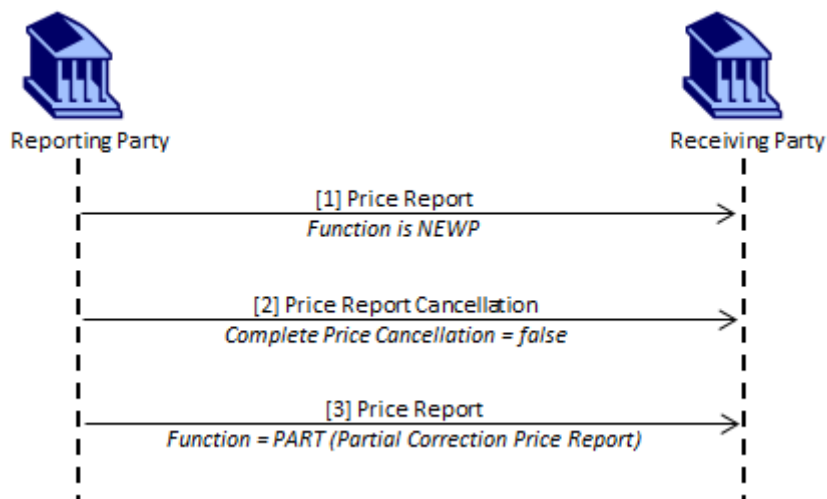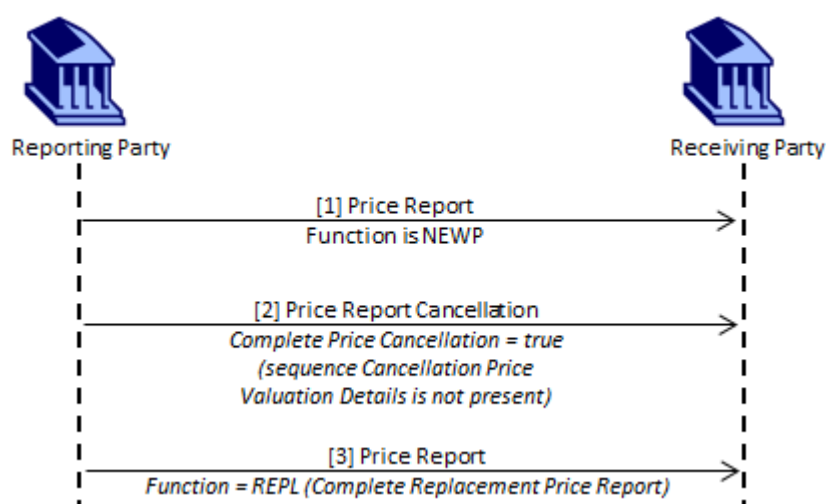## 5.3   Complete Cancellation and Subsequent Correction of Prices -1

5.3.1   The Reporting Party sends a price report to the Receiving Party at the agreed frequency or in response to a request (which is not within the scope of this market practice). In the Price Report message, the element Function contains the value NEWP (New Price Report).

5.3.2   The Reporting Party, in order to cancel all the prices in the previously sent Price Report message for the same price report identification, sends a Price Report Cancellation message, indicating that the cancellation is complete (the element Complete Price Cancellation contains the value 'true' or '1'). In the bilateral agreement between the sender and the receiving party, it is agreed that complete cancellation is 'by reference only' and the sequence Cancellation Price Valuation Details is not present.

5.3.3   Subsequently, the Reporting Party, in order to correct the price, sends a Price Report message specifying the message is a complete replacement (the element Function contains the value REPL (Complete Replacement Price Report).

The messages used in the above flow are as follows:

Message	Identifier
Price Report	reda.001

Price Report Cancellation	reda.002

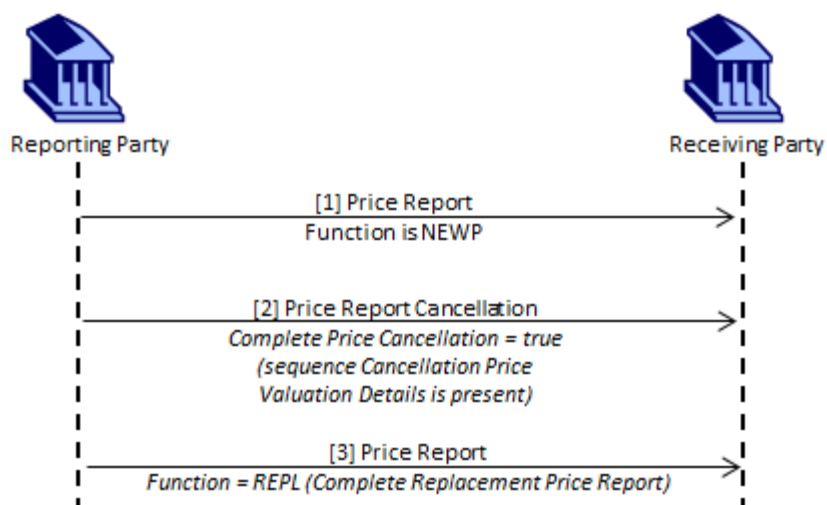## 5.4 Complete Cancellation and Subsequent Correction of Prices -2

5.4.1 The Reporting Party sends a price report to the Receiving Party at the agreed frequency or in response to a request (which is not within the scope of this market practice). In the Price Report message, the element Function contains the value NEWP (New Price Report).

5.4.2 The Reporting Party, in order to cancel all the prices in the previously sent Price Report message for the same price report identification, sends a Price Report Cancellation message, indicating that the cancellation is complete (the element Complete Price Cancellation contains the value 'true' or '1'). In the bilateral agreement between the sender and the receiving party, it is agreed that complete cancellation cannot be done 'by reference only' and one or more repetitions of the sequence Cancellation Price Valuation Details is present, specifying the ISINs for which the prices are cancelled.

5.4.3 Subsequently, the Reporting Party, in order to correct the price, sends a Price Report message specifying the message is a complete replacement (the element Function contains the value REPL (Complete Replacement Price Report).

The messages used in the above flow are as follows:

Message	*Identifier*
Price Report	reda.001
Price Report Cancellation	reda.002

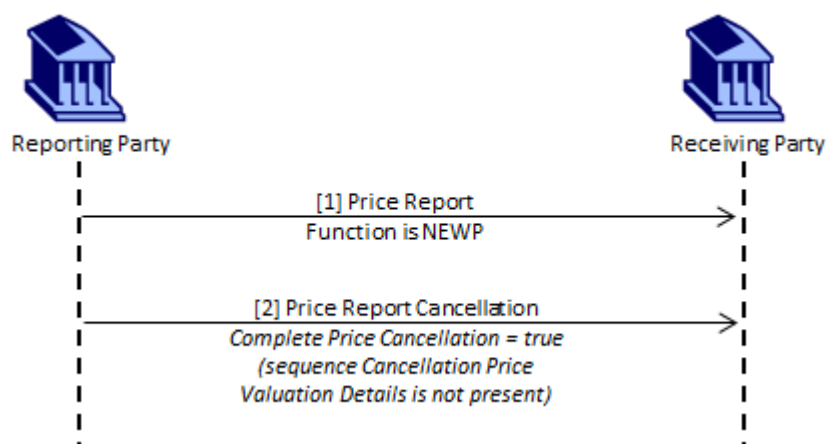## 5.5 Complete Cancellation and No Subsequent Correction of Prices

5.5.1 The Reporting Party sends a price report to the Receiving Party at the agreed frequency or in response to a request (which is not within the scope of this market practice). In the Price Report message, the element Function contains the value NEWP (New Price Report).

5.5.2 The Reporting Party, in order to cancel all the prices in the previously sent Price Report message for the same price report identification, sends a Price Report Cancellation message, indicating that the cancellation is complete (the element Complete Price Cancellation contains the value 'true' or '1'). In the bilateral agreement between the sender and the receiving party, it is agreed that complete cancellation is 'by reference only' and the sequence Cancellation Price Valuation Details is not present.

The messages used in the above flow are as follows:

Message	*Identifier*
Price Report	reda.001
Price Report Cancellation	reda.002

6 Business Data Requirements

6.1 Price Report

The Price Report message (reda.001.001.04) message is used by the reporting party to provide new price information for a specific NAV date or to provide corrected price information.

6.1.1 General Recommendations

- The message should only contain prices for one NAV date.

- In order to be able to process the receipt of the complete cancellation of prices previously receiving, it is recommended that the receiver of a price report must store the Price Report Identification with the price information of an ISIN.

For detailed global market practices, please see MyStandards:

Collection Name	Message Usage Guidelines
SMPG-Global-IF-PriceReporting-V2.1_Final (25-June-2014)	01_PriceReportV04_reda.001.001.04

6.2   Cancellation/Correction of a Price

The Price Report Cancellation (reda.002.001.04) message should be used by the reporting party when necessary to cancel a price/s or Price Report message that has previously been sent.

The cancellation of prices may be partial or complete.

6.3   Partial Cancellation

When a partial cancellation is specified, the ISIN of each financial instrument for which the price is cancelled is specified. When the price of more than one ISIN is cancelled in the same message, it is recommended that the prices cancelled are all for the same NAV date.

Collection Name	Message Usage Guidelines
SMPG-Global-IF-PriceReporting-V2.1_Final (25-June-2014)	02_PriceReportCancellationV04_reda.002.001.04 – Partial

6.4   Complete Cancellation

When used to cancel all the prices previously delivered in a Price Report message, there are two variations. There must be a bilateral agreement between sender and receiver covering the variation or 'method' to be used.

6.4.1   Variation1: Complete Cancellation By Reference Only

The Complete Price Cancellation element must contain 'true' or '1' and the Cancelled Price Valuation Details sequence must not be present.

6.4.2   Variation2: Complete Cancellation by Details

The Complete Price Cancellation element must contain 'true' or '1' and the Cancelled Price Valuation Details sequence must be present. When the price of more than one ISIN is cancelled in the same message, it is recommended that the prices cancelled are all for the same NAV date.

Note: When this variation on the market practice is followed, the usage rule 'CompletePriceCancellation2Rule' ("If CompletePriceCancellation is "true" or "1" (Yes), then CancelledPriceValuationDetails must not be present.")is to be ignored. A change request will be submitted to remove this rule from the standard

For the detailed global market practice, see MyStandards:

Collection Name	Message Usage Guidelines

SMPG-Global-IF-PriceReporting-V2.1_Final (25-June-2014)	03_PriceReportCancellationV04_reda.002.001.04 - Complete By Reference
	04_PriceReportCancellationV04_reda.002.001.04 - Complete By Details

7   Status Reporting

As the price report is regarded by many as an 'operational message' it is agreed that there should be some mechanism to inform the reporting party that a price report has been received, particularly if the message has been sent to convey amended prices. Currently there is no ISO 20022 message solution for this.

8   Message Examples

8.1   Price Report

This example specifies the prices of two ISINs.

<PricRpt>	Price Report reda.001.001.04
<MsgId>	
<Id>**00001**</Id>	
<CreDtTm>**2014-06-11T10:00:00**</CreDtTm>	
</MsgId>	
<MsgPgntn>	
<PgNb>**1**</PgNb>	
<LastPgInd>**true**</LastPgInd>	
</MsgPgntn>	
<PricRptId>**PriceReport001**</PricRptId>	Reference of the price report
<Fctn>**NEWP**</Fctn>	New price report
<PricV="altnDtls>	1st repetition of Price Valuation Details
<NAVDtTm>	
<Dt>**2014-06-11**</Dt>	NAV date for the price
</NAVDtTm>	
<FinInstrmDtls>	
<Id>	
<ISIN>**GB1111111111**</ISIN>	Financial instrument to which the price applies
</Id>	
<DualFndInd>**true**</DualFndInd>	
</FinInstrmDtls>	
<ValtnTp>**USUA**</ValtnTp>	
<OffclValtnInd>**true**</OffclValtnInd>	
<SspdInd>**false**</SspdInd>	
<PricDtls>	
<Tp>**NAVL**</Tp>	NAV price
<ValInInvstmtCcy>	
<Amt Ccy="**GBP**">**10**</Amt>	Price
</ValInInvstmtCcy>	
<ForExctnInd>**true**</ForExctnInd>	Price may be executed for execution of orders
<CumDvddInd>**true**</CumDvddInd>	Price is with dividend

`<EstmtdPricInd>`**false**`</EstmtdPricInd>`	This is not an estimated price
`</PricDtls>`	
`</PricValtnDtls>`	End of 1ˢᵗ repetition of Price Valuation Details
`<PricValtnDtls>`	2ⁿᵈ repetition of Price Valuation Details
`<NAVDtTm>`	
`<Dt>`**2014-06-11**`</Dt>`	NAV date for the price
`</NAVDtTm>`	
`<FinInstrmDtls>`	
`<Id>`	
`<ISIN>`**GB2222222222**`</ISIN>`	Financial instrument to which the price applies
`</Id>`	
`<DualFndInd>`**true**`</DualFndInd>`	
`</FinInstrmDtls>`	
`<ValtnTp>`**USUA**`</ValtnTp>`	
`<OffclValtnInd>`true`</OffclValtnInd>`	
`<SspdInd>`**false**`</SspdInd>`	
`<PricDtls>`	
`<Tp>`**NAVL**`</Tp>`	NAV price
`<ValInInvstmtCcy>`	
`<Amt Ccy="`**GBP**`">`**15**`</Amt>`	Price
`</ValInInvstmtCcy>`	
`<ForExctnInd>`**true**`</ForExctnInd>`	Price may be executed for execution of orders
`<CumDvddInd>`**true**`</CumDvddInd>`	Price is with dividend
`<EstmtdPricInd>`**false**`</EstmtdPricInd>`	This is not an estimated price
`</PricDtls>`	
`</PricValtnDtls>`	End of 2ⁿᵈ repetition of Price Valuation Details
`</PricRpt>`	

8.2   **Price Report Cancellation : Partial Cancellation**

This example specifies the cancellation of one of the prices conveyed in the Price Report message with PriceReportIdentification 'PriceReport001' (see above).

`<PricRptCxl>`	Price Report Cancellation reda.002.001.04
`<MsgId>`	
`<Id>`**00002**`</Id>`	
`<CreDtTm>`**2014-06-11T10:45:00**`</CreDtTm>`	
`</MsgId>`	
`<MsgPgntn>`	
`<PgNb>`**1**`</PgNb>`	
`<LastPgInd>`**true**`</LastPgInd>`	
`</MsgPgntn>`	
`<PricRptId>`**PriceReport001**`</PricRptId>`	Reference the price report in which the corrected price was originally conveyed.
`<CxlId>`**11111**`</CxlId>`	
`<XpctdPricCrrctnDt>`	
`<Dt>`**2014-05-06**`</Dt>`	Expected price correction date
`</XpctdPricCrrctnDt>`	
`<CmpltPricCxl>`**false**`</CmpltPricCxl>`	False means partial cancellation
`<CancPricValtnDtls>`	
`<PricValtnDtls>`	

`<NAVDtTm>`	
`<Dt>`**2014-06-11**`</Dt>`	NAV date for which the price was specified
`</NAVDtTm>`	
`<FinInstrmDtls>`	
`<Id>`	
`<ISIN>` **GB1111111111**`</ISIN>`	ISIN for which the price is cancelled
`</Id>`	
`<DualFndInd>`**false**`</DualFndInd>`	
`</FinInstrmDtls>`	
`<ValtnTp>`**USUA**`</ValtnTp>`	
`<OffclValtnInd>`**true**`</OffclValtnInd>`	
`<SspdInd>`**false**`</SspdInd>`	
`</PricValtnDtls>`	
`</CancPricValtnDtls>`	
`</PricRptCxl>`	

8.3   Price Report Cancellation : Complete Cancellation By Reference

This example specifies cancellation, 'by reference', of all the prices conveyed in the Price Report message with PriceReportIdentification 'PriceReport001' (see above).

`<PricRptCxl>`	Price Report Cancellation reda.002.001.04
`<MsgId>`	
`<Id>`**00003**`</Id>`	
`<CreDtTm>`**2014-05-06T10:30:00**`</CreDtTm>`	
`</MsgId>`	
`<MsgPgntn>`	
`<PgNb>`**1**`</PgNb>`	
`<LastPgInd>`**true**`</LastPgInd>`	
`</MsgPgntn>`	
`<PricRptId>`**PriceReport001**`</PricRptId>`	Reference of the price report being cancelled (from the original Price Report message)
`<CxlId>`**22222**`</CxlId>`	
`<CmpltPricCxl>`**true**`</CmpltPricCxl>`	This is a complete cancellation of all the prices previously specified in the Price Report with identification 'PriceReport001'
`</PricRptCxl>`	

8.4   Price Report Cancellation : Complete Cancellation By Details

This example specifies cancellation, 'by details', of all the prices conveyed in the Price Report message with PriceReportIdentification 'PriceReport001' (see above).

`<PricRptCxl>`	Price Report Cancellation reda.002.001.04
`<MsgId>`	
`<Id>`**00004**`</Id>`	
`<CreDtTm>`**2014-06-11T11:35:00**`</CreDtTm>`	
`</MsgId>`	

<MsgPgntn>	
<PgNb>**1**</PgNb>	
<LastPgInd>**true**</LastPgInd>	
</MsgPgntn>	
<PricRptId>**PriceReport001**</PricRptId>	Reference of the price report being cancelled (from the original Price Report message)
<CxlId>**222222**</CxlId>	
<CmpltPricCxl>**true**</CmpltPricCxl>	This is a complete cancellation of all the prices previously specified in the Price Report with identification 'PriceReport001'
<CancPricValtnDtls>	
<PricValtnDtls>	1st repetition of Price Valuation Details
<NAVDtTm>	
<Dt>**2014-06-11**</Dt>	NAV date of the price which is cancelled
</NAVDtTm>	
<FinInstrmDtls>	
<Id>	
<ISIN>**GB1111111111**</ISIN>	ISIN for which the price is cancelled
</Id>	
<DualFndInd>**false**</DualFndInd>	
</FinInstrmDtls>	
<ValtnTp>USUA</ValtnTp>	
<OffclValtnInd>true</OffclValtnInd>	
<SspdInd>false</SspdInd>	
</PricValtnDtls>	End of 1st repetition of Price Valuation Details
<PricValtnDtls>	2nd repetition of Price Valuation Details
<NAVDtTm>	
<Dt>2014-06-11</Dt>	NAV date of the price which is cancelled
</NAVDtTm>	
<FinInstrmDtls>	
<Id>	
<ISIN>GB2222222222</ISIN>	ISIN for which the price is cancelled
</Id>	
<DualFndInd>false</DualFndInd>	
</FinInstrmDtls>	
<ValtnTp>USUA</ValtnTp>	
<OffclValtnInd>true</OffclValtnInd>	
<SspdInd>false</SspdInd>	
</PricValtnDtls>	End of 2nd repetition of Price Valuation Details
</CancPricValtnDtls>	
</PricRptCxl>	