



SECURITIES MARKET PRACTICE GROUP

SMPG

UK FUNDS MARKET PRACTICE GROUP
INVESTMENT PORTFOLIO AND FUND TRANSFERS
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Version 1.0	Final	First publication	1 June 2012
Version 2.0	Final	Extensions for pensions, a broader range of asset types, and intermediate nominees.	22 April 2013
Version 2.1	Final	Updates for adoption of 2013 ISO messages.	25 November 2013
Version 2.2	Final	Removal of support for intermediate nominees to separate market practice. Other changes agreed by the market practice group as listed in the UKFMPG Transfers v2.2 Change Note.	8 December 2014
Version 2.2R2	Final	Minor corrections and changes to v2.2.	10 March 2015

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1. INTRODUCTION

This document contains UK market practice guidance for the interpretation and usage of ISO 20022 messages for the purposes of transferring portfolios of assets between investment account providers and to or from the ultimate account holder.

It has been published by the UK Funds Market Practice Group (UKFMPG), a national constituent of the Investment Funds Working Group of the global Securities Market Practice Group (SMPG). The principal objective of the UKFMPG is to facilitate more efficient processing with regard to holdings in UK investment funds. To that end, this document is intended to be considered as a basis for market practice and implementation of ISO 20022 messages in the UK investment fund space. It is aimed primarily at:

- fund management companies and fund registrars (transfer agents);
- fund platforms, custodians and asset servicing hubs;
- investment managers (including wealth managers);
- banks and building societies (when transferring cash ISAs providers of fund-based ISAs);
- financial institution investors (eg. insurance companies);
- distributors of investment funds; and
- pension product providers and administrators

The market practice described in this document has been created for those using messages adopted under the ISO 20022 standard throughout the transfer process, although alternative mechanisms can be employed for individual phases of the process. Where that is the case, this document should be read in conjunction with the equivalent procedures and guidance created for that mechanism and adapted accordingly.

Representatives of the following organisations participated in the initial development of this document:

Seven Investment Management

Actuate Limited

Allfunds Bank

Altus Limited

Ascentric

Barclays

Bravura Solutions (UK) Limited

BNY Mellon

Calastone

Cofunds Limited

Euroclear UK & Ireland

Fidelity FundsNetwork

Fidelity International

HSBC

International Financial Data Services

Investment Management Association

Integrated Financial Arrangements plc

Invesco Perpetual

Nucleus

Old Mutual

Origo Services Limited

Pershing Limited

Sanlam

SEI

Standard Life

SWIFT

TISA

Transact

Vanguard

This is a living document and will be subject to future revision and addition as global market practice develops and evolves. ISO 20022 is an open standard and can be used freely over any messaging network or other transport mechanism that facilitates it - the market practice contained in this document is intended to be entirely network/mechanism neutral.

Market Practice Versions

Multiple versions of this market practice have been published as described below.

June 2012 - Version 1.0 – The original portfolio transfer market practice based on the 2007 ISO messages covering ISAs and funds. This was deprecated in November 2013.

November 2013 Transitional – Version 1.1 – A temporary market practice to ease the transition to the 2013 ISO messages. Based on Version 1.0 with minimal updates for the 2013 ISO messages plus a minor change to assist with support for intermediate nominees. For live use from November 2013 and expected to be deprecated in favour of the latest version 2 market practice at a date yet to be agreed.

October 2012 – Version 2.0 – An extension of the original market practice, based on the 2007 ISO messages and extended for pensions, other asset and intermediate nominees. Used in parallel Version 1.0. This was deprecated in November 2013.

November 2013 – Version 2.1 – An upgrade of Version 2.0 for the 2013 ISO messages and other minor enhancements. To be deprecated in November 2015.

November 2015 – Version 2.2 – The market practice defined by this document and complementary message definitions in SWIFT's MyStandards. An upgrade of Version 2.1 with various enhancements. For live use from November 2015.

Additional Documentation

The transfers market practice is defined by:

- This document
- The UKFMPG Transfers – Business Process document
- The UKFMPG Transfers – Business Data spreadsheet
- The NMPG-GB-IF-Transfers-Nov2015 usage guidelines on www.swift.com/mystandards.

2. SCOPE

Products

This market practice considers the transfer of portfolios of assets held by the end customer in:

- Stocks and Shares ISA
- Cash ISA
- General Investment Account (not within a tax wrapper)
- Pension (a broad range of trust and contract based DC pensions but not DB)

Within these portfolios the market practice allows the identification of the following assets:

- Funds (publicly available funds, identified with an ISIN, that are registered with a transfer agent)
- CREST Registered Securities (which may be equities, ETFs or any other asset supported by and registered on CREST other than funds as defined above)
- Cash (Uninvested cash holdings within the portfolio)
- Other assets (described in unstructured free text and that will not be processed automatically)

This market practice encompasses the re-registration of holdings in UK investment funds with the underlying fund manager or registrar. Note that the re-registration of other assets, including CREST registered securities and funds domiciled outside the UK, is beyond the remit of the UKFMPG and therefore out of scope for this market practice - market participants should refer to local market practices and procedures for such assets, as required.

Processes

This document considers the following processes relating to the transfer of portfolios, from the perspectives of the delivering and receiving parties and the relevant fund manager/registrar:

- initial exchange of information between the delivering and receiving parties to the transfer;
- instruction to initiate the transfer of a fund holding or portfolio, including whether to re-register an asset or liquidate it and transfer the cash proceeds
- instruction to the fund manager/registrar to re-register legal title to a fund holding;
- redemption of a fund holding where it is the cash proceeds that are to be transferred to the new account provider;
- advice to the new account provider of cash amounts that are being transferred; and
- associated status and confirmation reporting.

Detail concerning the population of the relevant ISO 20022 message elements is provided in the annexes for the portfolio transfer and asset re-registration processes. Similar detail in relation to the messages used for the redemption process and the opening of any new customer accounts on the fund register are contained in separate market practice documentation, which is available from the [SMPG website](#).

Note that this market practice considers the communications that flow between the principal parties to the transfer, ie. the entities that give up or receive legal title to the underlying portfolio assets and the Fund Managers that are responsible for the registers of that title. Communications with the customer are not considered in this document. Communications with an intermediate account provider that lies between them and the principal parties is dealt with in a separate UKFMPG market practice.

It is assumed that all required nominee accounts on the fund register either pre-exist or have been opened as necessary before the transfer process commences. The process of opening these accounts is not considered in this document.

Also out of scope are communications involving banking institutions with regard to the actual transfer of cash, which are not within the remit of the Securities Market Practice Group.

Scenarios

The market practice for six transfer scenarios are discussed in this document, as follows:

- (a) between two account providers, neither of which is linked directly to the fund manager (Nominee to Nominee);
- (b) between two fund managers (when both are acting as ISA managers)
- (c) from the fund manager, when also acting as an account provider, to a third party account provider (Fund Manager to Nominee);
- (d) from the ultimate account holder in their own name to a third party account provider (Customer to Nominee);
- (e) from a third party account provider to the fund manager, as an account provider (Nominee to Fund Manager);
- (f) from a third party account provider to the own name of the ultimate account holder (Nominee to Customer); and

These scenarios are those in which the UKFMPG considers it most likely that ISO 20022 messaging will be employed.

Other Considerations

Share class conversions - In some instances an investor's position may need to be converted from one share class to another in connection with the transfer of their portfolio from one provider to another. Such conversions will be effected separately before or (more usually) after the shares concerned are transferred, by arrangement with the Ceding or Acquiring Party as appropriate and do not form part of this market practice, which is concerned only with the transfer of a portfolio and re-registration of title to the shares contained within it at that time.

Further detailed notes concerning the scope and usage of this market practice are given in section 7 of this document.

Key definitions (see also Section 3 - Roles and Actors)

The following key terms are used throughout this document hereafter:

Acquiring Party	see section 3 below
asset transfer	the transfer of legal ownership of an asset, which may comprise the whole or part of a portfolio, between the delivering and receiving parties (see also "re-registration")
bank deposit ISA	a type of cash ISA, which takes the form of a bank or building society account
cash transfer	the transfer of uninvested or residual portfolio cash balances between the delivering and receiving parties
Ceding Party	see section 3 below
drawdown	a facility to allow an individual to take income from their pension fund while the fund remains invested
Fund Manager	see section 3 below
investment fund	UK-authorised unit trust or open-ended investment company, or other fund that is administered in a similar way
Nominee	an entity that holds title to assets on behalf of underlying customers; for the purposes of the document the term encompasses institutions that establish separate legal entities specifically for this purpose (which may or may not use the term in their name) as well as those that register client assets in their own name
payment advice	notification from the remitter to recipient of cash that is to be transferred between their respective bank accounts
portfolio transfer	the transition of the role of account provider from one party to another
Pension Administrator	see section 3 below
Pension Provider	see section 3 below
redemption	the realisation of an investment fund holding by way of sale to its manager; may form part of a portfolio transfer where the receiving Nominee is not willing or able to hold the fund in question
re-registration	the alteration of the fund's unitholder register to reflect the transfer of legal ownership between the delivering and receiving parties (see also "asset transfer")

3. ROLES AND ACTORS

This section describes the roles played in the transfer process and the actors that may perform those roles.

Acquiring Party	Ceding Party	Fund Manager
The party that receives the portfolio, containing one or more assets, either as an account provider to another party or as the ultimate account holder.	The party that delivers the portfolio, containing one or more assets, to the Acquiring Party.	The party that is ultimately responsible for the maintenance of the fund's register of unitholders and for the repurchase of units that are to be redeemed.

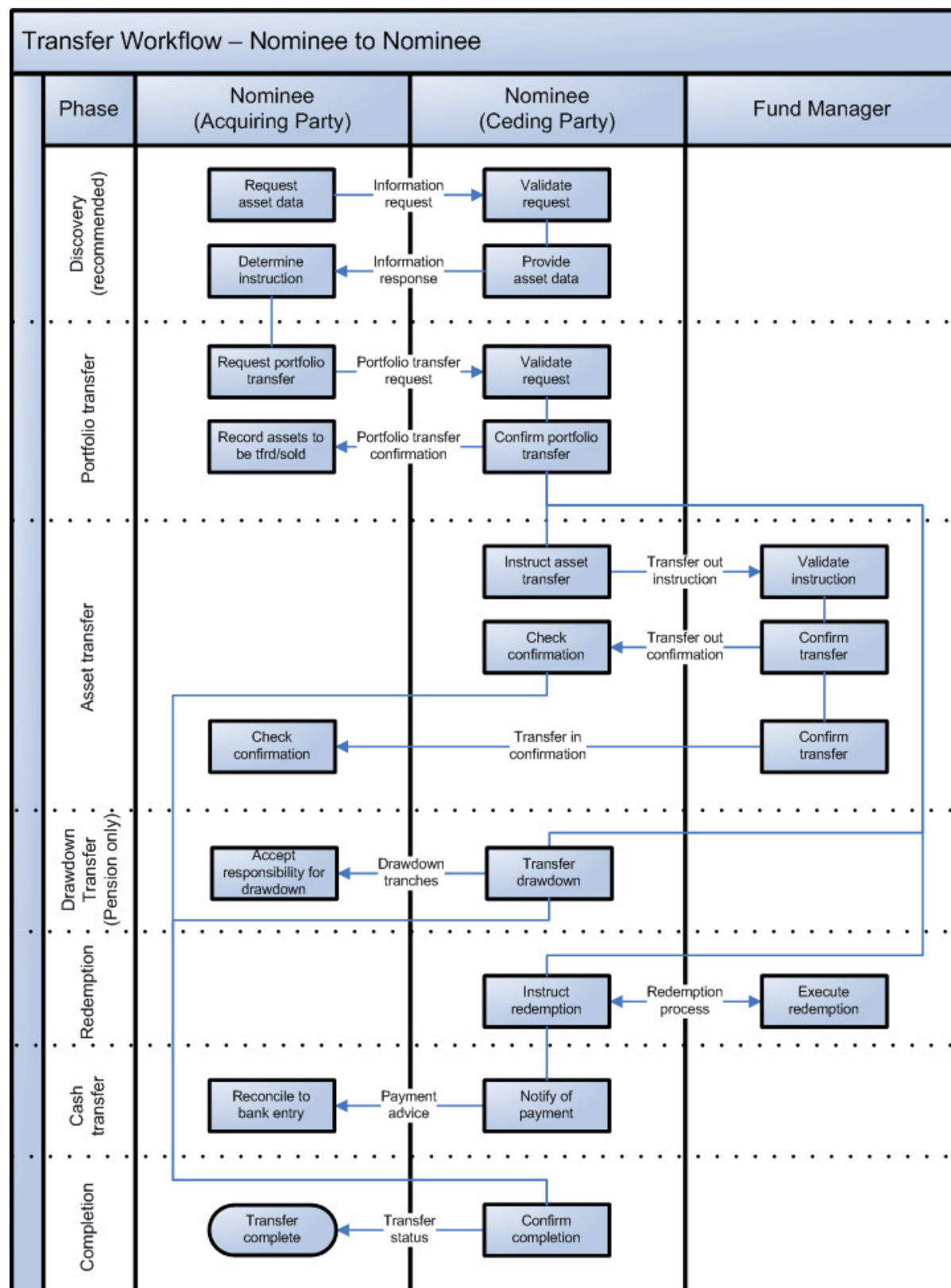
Actor	Description	Synonyms	Typical roles
Bank	Deposit-taking institution that provides bank deposit ISAs	Payment institution	Ceding Party
Custodian	An entity that provides securities accounts for the purposes of holding assets on behalf of customers.		Acquiring Party Ceding Party
Customer	The ultimate account holder (who may or may not be the ultimate beneficial owner) in whose name legal title to an asset may be registered.	Investor	Acquiring Party Ceding Party
Execution-only broker	An entity that executes trades with an appropriate counterparty on the instructions of a Customer. It may provide securities accounts to its customers for the purposes of trade settlement efficiency.		Acquiring Party Ceding Party
Fund Manager	The entity responsible for the management and operation of an investment fund, including the activities of a third party provider of transfer agency services. It may also provide additional services/products, eg. ISA management and/or personal pensions, which involve provision of securities accounts.	Registrar Transfer Agent	Acquiring Party Ceding Party Fund Manager
Investment manager	An entity that manages portfolios of investments with discretion to trade those investments in accordance with mandates agreed with its customers.	Discretionary Manager	Acquiring Party Ceding Party

Nominee	An entity owned and/or appointed by an account provider to hold legal title, also used in this document as a generic reference to all types of account provider other than the Fund Manager when acting in that capacity.		Acquiring Party Ceding Party
Pension Administrator	An entity responsible for the administration of pension policies and schemes.		Acquiring Party Ceding Party
Pension Provider	An entity responsible for the provision and administration of pension policies and schemes.	Pension Administrator	Acquiring Party Ceding Party
Platform	An entity that provides securities account and trading services to customers. It minimises market activity by the aggregation of client orders through omnibus holdings on fund registers.	Fund Supermarket Wrap	Acquiring Party Ceding Party
Third Party Administrator (funds)	An entity that provides outsourced client administration services to Fund Managers, including fund dealing and register maintenance and ISA administration.	Registrar Transfer Agent	Fund Manager

4. ACTIVITY DIAGRAMS

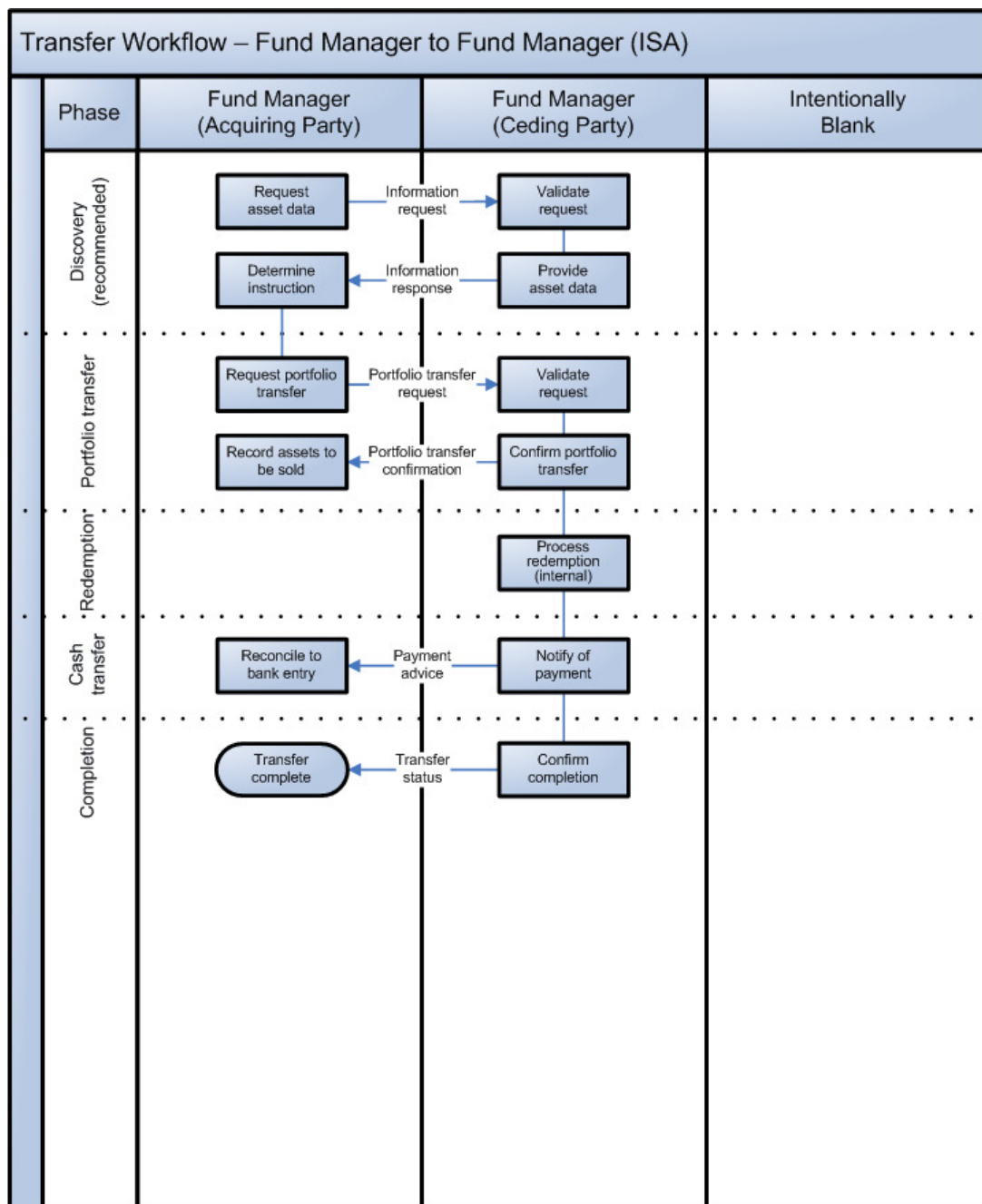
The following diagrams provide overviews of the six transfer processes within the scope of this document.

4.1 Nominee to Nominee

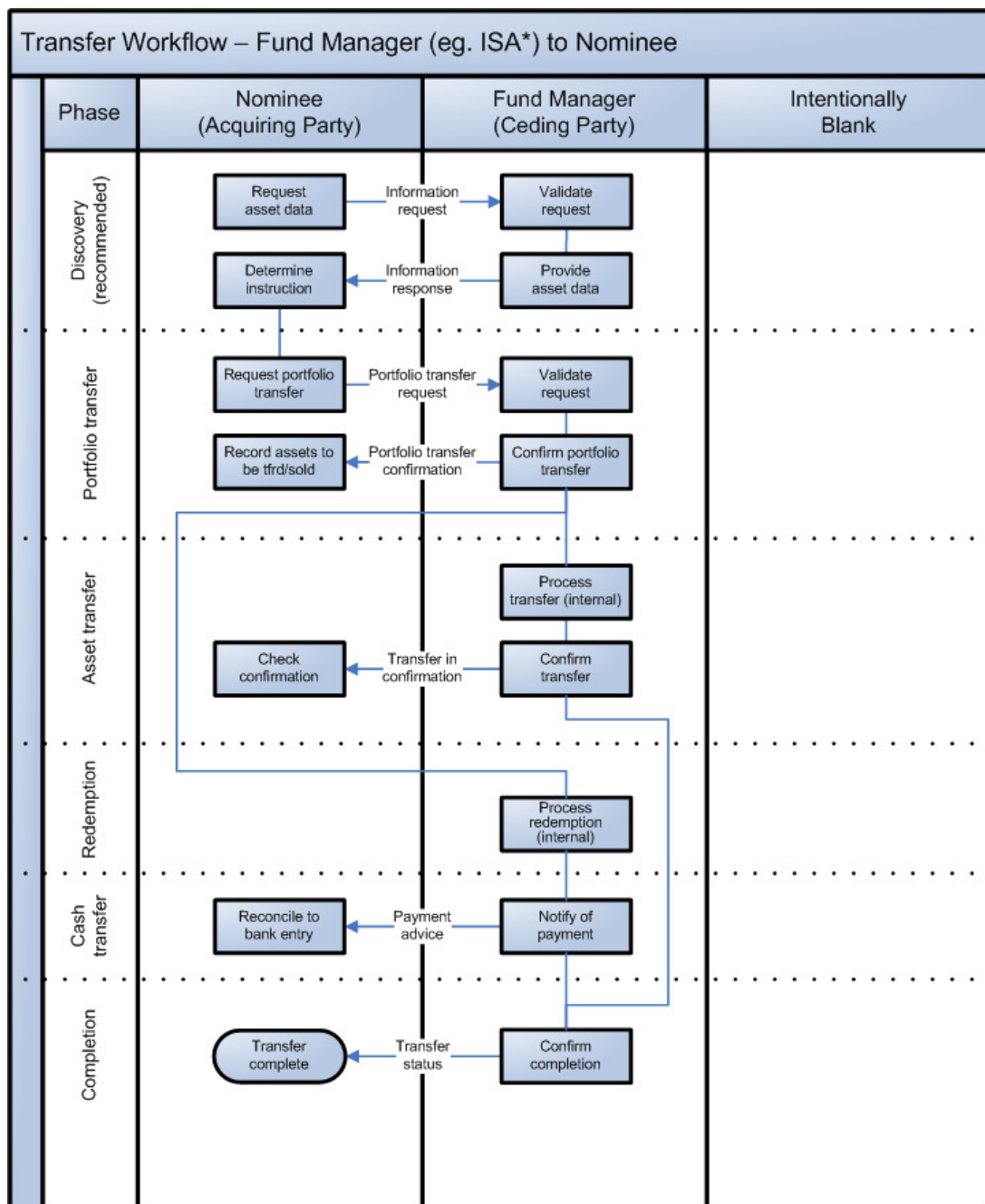


Exceptionally, some Ceding Parties may hold investments in a combination of nominee name for third party funds, and the customer's own name for in-house funds. In such instances the Acquiring Party might send a single portfolio transfer request for the entire portfolio and receive a corresponding portfolio transfer confirmation. When this happens, the Acquiring Party would still receive individual "transfer in" confirmations in due course for all funds that are re-registered, including from the Ceding Party in respect of its in-house funds.

4.2 Fund Manager to Fund Manager

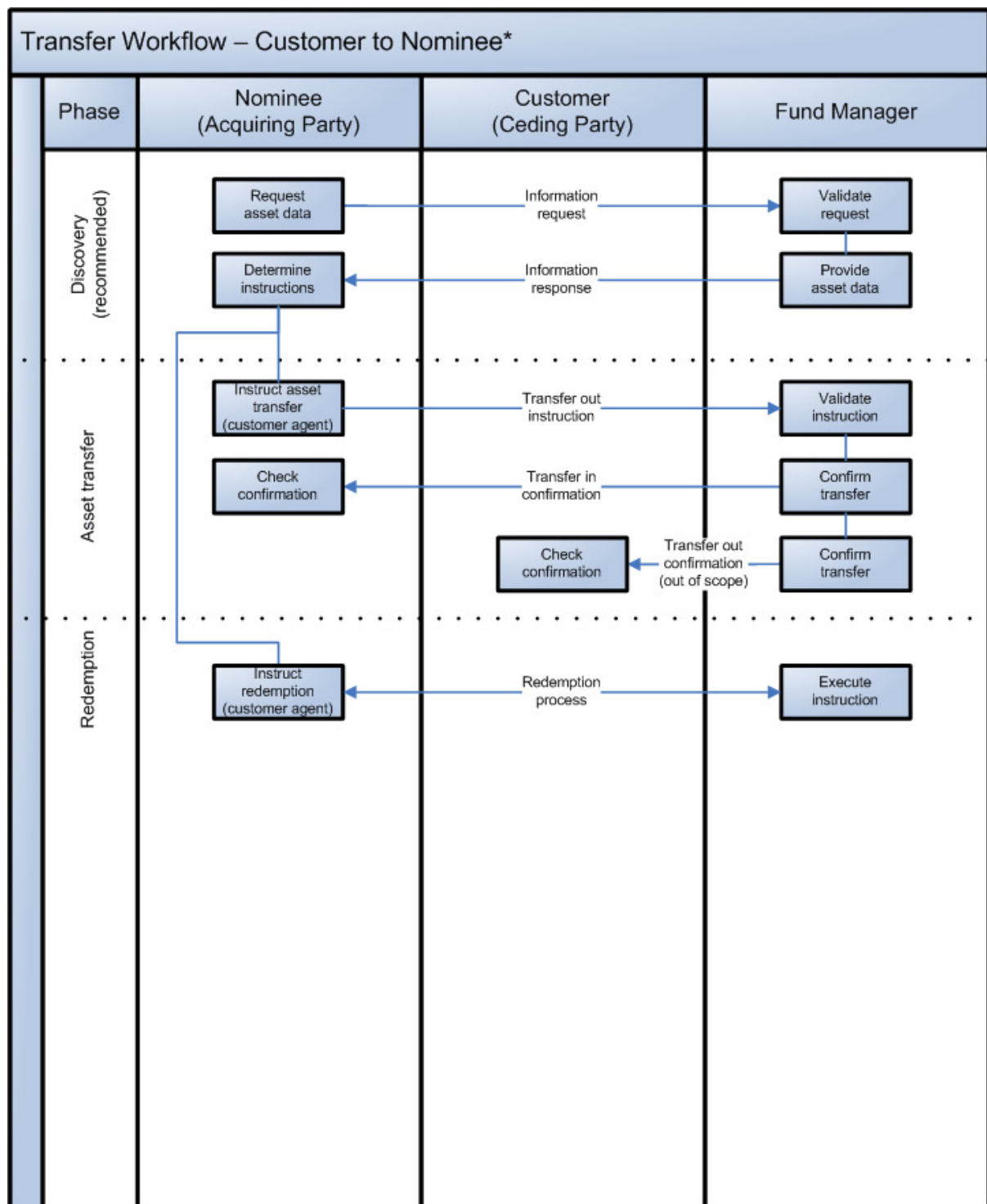


4.3 Fund Manager to Nominee



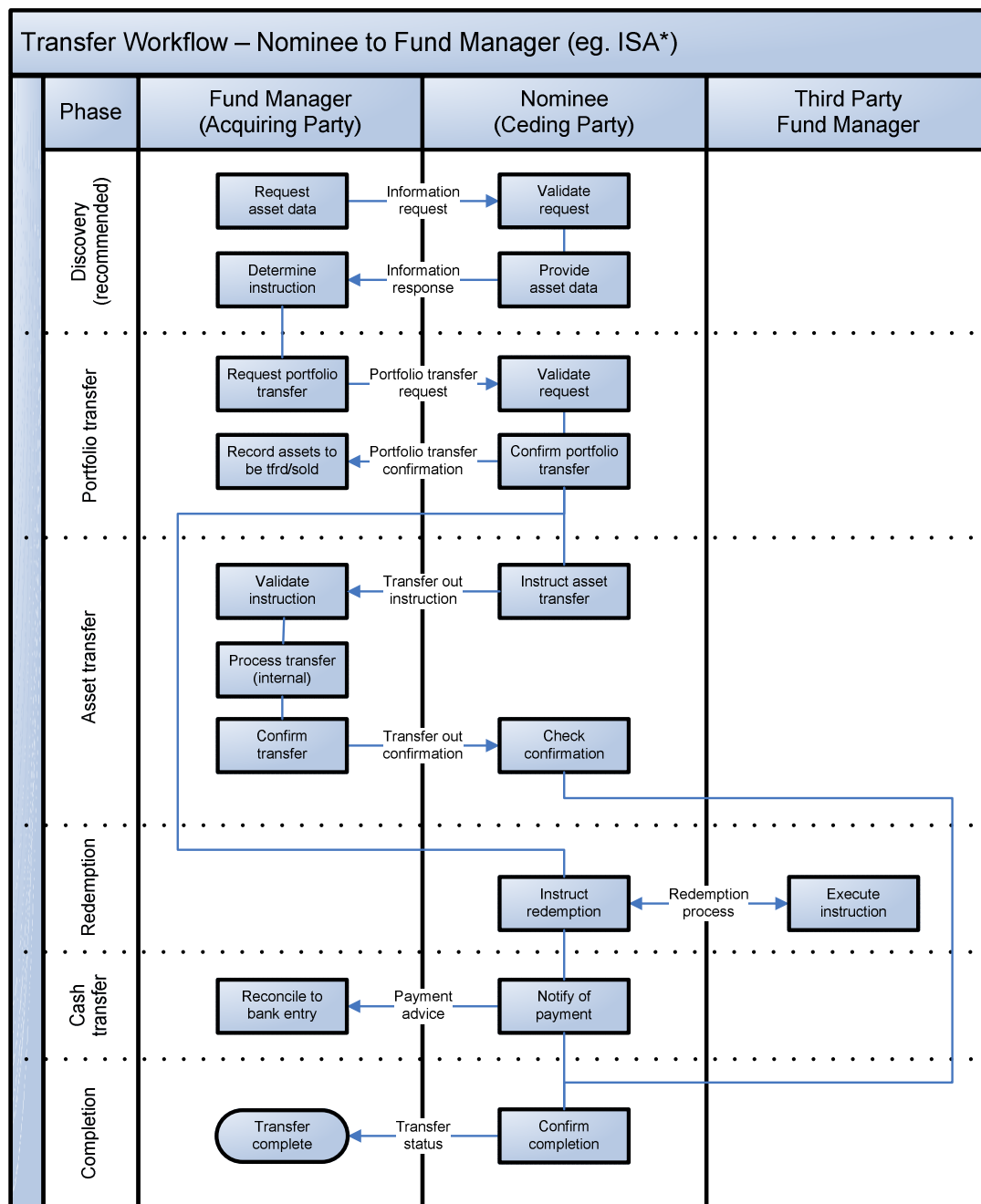
* Also unwrapped, where investments held in name of Fund Manager or its nominee

4.4 Customer to Nominee



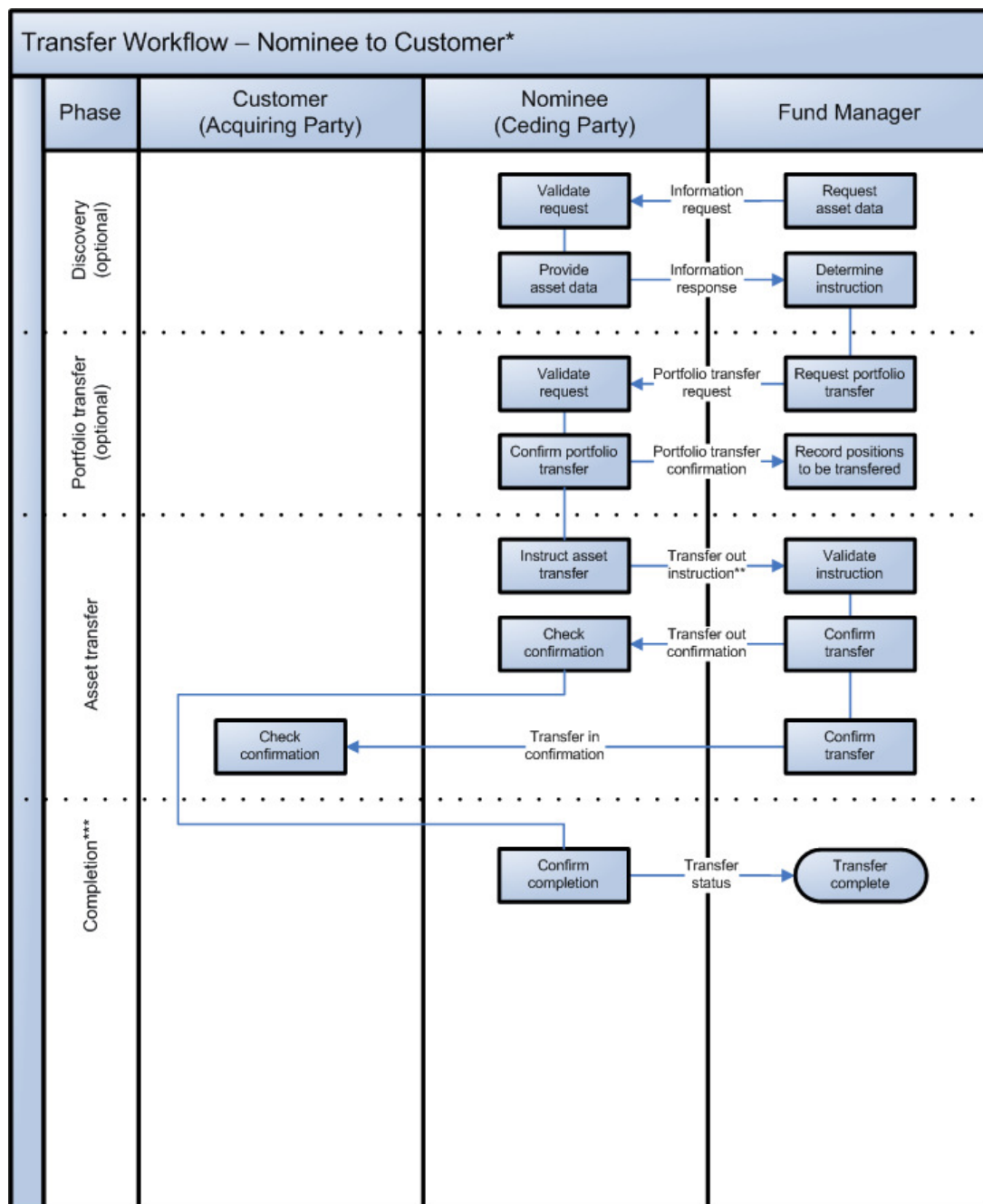
* Unwrapped investments held in customer's own name

4.5 Nominee to Fund Manager



* Also unwrapped, where investments to be held in name of Fund Manager or its nominee

4.6 Nominee to Customer



* Unwrapped investments to be held in customer's own name

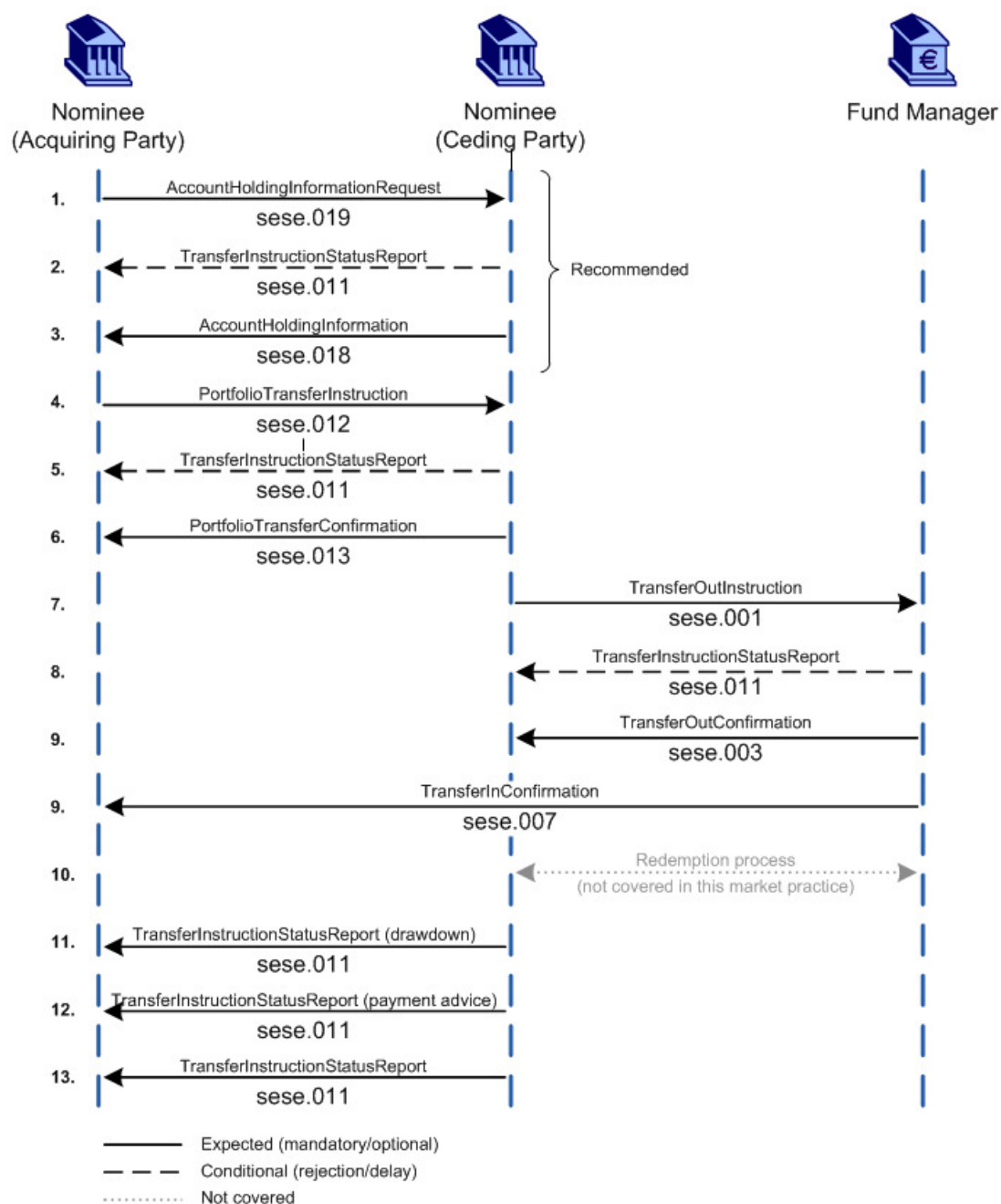
** Plus account opening details where receiving account does not already exist (if Portfolio Transfer phase not used)

*** If portfolio transfer process used

5. SEQUENCE DIAGRAMS

The following diagrams describe the communication flows for each scenarios. They show the typical exchanges of messages in the context of a transaction.

5.1 Nominee to Nominee



Process

Note: It is assumed that all required nominee accounts on the fund register either pre-exist or have been opened as necessary before the transfer process commences. The process of opening these accounts is not considered in this document.

Discovery (recommended)

1. The Acquiring Party requests information concerning the product (if any) and assets that the customer has requested be transferred using the AccountHoldingInformationRequest message (sese.019).
2. The Ceding Party should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the information message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the request (eg. because the account does not exist), otherwise, this step may be ignored.
3. If the Ceding Party is able to proceed, it confirms the product and returns a list of the funds/cash held by the customer, and their quantities, using the AccountHoldingInformation message (sese.018).

Portfolio transfer (see also note 1 on page 17)

4. Having determined which funds it will accept and which should be sold, the Acquiring Party sends its instructions using the PortfolioTransferInstruction message (sese.012).
5. The Ceding Party should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the instruction, otherwise, this step may be ignored.
6. When it is ready to action the request, the Ceding Party confirms that it will arrange for the transfer and redemption of the customer's holdings as instructed, using the PortfolioTransferConfirmation message (sese.013).

Asset transfer

7. Where assets are to be re-registered in the name of the Acquiring Party's nominee, the Ceding Party instructs the relevant Fund Manager(s) accordingly using a TransferOutInstruction message (sese.001) for each asset to be transferred.

8. The Fund Manager should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the instruction,otherwise, this step may be ignored.
9. When it has updated the fund register, the Fund Manager sends a TransferOutConfirmation message (sese.003) to the Ceding Party and a TransferInConfirmation message (sese.007) to the Acquiring Party¹.

The re-registration of CREST registered securities and 'other assets' is outside the scope of this market practice.

Redemption

10. Assets that form part of the transfer, but are not being re-registered are redeemed by the Ceding Party.

The redemption order and confirmation process is not covered in this market practice; reference should be made to the UK Fund Orders Market Practice (see the [SMPG website](#)).

Drawdown transfer

11. If the transfer relates to a pension and the pension is in drawdown then the Ceding Party sends the Acquiring Party the details of all drawdown tranches in the TransferInstructionStatusReport message (sese.011).

Cash transfer

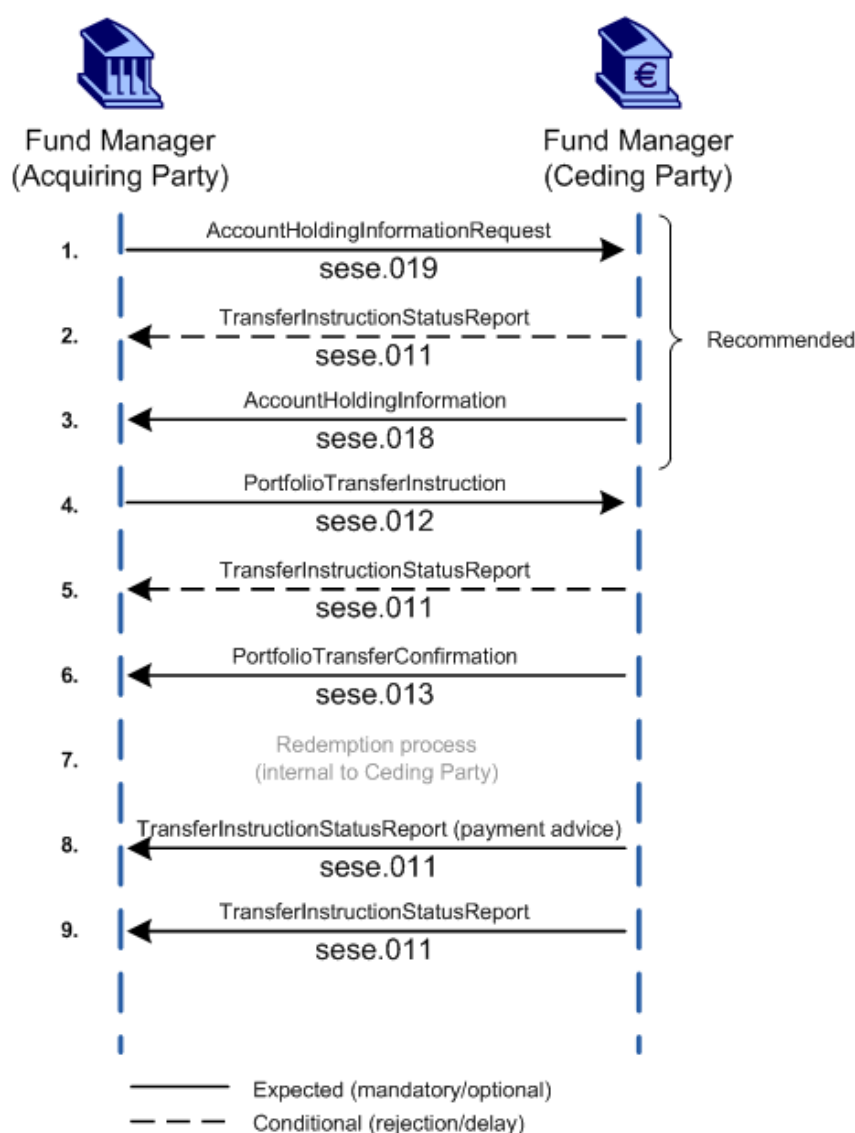
12. When remitting any monies to the Acquiring Party, the Ceding Party sends it a payment advice using the TransferInstructionStatusReport message (sese.011). One or more payments may be involved, each of which should be the subject of a separate payment advice.

Completion

13. When all transfers have been confirmed and all redemption proceeds and uninvested cash have been remitted to the Acquiring Party, the Ceding Party sends a TransferInstructionStatusReport message (sese.011), indicating that the transfer process has been completed.

¹ Exceptionally, some Ceding Parties may hold investments in a combination of nominee name for third party funds, and the customer's own name for in-house funds. In such instances the Acquiring Party might send a single portfolio transfer request for the entire portfolio and receive a corresponding portfolio transfer confirmation (steps 4 and 6). When this happens, the Acquiring Party would still receive individual "transfer in" confirmations in due course for all funds that are re-registered, including from the Ceding Party in respect of its in-house funds (step 9).

5.2 Fund Manager to Fund Manager



Process

Discovery (recommended)

1. The Acquiring Party requests information concerning the product and assets that the customer has requested be transferred using the **AccountHoldingInformationRequest** message (sese.019).
2. The Ceding Party should respond with a **TransferInstructionStatusReport** message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the information message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the request (eg. because the account does not exist),
 otherwise, this step may be ignored.

3. If the Ceding Party is able to proceed, it confirms the product and returns a list of the funds/cash held by the customer, and their quantities, using the AccountHoldingInformation message (sese.018).

Portfolio transfer

4. Assets will not be accepted by the Acquiring Party, so it instructs the Ceding Party to redeem all holdings using the PortfolioTransferInstruction message (sese.012).
5. The Ceding Party should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the instruction,otherwise, this step may be ignored.
6. When it is ready to action the request, the Ceding Party confirms that it will arrange for the redemption of the customer's holdings as instructed, using the PortfolioTransferConfirmation message (sese.013).

Redemption

7. The assets are redeemed by the Ceding Party. This is an internal process to the Ceding Party and does not generate any further messaging with the Acquiring Party.

The redemption order and confirmation process is not covered in this market practice; reference should be made to the UK Fund Orders Market Practice (see the SMPG website).

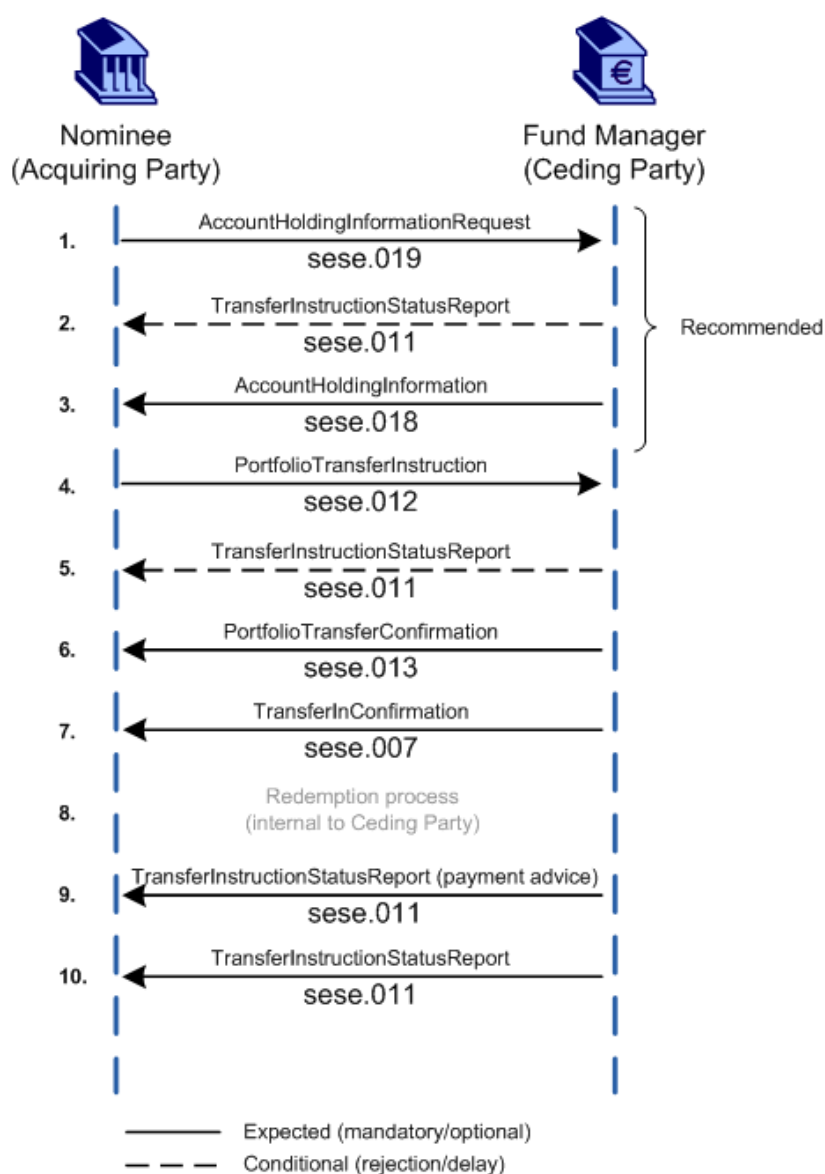
Cash transfer

8. When remitting any monies to the Acquiring Party, the Ceding Party sends it a payment advice using the TransferInstructionStatusReport message (sese.011). One or more payments may be involved, each of which should be the subject of a separate payment advice.

Completion

9. When all transfers have been confirmed and all redemption proceeds and uninvested cash have been remitted to the Acquiring Party, the Ceding Party sends a TransferInstructionStatusReport message (sese.011), indicating that the transfer process has been completed.

5.3 Fund Manager to Nominee



Process

Note: It is assumed that all required nominee accounts on the fund register either pre-exist or have been opened as necessary before the transfer process commences. The process of opening these accounts is not considered in this document.

Discovery (recommended)

1. The Acquiring Party requests information concerning the product (if any) and assets that the customer has requested be transferred using the AccountHoldingInformationRequest message (sese.019).
2. The Fund Manager (Ceding Party) should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:

(a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the information message within agreed service level deadlines; or

(b) where it has a valid reason to reject the request (eg. because the account does not exist),

otherwise, this step may be ignored.

3. If the Fund Manager is able to proceed, it confirms the product and returns a list of the funds/cash held by the customer, and their quantities, using the AccountHoldingInformation message (sese.018).

Note that if the Fund Manager reports that the customer holds the assets in their own name, the Acquiring Party will proceed instead to step 4 of the Customer to Nominee process described in section 5.4.

Portfolio transfer

4. Having determined which funds it will accept and which should be sold, the Acquiring Party sends its instructions using the PortfolioTransferInstruction message (sese.012).
5. The Fund Manager should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the instruction,otherwise, this step may be ignored.
6. When it is ready to action the request, the Fund Manager confirms that it will arrange for the transfer and redemption of the customer's holdings as instructed, using the PortfolioTransferConfirmation message (sese.013).

Asset transfer

7. Where assets are to be re-registered in the name of the Acquiring Party's nominee, the Fund Manager actions the asset transfers on the register and sends a TransferInConfirmation message (sese.007) to the Acquiring Party.

Redemption

8. Assets that form part of the transfer, but are not being re-registered are redeemed by the Fund Manager. This is an internal process to the Fund Manager and does not generate any further messaging with the Acquiring Party.

The redemption order and confirmation process is not covered in this market practice; reference should be made to the UK Fund Orders Market Practice (see the SMPG website).

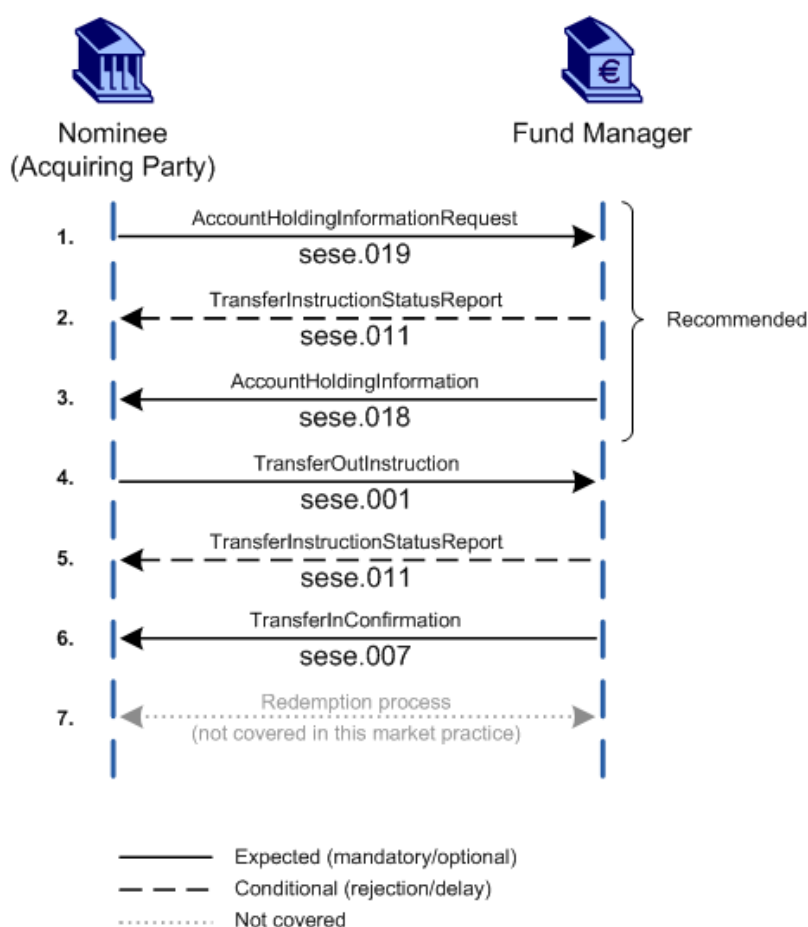
Cash transfer

9. When remitting any monies to the Acquiring Party, the Fund Manager sends it a payment advice using the TransferInstructionStatusReport message (sese.011). One or more payments may be involved, each of which should be the subject of a separate payment advice.

Completion

10. When all transfers have been confirmed and all redemption proceeds and uninvested cash have been remitted to the Acquiring Party, the Fund Manager sends a TransferInstructionStatusReport message (sese.011), indicating that the transfer process has been completed.

5.4 Customer to Nominee



Process

Note: It is assumed that all required nominee accounts on the fund register either pre-exist or have been opened as necessary before the transfer process commences. The process of opening these accounts is not considered in this document.

Discovery (recommended)

1. The Acquiring Party requests information concerning the product (if any) and assets that the customer has requested be transferred using the AccountHoldingInformationRequest message (sese.019).
2. The Fund Manager should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the information message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the request (eg. because the account does not exist),otherwise, this step may be ignored.

3. If the Fund Manager is able to proceed, it confirms the product and returns a list of the funds/cash held by the customer, and their quantities, using the AccountHoldingInformation message (sese.018).

Note that if the Fund Manager reports that the customer holds the assets within a portfolio wrapper, rather than in their own name, the Acquiring Party will proceed instead to step 4 of the Fund Manager to Nominee process described in section 5.3.

Asset transfer

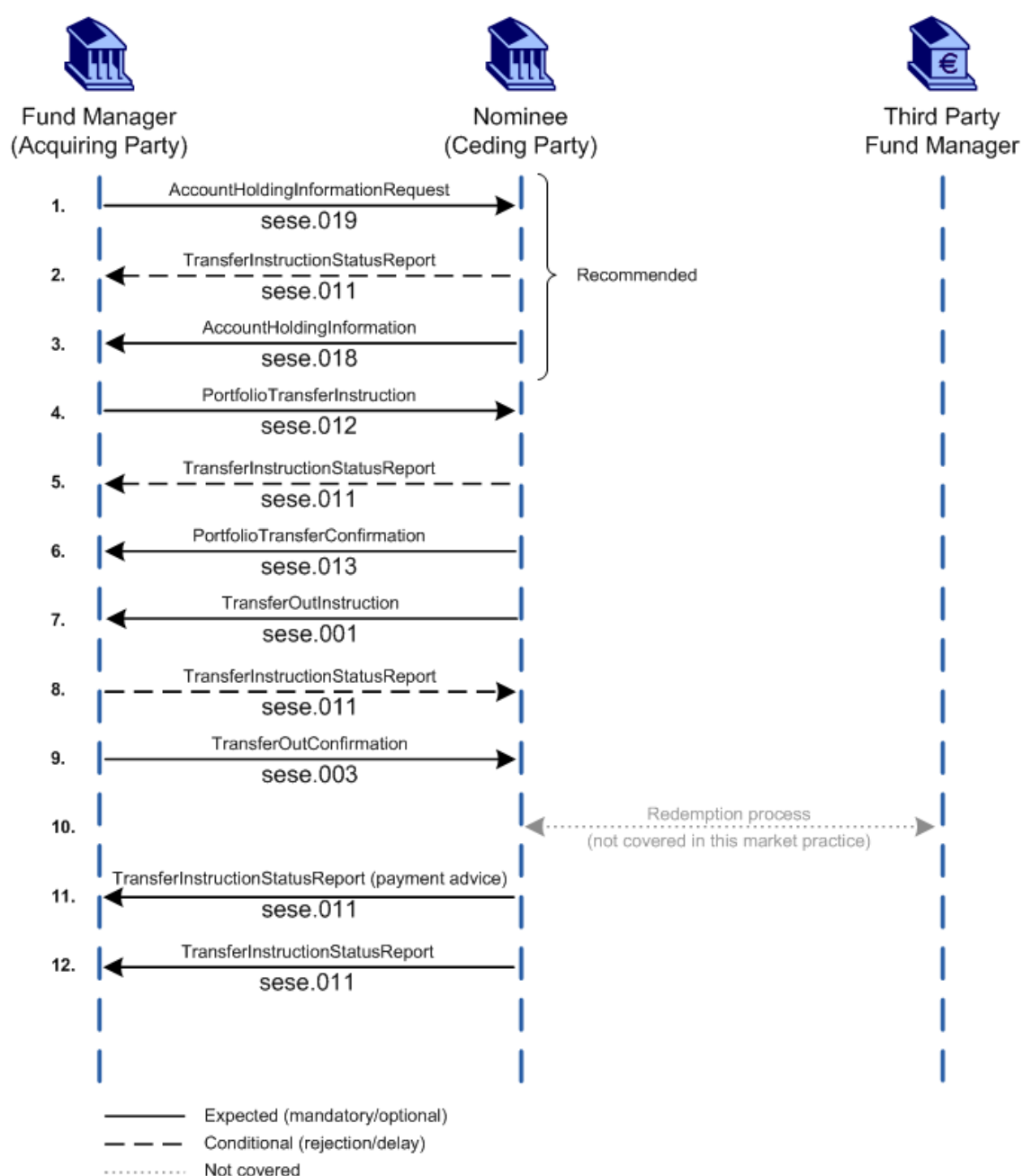
4. Where assets are to be re-registered in the name of the Acquiring Party's nominee, it instructs the relevant Fund Manager(s) accordingly, as an agent of the customer using a TransferOutInstruction message (sese.001) for each asset to be transferred.
5. The Fund Manager should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (c) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or
 - (d) where it has a valid reason to reject the instruction,otherwise, this step may be ignored.
6. When it has updated the fund register, the Fund Manager sends a TransferInConfirmation message (sese.007) to the Acquiring Party. It also advises the customer that the shares have been transferred, by whatever mechanism is most appropriate.

Redemption

7. Assets that form part of the transfer, but are not being re-registered are redeemed by the Acquiring Party, as the customer's agent.

The redemption order and confirmation process is not covered in this market practice; reference should be made to the UK Fund Orders Market Practice (see the [SMPG website](#)).

5.5 Nominee to Fund Manager



Process

Discovery (recommended)

1. The Fund Manager (Acquiring Party) requests information concerning the product (if any) and assets that the customer has requested be transferred using the AccountHoldingInformationRequest message (sese.019).
2. The Ceding Party should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:

(a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the information message within agreed service level deadlines; or

(b) where it has a valid reason to reject the request (eg. because the account does not exist),

otherwise, this step may be ignored.

3. If the Ceding Party is able to proceed, it confirms the product and returns a list of the funds/cash held by the customer, and their quantities, using the AccountHoldingInformation message (sese.018).

Portfolio transfer

4. Having determined which funds it will accept and which should be sold, the Fund Manager sends its instructions using the PortfolioTransferInstruction message (sese.012).

5. The Ceding Party should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:

(a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or

(b) where it has a valid reason to reject the instruction,

otherwise, this step may be ignored.

6. When it is ready to action the request, the Ceding Party confirms that it will arrange for the transfer and redemption of the customer's holdings as instructed, using the PortfolioTransferConfirmation message (sese.013).

Asset transfer

7. Where assets are to be re-registered in the name of the Fund Manager or its nominee, the Ceding Party instructs them accordingly using a TransferOutInstruction message (sese.001) for each asset to be transferred.

8. The Fund Manager should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:

(a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or

(b) where it has a valid reason to reject the instruction,

otherwise, this step may be ignored.

9. When it has updated the fund register, the Fund Manager sends a TransferOutConfirmation message (sese.003) to the Ceding Party.

Redemption

10. Assets with third party fund managers are redeemed by the Ceding Party.

The redemption order and confirmation process is not covered in this market practice; reference should be made to the UK Fund Orders Market Practice (see the [SMPG website](#)).

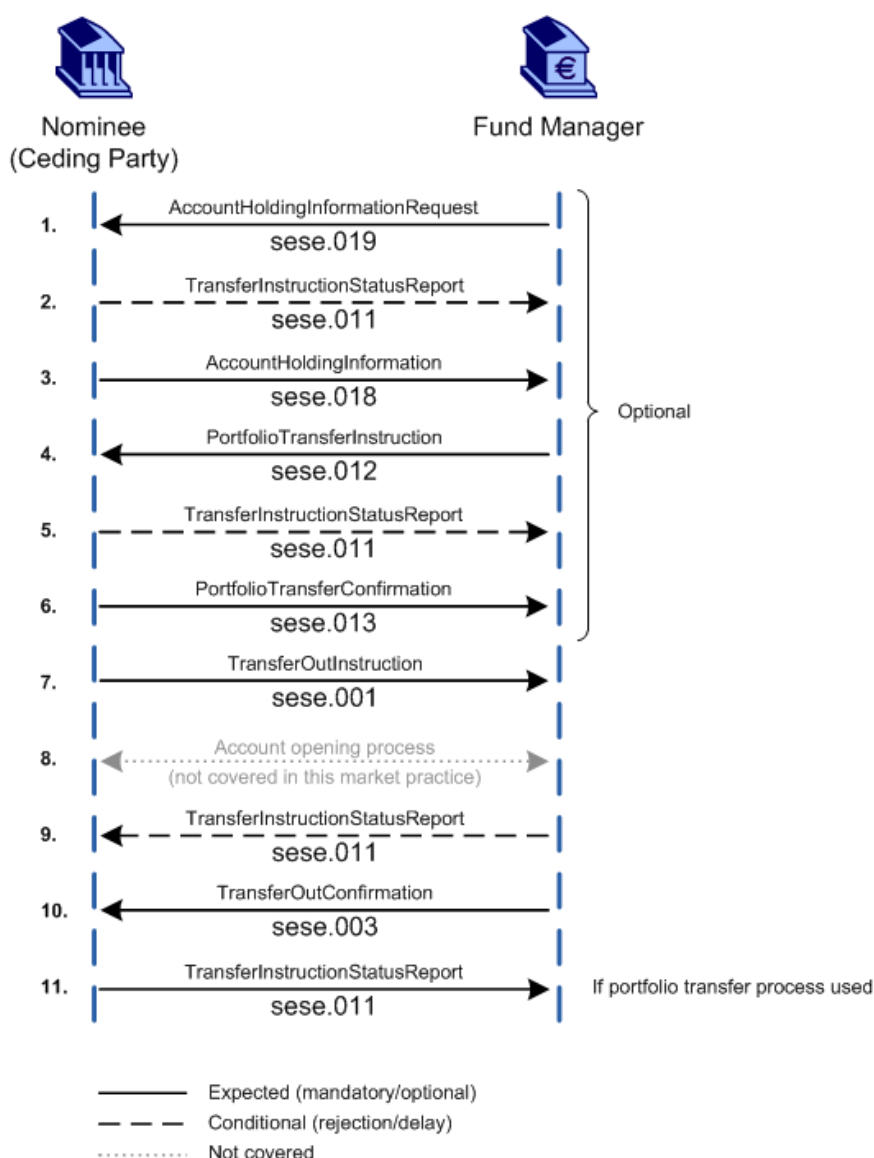
Cash transfer

11. When remitting any monies to the Fund Manager, the Ceding Party sends it a payment advice using the TransferInstructionStatusReport message (sese.011). One or more payments may be involved, each of which should be the subject of a separate payment advice.

Completion

12. When all transfers have been confirmed and all redemption proceeds and uninvested cash have been remitted to the Fund Manager, the Ceding Party sends a TransferInstructionStatusReport message (sese.011), indicating that the transfer process has been completed.

5.6 Nominee to Customer



Process

Discovery (recommended where the Fund Manager has agreed to act on behalf of the customer)

1. The Fund Manager requests information concerning which of its own funds the customer holds and has requested be transferred using the AccountHoldingInformationRequest message (sese.019).
2. The Ceding Party should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the information message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the request (eg. because the account does not exist),

otherwise, this step may be ignored.

3. If the Ceding Party is able to proceed, it confirms the product and returns a list of the funds/cash held by the customer, and their quantities, using the AccountHoldingInformation message (sese.018).

Portfolio transfer (only where the Fund Manager has agreed to act on behalf of the customer)

4. The Fund Manager requests the transfer of its own funds using the PortfolioTransferInstruction message (sese.012).
5. The Ceding Party should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the instruction,

otherwise, this step may be ignored.

6. When it is ready to action the request, the Ceding Party confirms that it will arrange for the transfer of the customer's holdings as instructed, using the PortfolioTransferConfirmation message (sese.013).

Asset transfer (the process will start here unless the Fund Manager has agreed to act on behalf of the customer)

7. The Ceding Party instructs the Fund Manager to re-register the assets in the customers own name using a TransferOutInstruction message (sese.001) for each asset to be transferred.
8. Where the portfolio transfer process is initiated by the Ceding Party and the customer does not already have an account on the fund register, the Ceding Party must arrange with the Fund Manager for an account to be opened as necessary.

The account opening process is not covered in this market practice; reference should be made to the UK Fund Account Opening Market Practice (see the [SMPG website](#)).

9. The Fund Manager should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
 - (a) in order to acknowledge receipt of the instruction where it is unlikely to be able to action the request and send the confirmation message within agreed service level deadlines; or
 - (b) where it has a valid reason to reject the instruction,

otherwise, this step may be ignored.

10. When it has updated the fund register, the Fund Manager sends a TransferOutConfirmation message (sese.003) to the Ceding Party. It also advises the customer that they have received the shares, by whatever mechanism is most appropriate.

Completion (only where the Fund Manager has agreed to act on behalf of the customer)

11. When all transfers have been confirmed, the Ceding Party sends a TransferInstructionStatusReport message (sese.011), indicating that the transfer process has been completed.

6. BUSINESS PROCESS

The business process for key scenarios is described in more detail in a separate document: “UKFMPG Transfers – Business Process”.

7. BUSINESS DATA

A logical view of the data for each message exchange is given in a separate spreadsheet: 'UKFMPG Transfers – Business Data'.

A physical view of message data together with recommendations regarding message element usage is provided in the NMPG-GB-IF-Transfers-Nov2015 usage guidelines on www.swift.com/mystandards.

8. ADDITIONAL NOTES

8.1 General

8.1.1 Asset Classification

Assets within portfolios will be classified as follows:

- Cash holding (Uninvested cash in plan account)
- Funds (publicly available funds, identified with an ISIN, that are registered with a transfer agent)
- CREST Registered Securities (which may be equities, ETFs or any other asset supported by and registered on CREST other than Funds as defined above)
- Other Assets (described in unstructured free text and that will not be processed automatically) loosely categorised as follows:
 - Other equities (private company shares or any other shares not registered on CREST)
 - Other funds (hedge funds, insured funds or any other fund outside of the definition above)
 - Other cash holdings (cash on deposit)
 - Discretionary Investment Manager account
 - TIP (Trustee Investment Plan)
 - Investment bond
 - Offshore bond
 - Property
 - Moveable Chattels
 - Other

Funds (as defined above) should always be classified in the portfolio message as ‘funds’ rather than ‘CREST registered securities’ regardless of whether one or both parties choose to settle the fund via CREST.

8.1.2 Multi-product Portfolios

Due to the construction of the ISO 20022 portfolio transfer messages, transfers of portfolios that encompass multiple products (eg. unwrapped assets, cash ISA, stocks & shares ISAs, and pensions) must be separated, with each product type being the subject of a separate transfer process.

8.1.3 Account Identification

Where an account name is longer than the 35 character maximum defined for the ISO message then the name should simply be truncated rather than abbreviated in any other way to aid system matching.

8.1.4 Zero Holdings

Where a Ceding Party is instructed to transfer (or redeem) an asset that is not present in the portfolio, the request should be rejected, so that the Acquiring Party may repair and resubmit the instruction.

However, where a Ceding party is instructed to transfer a cash holding that has a zero balance (perhaps as a result of the automatic re-invested of the cash holding since the discovery phase) then the Acquiring party should proceed with the transfer and report the zero balance in the transfer confirmation.

8.1.5 Incomplete Portfolios

Where a Ceding Party is unable to respond with all of the assets held then the request should be rejected or (preferably) the response should indicate that the portfolio information is incomplete.

8.1.6 Payment Instructions

Monetary payments in connection with the processes described in this market practice, eg. to move cash holdings or redemption proceeds from the Ceding Party to the Acquiring Party should be made either:

- To the target bank account optionally specified in the portfolio transfer request; or
- According to pre-existing standing settlement instructions

The Ceding Party may ignore bank account details specified on the portfolio transfer request (for example where the Ceding Party prefers to use an existing standing instruction).

In any case, the Ceding Party should specify the appropriate bank account details on the payment advice message.

The Acquiring Party may specify a preferred payment preference in the Portfolio Transfer Instruction message. The Ceding Party should use the preferred payment reference for payments to the Acquiring Party where practicable but is under no obligation to do so.

This market practice supports payments in GBP only. Where payments are required in other currencies the parties must agree this outside of the market practice. (Cash on deposit may be reported in any currency but must either remain in the same deposit account or the account closed and the balance paid in GBP.)

8.1.7 Residual Cash

An additional payment advice message should be sent for each payment of residual cash balances (e.g. income or tax reclaims) made after the completion of the original transfer.

8.1.8 Book Cost

Book cost can optionally be reported for each line of stock in the portfolio being transferred in the transfer confirmation message.

There are some occasions where the book cost could change after this point (e.g. the re-registration of a fund acquired within the most recent distribution period takes place between XD and payment dates) but this cannot be reported using the market practice. The Ceding Party may choose to inform the Acquiring Party of this change by post or fax, or may simply inform the end customer and recommend that they advise their new provider accordingly.

8.1.9 Character Set

All characters in free text fields will be restricted to the 'Basic Latin' character set.

8.1.10 Reference Use

A given portfolio discovery reference must not be used for any subsequent portfolio instruction unless it relates to the same account transfer and the discovery was successful.

8.1.11 Timezone Usage

The timezone should always be explicitly stated in time fields.

8.1.12 Non-electronic Exchanges

Ideally all parties would communicate electronically but in practice some parties will not be capable of electronic messaging and even where both parties are electronic there may be practical reasons why some exchanges cannot be achieved electronically.

Where an instruction or request is received electronically then the corresponding response should also be sent electronically.

Conversely, parties should not respond electronically if the original instruction or request was not received electronically (e.g. was received by post or fax).

The above will apply to:

- Information Requests and the corresponding Information Response, Rejection or Delay
- Portfolio Transfer Requests and the corresponding Portfolio Confirmation, Rejection, Delay, Payment Advice, Drawdown Advice, and Completion
- Transfer Out Instruction and the corresponding Transfer Out Confirmation and Transfer In Confirmation (other than in the exception described below)
- Transfer In Instruction and the corresponding Transfer In Confirmation

Different phases of the overall portfolio transfer process should be treated separately. For example, a Ceding Party may receive requests from the Acquiring Party electronically but issue instructions to a Fund Manager manually.

When responding to a Transfer Out Instruction received electronically, a Fund Manager may send the Transfer In Confirmation manually where the Acquiring Party is manual. When responding to a Transfer Out Instruction received manually, a Fund Manager should also send the Transfer In Confirmation manually regardless of whether the Acquiring Party is capable of handling electronic messages. This is recommended as reference numbers received on paper may not be relied on to match transactions.

A BIC simply identifies a party and should not be used to infer that a party is capable of electronic messaging.

A BIC might be used to identify a manual party in the following instruction messages (and corresponding responses):

- Transfer Out Instruction - Acquiring Party BIC
- Portfolio Transfer Request - Acquiring IUH BIC
- Transfer Out Instruction and Transfer In Instruction to an IUH – Fund Manager BIC

8.2 ISAs

8.2.1 ISA Plan Years

Few ISA administration systems are able to distinguish between the assets that may be attributable to specific plan years. In the event that the current plan year is to be either transferred on its own or left behind, the Ceding Party will need to determine the value of the portfolio (principal invested or current value) to transfer, and assets or proportion of assets that are attributable to that value.

Where a Ceding Party receives an instruction to transfer both current and past year holdings, but the investor holds only one or the other, the instruction should be processed for whichever years (current or past) the investor actually holds.

Where a Ceding Party receives an information request with regard to both current and past year holdings, but the investor holds only one or the other, the request should be processed and information returned on what the investor actually holds (current or past years).

8.2.2 ISA Registered Address

All address details held for the ISA registered address should be included in the Portfolio Transfer Confirmation message by the ceding party. On receiving the Portfolio Transfer Confirmation message, the acquiring party should only validate that at least one of the address fields is completed.

8.3 Pensions

8.3.1 Cash Pension Transfers

For many pension transfers from personal pensions or occupational schemes no drawdown facility will be available and there will be no assets that can be transferred in-specie. In these cases:

- Only a single general asset of ‘other funds’ will be specified
- This may only be transferred as cash
- No drawdown data would be used

8.3.2 Pension Drawdown

For pensions in drawdown the transfer may be requested for the crystallised part only, the uncrystallised part only, or the full pension. The ceding party will decide which assets belong in the crystallised or uncrystallised part of a pension. Given this, it's very likely that the acquiring party will need to send an information request to work out what assets are available for transfer. Where the crystallised part of a pension is transferred the ceding party may reject the transfer unless all assets are included for transfer or sale in the transfer request.

It will be possible to transfer drawdown tranches with ring-fenced assets. In this case, each drawdown tranche will be transferred as a separate portfolio. An additional drawdown tranche flag and an optional drawdown tranche id will be included in portfolio messages to accommodate this.

For each drawdown tranche the ceding party will specify “Amount of PCLS remaining” and an associated date. Multiple PCLS per tranche (resulting from a further crystallisation of assets) will not be supported other than including a flag to indicate the cases where this applies.

Similarly, a flag will be used to identify cases where additional funds have been designated for a tranche since the initial designation rather than providing the breakdown of this data. The acquiring party may then contact the ceding party outside of the market practice exchanges if further details are required.

8.3.3 Pension Details

Tax code will not be included in the Portfolio Transfer Status (Complete) as this must be taken from a P45 provided by the ceding scheme administrator.

The customer's National Insurance Number (NINO) must be given if the customer has a NINO and may only be omitted if the Acquiring Party has confirmed that the customer does not have a NINO.