



UK Funds Market Practice Group

Fund Transfers

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<p>UK Funds Market Practice Group</p> <p>Investment funds national constituent of the Securities Market Practice Group</p> <p>www.smpg.info</p>
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Document History

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1 INTRODUCTION

1.1 Background

- (.1) The UK Funds Market Practice Group (UKFMPG) is a national constituent of the Investment Funds Working Group of the global Securities Market Practice Group (SMPG). The objective of the UKFMPG is to facilitate more efficient processing in the UK investment industry by publishing standards for electronic interactions between financial services organisations. UKFMPG standards are based on the ISO20022 message standard.
- (.2) This market practice standard is part of a broader framework for portfolio transfers and asset re-registration described by UKFMPG Transfers Framework Overview.

1.2 Purpose

- (.1) This document describes the market practice for transferring (or re-registering) funds held with a fund manager or transfer agent.
- (.2) It is likely that this market practice will be used in conjunction with other market practices in the UKFMPG Transfers framework to facilitate the transfer of portfolios of assets on behalf of the end customer.
- (.3) The technical message definitions for this market practice are given in NMPG-GB-IF-Fund-Transfers-V3.0 usage guidelines on www.swift.com/mystandards.

1.3 Scope

- (.1) This market practice will be of relevance to:
 - Platforms and wealth managers
 - Pension administrators
 - Fund platforms, custodians and asset servicing providers
 - Fund managers and transfer agents
- (.2) This market practice addresses the transfer of funds held with a fund manager or transfer agent.
- (.3) Funds are defined as publicly available funds, identified with an ISIN, that are registered with a transfer agent (including funds that are settled on CREST).
- (.4) This market practice may be used in the following scenarios:
 - The transfer of funds between two nominees holding the funds on behalf of another party
 - The transfer of funds held in the customer's own name to a nominee holding the funds on their behalf
 - The transfer of funds to a customer's own name from a nominee holding the funds on their behalf
 - The transfer of funds between accounts belonging to the same party

(.5) This market practice does not address:

- The transfer of customer accounts between nominees
- The opening of accounts with the fund manager

1.4 Terminology

1.4.1 Roles

(.1) The key roles in the fund transfer process as described by this document are:

- Acquiring Party - The party that receives the assets either as an account provider to another party or as the ultimate account holder.
- Ceding Party - The party that delivers the assets to the Acquiring Party.
- Fund Manager - The party that is ultimately responsible for the maintenance of the fund register.

1.4.2 Glossary

Acquiring Party	As defined above.
Ceding Party	As defined above.
Fund Manager	As defined above.
Fund Transfer	The transfer of units in a fund between accounts held with the Fund Manager.
Nominee	An entity that holds title to assets on behalf of underlying customers.
Portfolio transfer	The transition of the role of account provider from one party to another.
Re-registration	The transfer of units in a fund between accounts held with the Fund Manager.
Transfer Agent	A party acting on behalf of the Fund Manager to maintain the register of holdings (and who would therefore act in the role of Fund Manager for the purposes of this market practice).

2 PROCESS

2.1 Overview

2.1.1 Nominee to Nominee

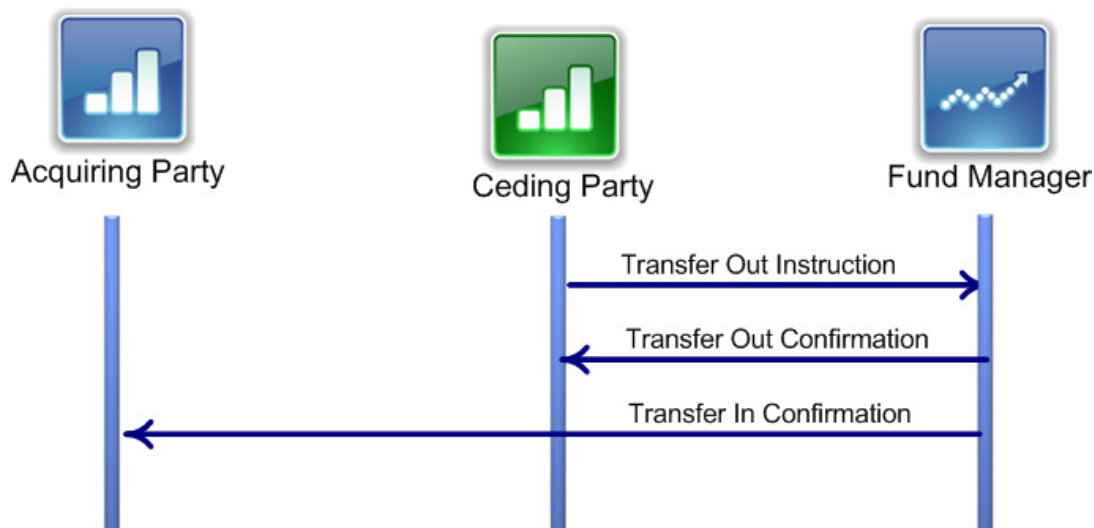


Figure 1 – Transfer Out Process Overview

- (.1) In summary, the transfer process where funds are to be transferred between two nominees comprises the following steps:
- The Ceding Party instructs the Fund Manager to transfer the assets to the Acquiring Party
 - The Fund Manager transfers the units and sends a confirmation to both the Ceding and Acquiring parties
- (.2) Funds may be transferred as part of portfolio transfer or as a standalone transaction. In either case the Acquiring and Ceding Parties should agree the details of the transfer before the Ceding Party issues the transfer instruction.

2.1.2 Own Name to Nominee

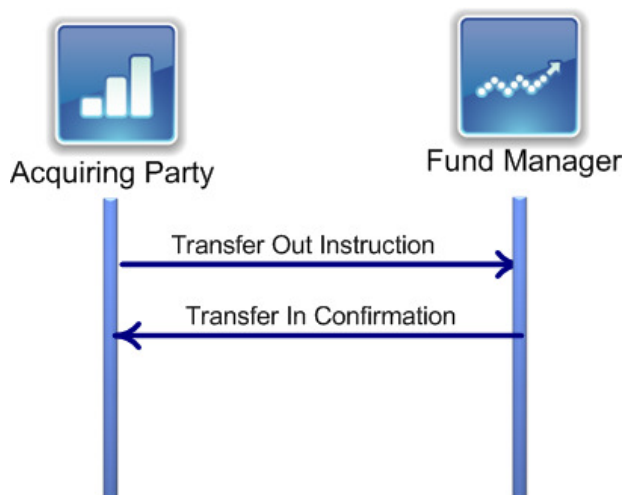


Figure 2 – Own name to Nominee Transfer Process Overview

- (.1) Where the funds to be transferred are currently held in the customer's own name then the Acquiring Party may issue a transfer out instruction on behalf of the customer as shown above.
- (.2) The Fund Manager may notify the customer of the transfer but this is not within scope for this market practice.

2.1.3 Nominee to Own Name

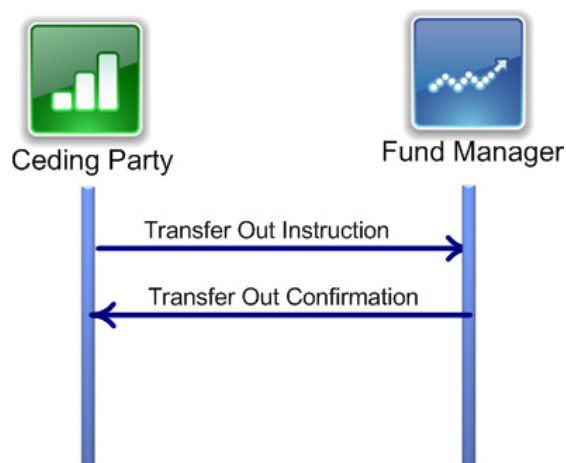


Figure 3 – Nominee to Own name Transfer Process Overview

- (.1) The funds may be transferred by the Ceding Party to an account held in the customer's own name. The Fund Manager may notify the customer of the transfer but this is not within scope for this market practice.

2.2 Message Processing

2.2.1 Message Sequence

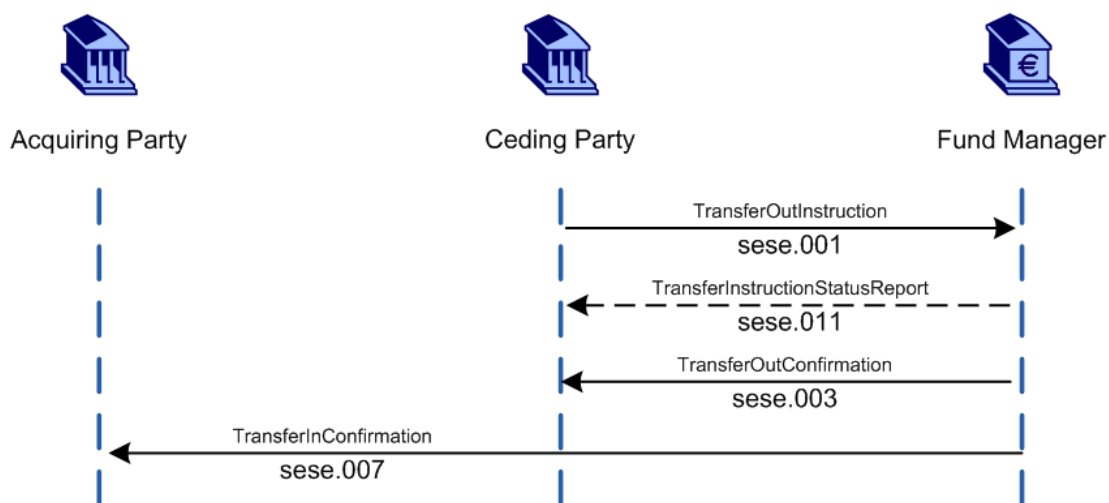


Figure 4 – Transfer Message Sequence

2.2.2 Message Validation

- (.1) For any message received the receiver should:
 - Validate that the type of message and version specified in the message is supported
 - Validate that the structure and content of the message complies with the definitions in this document (and associated MyStandards definitions)
 - Validate that the sender of the message is a trusted counterparty
 - Validate that the message reference is not a duplicate of a message already received
- (.2) If any of the above validation fails the receiver should discard the message and may choose to contact the sender outside of the market practice to agree a resolution.
- (.3) The market practice version text for each message is shown below.

Exchange	ISO Message	Version
Transfer Out Instruction	TransferOutInstruction V04 (sese.001.001.04)	'NMPG-GB-IF-Fund-Transfers-V3.0'
Transfer Out Confirmation	TransferOutConfirmation V04 (sese.003.001.04)	'NMPG-GB-IF-Fund-Transfers-V3.0'
Transfer In Confirmation	TransferInConfirmation V04 (sese.007.001.04)	'NMPG-GB-IF-Fund-Transfers-V3.0'
Delay	TransferInstructionStatusReportV03 (sese.011.001.03)	'NMPG-GB-IF-Fund-Transfers-V3.0'
Rejection	TransferInstructionStatusReportV03 (sese.011.001.03)	'NMPG-GB-IF-Fund-Transfers-V3.0'

Figure 5 – Market Practice Versions

2.3 Process Steps

2.3.1 Send Transfer Out Instruction

- (.1) The Acquiring Party and Ceding Party should already have agreed the details of the transfer before the transfer instruction is sent to the Fund Manager.
- (.2) All relevant investment accounts must already be open with the Fund Manager.
- (.3) Where the funds are currently held in a nominee account by the Ceding Party, the Ceding Party issues a Transfer Out Instruction to the Fund Manager for the funds to be transferred.
- (.4) Otherwise, where the funds are currently held in the customer's own name, the Acquiring Party issues a Transfer Out Instruction to the Fund Manager for the funds to be transferred.

2.3.2 Process Transfer Out Instruction

- (.1) If the Fund Manager is unlikely to be able to action the received Transfer Out Instruction and respond within agreed service level deadlines then the Fund Manager responds with a delay status message.
- (.2) The Fund Manager validates the account details as described in the table below. If any validation fails then the Fund Manager responds with a reject status message with the stated error code and text.

Validation	Error Code	Suggested Error Text
Account id matches a valid account for the Fund Manager.	SAFE	Account not valid
Account designation matches the information held for the account if relevant	INUK	Account designation does not match
The account status will allow the asset to be transferred	DOCC	Give explicit reason e.g. "Account is suspended"
The specified asset can be transferred as instructed	INUK	Give explicit reason e.g. "Asset not eligible for re-registration"

Figure 6 – Transfer Validation

- (.3) When it is ready to action the request, the Fund Manager transfers the funds as instructed.
- (.4) Once the transfer is complete, the Fund Manager will confirm as follows:
 - For nominee to nominee transfers the Fund Manager will send a Transfer Out Confirmation message to the Ceding Party and a Transfer In Confirmation to the Acquiring Party.
 - Where the Acquiring party was not identified explicitly with a BIC in the transfer instruction, the Fund Manager must send the confirmation manually
 - Where the acquiring party was explicitly identified in the transfer instruction, the Fund Manager should determine if they are electronically enabled or otherwise and send electronic or manual confirmation as appropriate

- For own name to nominee transfers the Fund Manager will send a Transfer In Confirmation to the Acquiring Party
 - For nominee to own name transfers the Fund Manager will send a Transfer Out Confirmation message to the Ceding Party
- (.5) For own name transfers the Fund Manager may confirm to the customer that the transfer has taken place but this is outside the scope of this market practice.

2.4 Non-electronic Exchanges

- (.1) 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.
- (.2) Where an instruction or request is received electronically then the corresponding response should also be sent electronically (except in the case described below).
- (.3) Conversely, parties should not respond electronically if the original instruction or request was not received electronically (e.g. was received by post or fax).
- (.4) 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.
- (.5) A BIC simply identifies a party and should not be used to infer that a party is capable of electronic messaging.

3 DATA

3.1 Data Definitions

Data Item	Sub Data Item	Description / Notes
Fund Manager		The organisation responsible for maintaining the fund register. Identified using a valid BIC1, BIC8 or BIC11 value.
Acquiring Party		The holder of the account at the Fund Manager receiving units. Identified using a valid BIC1, BIC8 or BIC11 value. Where the acquiring party does not have a BIC or their BIC is not known a value of “NO-BIC” should be provided (within the <i>ProprietaryIdentification/Identification</i> field)
Ceding Party		The holder of the account at the Fund Manager ceding units. Identified using a valid BIC1, BIC8 or BIC11 value. For own name transfers a value of “NO-BIC” should be provided (within the <i>ProprietaryIdentification/Identification</i> field)
Acquiring Party Transfer Reference		A transfer case reference provided by the ultimate acquiring party. The reference may not be unique as it could cover multiple asset transfers within a portfolio transfer.
Asset Transfer Reference		A transfer reference provided by the instructing ceding or acquiring party for the asset transfer. The reference should be unique for exchanges between the instructing party and the fund manager
Transfer Confirmation Reference		A unique reference generated by the Fund Manager confirming the update of the register.
Transfer Timestamp		The date/time at which the register was updated.
Fund		The fund being transferred.
	ISIN	The ISIN used to identify the fund asset
	Fund Manager	The Fund Manager providing the fund to be transferred. The fund manager should be identified with a BIC1, BIC8 or BIC11.
Instructed Quantity		The quantity of holdings in the fund to re-register. This can be specified as either 100% or a specific

		total unit amount with optional group 1/2 unit amounts.
	Total Unit Amount	The total number of units to transfer. The decimal place accuracy should reflect that held on the fund manager's register.
	Group1 Unit Amount	<p>Indicates the number of group 1 units that should be transferred within a fund holding. The sum of group 1 and group 2 units indicated must equal the total units specified. The decimal place accuracy should reflect that held on the fund manager's register.</p> <p>Where a Fund Manager cannot process specific group 1 or group 2 unit amount instructions, this value can be ignored and the total unit amount used.</p>
	Group 2 Unit Amount	<p>Indicates the number of group 2 units that should be transferred within a fund holding. The sum of group 1 and group 2 units indicated must equal the total units specified. The decimal place accuracy should reflect that held on the fund manager's register.</p> <p>Where a Fund Manager cannot process specific group 1 or group 2 unit amount instructions, this value can be ignored and the total unit amount used.</p>
	100% of Holdings	Indicates that 100% of a fund holding should be re-registered. Should be defined as 100.00.
Confirmed Quantity		The quantity of holdings in the fund that have been re-registered.
	Total Unit Amount	The total number of units transferred. The decimal place accuracy should reflect that held on the fund manager's register. The value must match the instructed total unit amount.
	Group1 Unit Amount	Indicates the number of group 1 units that have been transferred within a fund holding. The sum of group 1 and group 2 units indicated must equal the total units specified. At least one of group 1 or group 2 unit amounts must be confirmed. The decimal place accuracy should reflect that held on the fund manager's register.
	Group 2 Unit Amount	Indicates the number of group 2 units that have been transferred within a fund holding. The sum of group 1 and group 2 units indicated must equal the total units specified. At least one of group 1 or group 2 unit amounts must be confirmed. The decimal place accuracy should reflect that held on the fund manager's register.

Acquiring Party Account		The acquiring party's account at the Fund Manager within which they intend to hold the asset being transferred
	Account Identification	A unique identifier for an account within which the acquiring party holds assets at the Fund Manager
	Account Name	The name of the acquiring party as held on the Fund Manager register
	Account Designation	Optional supplementary registration information used to identify specific assets where holdings are not segregated at the account level
Ceding Party Account		The ceding party's account at the Fund Manager within which they currently hold the asset being transferred
	Account Identification	A unique identifier for an account within which the ceding party holds assets at the Fund Manager
	Account Name	The name of the ceding party as held on the Fund Manager register
	Account Designation	Optional supplementary registration information used to identify specific assets where holdings are not segregated at the account level
Delay Reason		Identifies the cause of a delay where the Fund Manager cannot process the request/instruction in a timely fashion
Rejection Details		Identifies the cause of a rejection where the Fund Manager has not been able to process the Acquiring/Ceding Party's request/instruction Either a rejection reason or an extended rejection reason may be specified If a rejection reason is specified, clarification may also be provided where the reason does not provide explicit details Rejection reason should be used wherever possible over extended rejection reason to allow parties to more easily analyse the cause of rejections
	Rejection Reason	Identifies the reason for the rejection using the TransferRejectedStatusReason2Code list from the ISO message sese.011.001.03 (TransferInstructionStatusReport)
	Rejection Reason Clarification	Provides additional clarification details of the cause of rejection where a rejection reason has been specified
	Extended Rejection	Provides an unstructured reason for rejection

	Reason	An extended rejection reason should be provided where no sensible Rejection reason exists or it is otherwise not possible to use one
Market Practice Version		Defines the market practice version used for any message sent. The market practice version value should be specified as 'NMPG-GB-IF-Fund-Transfers-V3.0'.

Figure 7 – Data Definitions

3.2 ISO Message Data

- (1) The following tables defines the usage of the above data items within the various ISO messages used by this market practice.
- (2) Each cell is defined as follows:

Mandatory	M	The item must be present
Optional	O	The item may be present
Conditional	C	The item may be present but is conditional on another data item Notes against the relevant data definition will specify the conditional rules
Not Present	X	The item must not be present
Bounds	(n:n)	The numbers in parenthesis indicate the lower and upper bound for the number of occurrences of the data item in a particular message, where * indicates that there is no upper bound.

Figure 8 – Message Data Key

- (3) Sub data items are encoded and bound indicated within the context of their parent data item. If the parent data item is not included, sub data items should be ignored.

3.2.1 Funds Transfer Messaging

Field	Transfer Out Instruction - Nominee	Transfer Out Instruction - Own name	Transfer Out Confirmation	Transfer In Confirmation - Nominee	Transfer In Confirmation - Own Name
Acquiring Party Transfer Reference	O (0:1)	O (0:1)	X	O (0:1)	O (0:1)
Asset Transfer Reference	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Transfer Confirmation Reference	X	X	M (1:1)	M (1:1)	M (1:1)
Transfer Timestamp	X	X	M (1:1)	M (1:1)	M (1:1)
Fund - ISIN	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Fund - Fund Manager	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Instructed Quantity - 100% of Holdings	C (0:1)	C (0:1)	X	X	X
Instructed Quantity - Total Unit Amount	C (0:1)	C (0:1)	X	X	X
Instructed Quantity - Group 1 Unit Amount	O (0:1)	O (0:1)	X	X	X
Instructed Quantity - Group 2 Unit Amount	O (0:1)	O (0:1)	X	X	X
Confirmed Quantity - Total Unit Amount	X	X	M (1:1)	M (1:1)	M (1:1)
Confirmed Quantity - Group 1 Unit Amount	X	X	C (0:1)	C (0:1)	C (0:1)
Confirmed Quantity - Group 2 Unit Amount	X	X	C (0:1)	C (0:1)	C (0:1)
Acquiring Party	M (0:1)	M (1:1)	O (0:1)	M (0:1)	M (1:1)
Acquiring Party Account	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Acquiring Party Account - Account Identification	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Acquiring Party Account - Account Name	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Acquiring Party Account - Account Designation	O (0:1)	O (0:1)	O (0:1)	O (0:1)	O (0:1)
Ceding Party	M (1:1)	X	M (1:1)	M (1:1)	X
Ceding Party Account	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Ceding Party Account - Account Identification	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Ceding Party Account - Account Name	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)
Ceding Party Account - Account Designation	O (0:1)	O (0:1)	O (0:1)	O (0:1)	O (0:1)

Delay Reason	X	X	X	X	X
Rejection Details	X	X	X	X	X
Rejection Details - Rejection Reason	X	X	X	X	X
Rejection Details - Rejection Reason Clarification	X	X	X	X	X
Rejection Details – Extended Rejection Details	X	X	X	X	X
Market Practice Version	M (1:1)	M (1:1)	M (1:1)	M (1:1)	M (1:1)

Figure 9 – Transfer Message Data

3.2.2 Delay/Rejection Messaging

Field	Delay	Rejection
Acquiring Party Transfer Reference	X	X
Asset Transfer Reference	M (1:1)	M (1:1)
Transfer Confirmation Reference	X	X
Transfer Timestamp	X	X
Fund - ISIN	X	X
Fund - Fund Manager	M(1:1)	M(1:1)
Instructed Quantity - 100% of Holdings	X	X
Instructed Quantity - Total Unit Amount	X	X
Instructed Quantity - Group 1 Unit Amount	X	X
Instructed Quantity - Group 2 Unit Amount	X	X
Confirmed Quantity - Total Unit Amount	X	X
Confirmed Quantity - Group 1 Unit Amount	X	X
Confirmed Quantity - Group 2 Unit Amount	X	X
Acquiring Party	C (0:1)	C (0:1)
Acquiring Party Account	X	X
Acquiring Party Account - Account Identification	X	X
Acquiring Party Account - Account Name	X	X

Acquiring Party Account - Account Designation	X	X
Ceding Party	C (0:1)	C (0:1)
Ceding Party Account	X	X
Ceding Party Account - Account Identification	X	X
Ceding Party Account - Account Name	X	X
Ceding Party Account - Account Designation	X	X
Delay Reason	O (0:1)	X
Rejection Details	X	M (1:1)
Rejection Details - Rejection Reason	X	C (0:1)
Rejection Details - Rejection Reason Clarification	X	C (0:1)
Rejection Details – Extended Rejection Details	X	C (0:1)
Market Practice Version	M (1:1)	M (1:1)

Figure 10 – Delay/Reject Message Data

3.3 ISO Message Usage

- (.1) The following ISO messages are used within the portfolio transfer exchange:

Exchange	ISO Message
Transfer Out Instruction	TransferOutInstructionV04 (sese.001.001.04)
Transfer Out Confirmation	TransferOutConfirmationV04 (sese.003.001.04)
Transfer In Confirmation	TransferInConfirmationV04 (sese.007.001.04)
Delay	TransferInstructionStatusReportV03 (sese.011.001.03)
Rejection	TransferInstructionStatusReportV03 (sese.011.001.03)

Figure 11 – ISO Messages

- (.2) Each message must specify a unique Message Id generated by the sender which can be used to identify the message.
- (.3) Each message must specify a creation timestamp indicating when the message was generated.
- (.4) Where an ISO message used requires the inclusion of extension data fields, the type of the data item and it's formatting along with the location of the extension field will be defined in MyStandards usage comments.
- (.5) Any text based data value used to populate a field within an ISO message shall only use characters from the Basic Latin character set.

- (.6) All date time values specified within an ISO message shall either explicitly specify a time zone or indicate that they are UTC values (e.g. 2015-03-01T12:00:00+01:00 or 2015-03-01T12:00:00Z).
- (.7) Any text based data value used to populate a field within an ISO message which is not large enough to fit the whole of the data should be truncated unless otherwise stated for that data item.
- (.8) Where the ISO message mandates the use of an element which is not relevant to this market practice, documentation within MyStandards will indicate the field as SMPGIgnored. A field labelled in this way can have any schema valid value but should not be inspected or validated in any way by any party as part of the transfer process.

4 EXAMPLE TRANSFER SCENARIOS

4.1 Nominee to Nominee Transfer

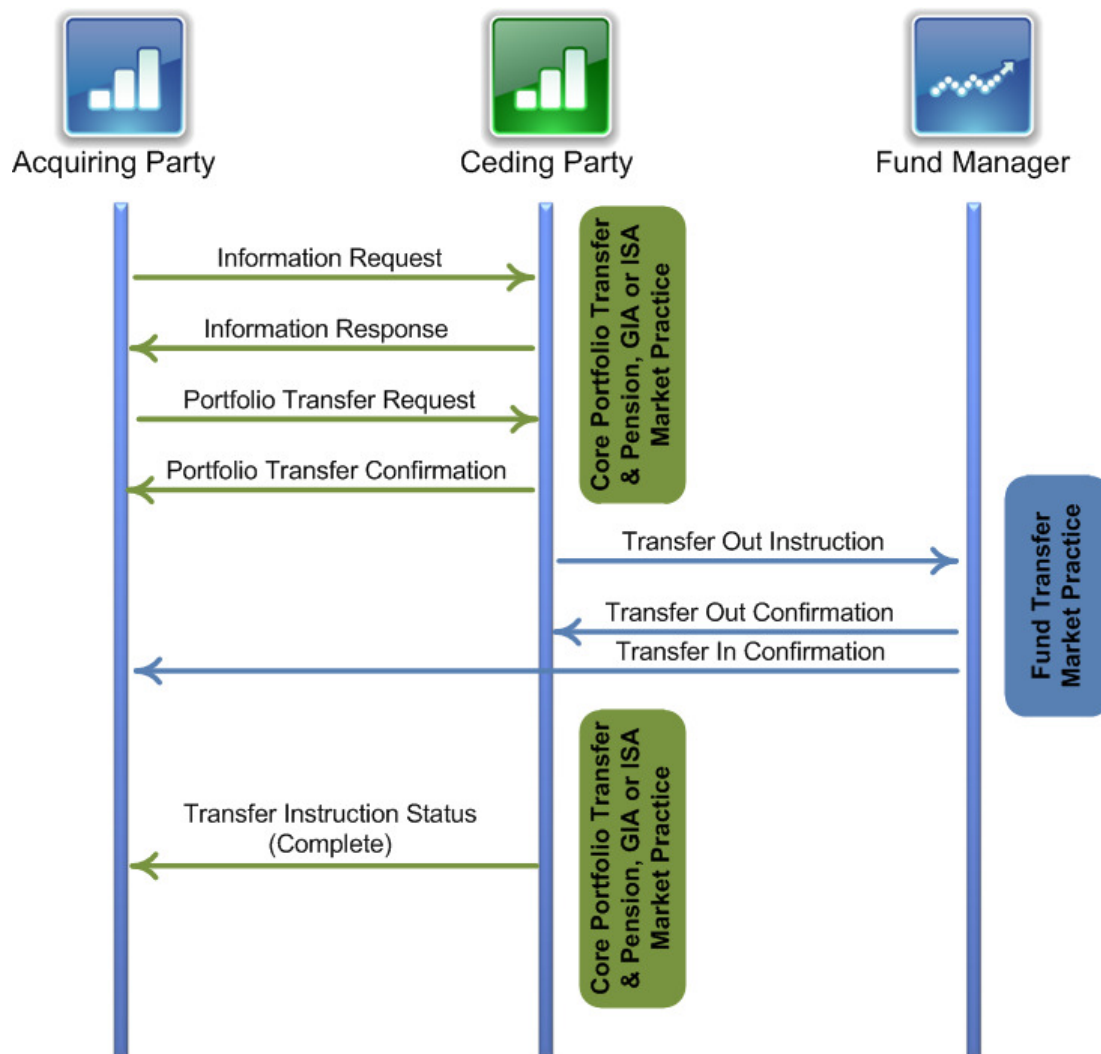


Figure 12 – Nominee to Nominee Transfer

- (.1) This scenario concerns the transfer of a portfolio (a pension, ISA or GIA) containing funds all of which are to be transferred in specie. The portfolio is transferred between two nominees holding the funds on behalf of the customer.
- (.2) In addition to this Fund Transfer market practice, this example uses The Core Portfolio Transfer Market Practice combined with one of Pension, ISA or GIA Transfer Market Practice to support the portfolio transfer.

4.2 Customer to Nominee Transfer

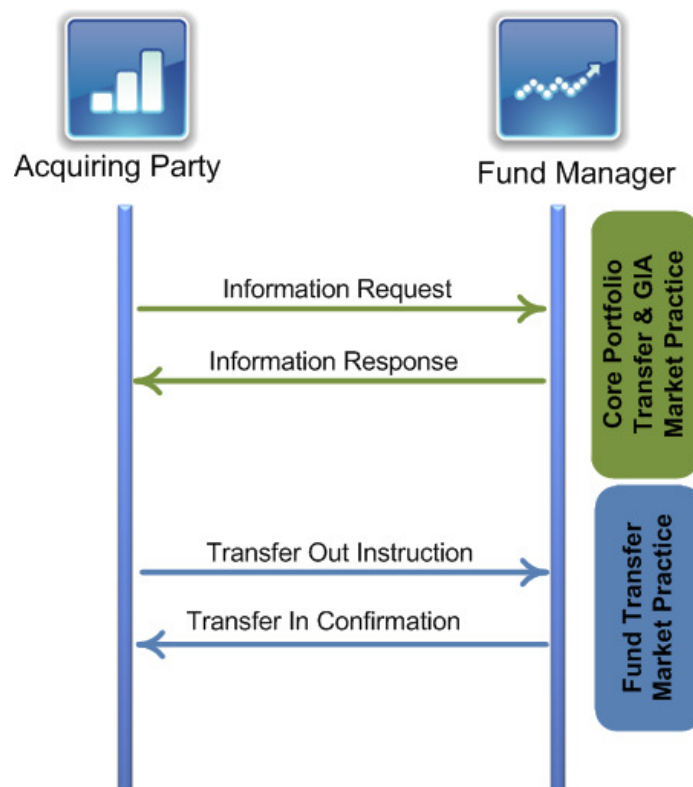


Figure 13 – Customer to Nominee Transfer

- (.1) This scenario concerns the transfer of a portfolio (a GIA) containing funds all of which are to be transferred in specie. The funds are currently held in the customer's own name with the Fund Manager.
- (.2) In addition to this Fund Transfer market practice, this example uses The Core Portfolio Transfer Market Practice combined with the GIA Transfer Market Practice to support the portfolio transfer.
- (.3) The Fund Manager may also notify the customer of the transfer but this is outside the scope of the market practice.

4.3 Nominee to Customer Transfer

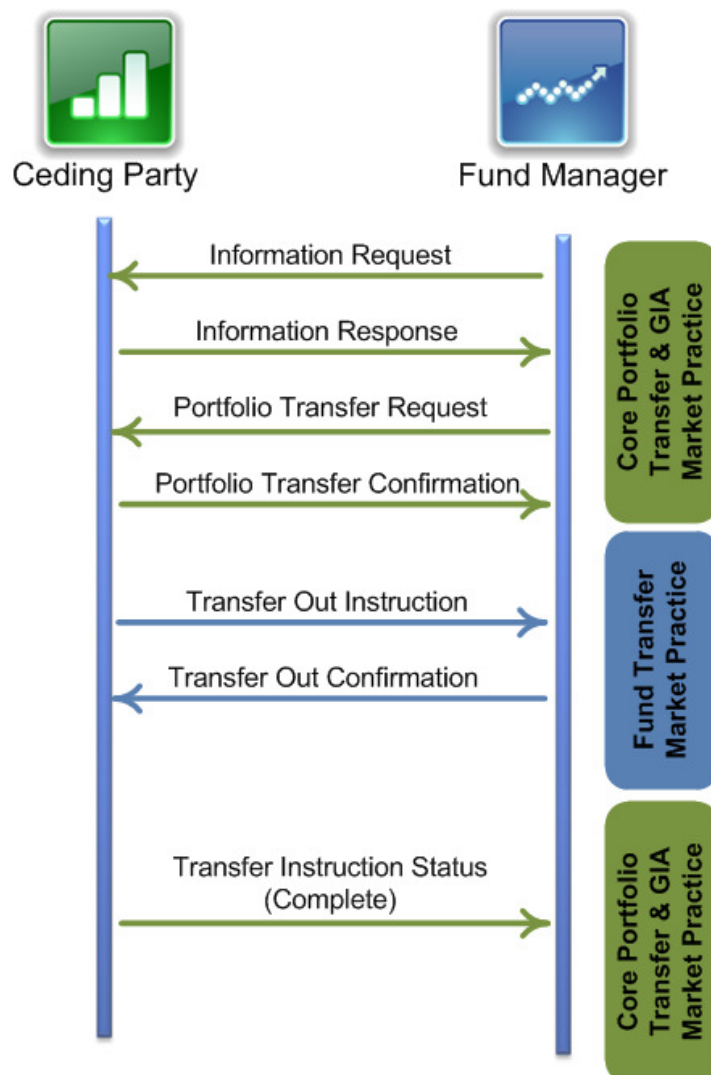


Figure 14 – Nominee to Customer Transfer

- (.1) This scenario concerns the transfer of a portfolio (a GIA) containing funds all of which are to be transferred in specie. The funds are to be transferred to an account held in the customer's own name with the Fund Manager.
- (.2) In addition to this Fund Transfer market practice, this example uses The Core Portfolio Transfer Market Practice combined with the GIA Transfer Market Practice to support the portfolio transfer.
- (.3) The Fund Manager may also notify the customer of the transfer but this is outside the scope of the market practice.

End of Document