UK FUNDS MARKET PRACTICE GROUP
INVESTMENT PORTFOLIO AND FUND TRANSFERS
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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 one or more investment fund assets, as well as uninvested cash balances held within the portfolio, between securities 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); and
- distributors of investment funds

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; for example, where one or both parties to the transfer are CREST participants. 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 development of this document:

Actuare Limited
Altus Limited
Ascentric
Bravura Solutions (UK) Limited
Calastone
Cboxx Limited
Cofunds Limited
Euroclear UK & Ireland
Fidelity FundsNetwork
Fidelity International
International Financial Data Services
Investment Management Association
Integrated Financial Arrangements plc
Invesco Perpetual
Origo Services Limited
Pershing Limited
Skandia UK
SWIFT
Tax Incentivised Savings Association

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 will be deprecated in November 2013.

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 will also be deprecated in November 2013.

November 2013 – Version 2.1 - An upgrade of Version 2.0 for the 2013 ISO messages and other minor enhancements. For live use from November 2013.

November 2013 Transitional – Version 1.1 – – The market practice defined by this document and complementary message definitions in SWIFT's MyStandards. 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 (see section 7.7). For live use from November 2013 and expected to be deprecated before the end of 2014.

The expectation is that from November 2013 and until version 1.1 is deprecated all participants will support version 1.1 and some participants will also support version 2.1.

2. SCOPE

Products and services

This market practice considers the transfer of portfolios of one or more investment fund holdings, with or without an ISA wrapper.

The transfer of Cash ISAs is considered to the extent that they concern money market or other funds that qualify to be held within a cash ISA. The transfer of bank deposit ISAs is, however, out-of-scope.

Processes

This document considers the following processes relating to the transfer of investment fund 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;
- 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, and with any intermediary or intermediate account provider that lies between them and the principal parties, are not considered in this document. The handling of residual cash balances arising from dividends, interest, tax credits etc. that are received after completion of the transfer process also does not form part of this 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 practices 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 in connection with the transfer of their portfolio from one provider to another. Such conversions will be effected separately before or 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.

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
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
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.

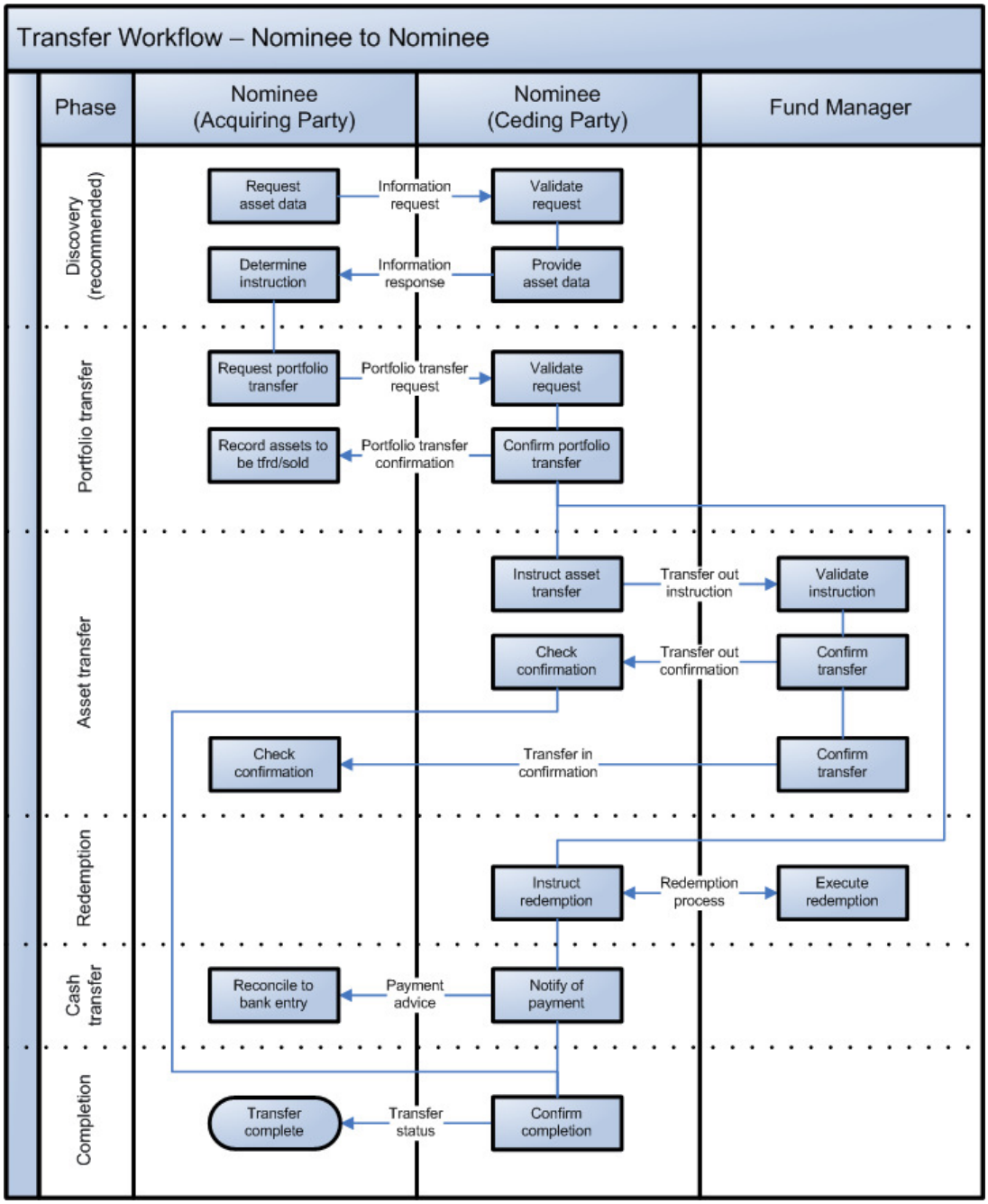
Actor	Description	Synonyms	Typical roles
Bank	Deposit-taking institution that provides bank deposit ISAs	Payment institution	Ceding Party
Custodian	An entity that provides securities accounts for the purposes of holding assets on behalf of customers.		Acquiring Party Ceding Party
Customer	The ultimate 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, eg. ISA management, 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

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	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

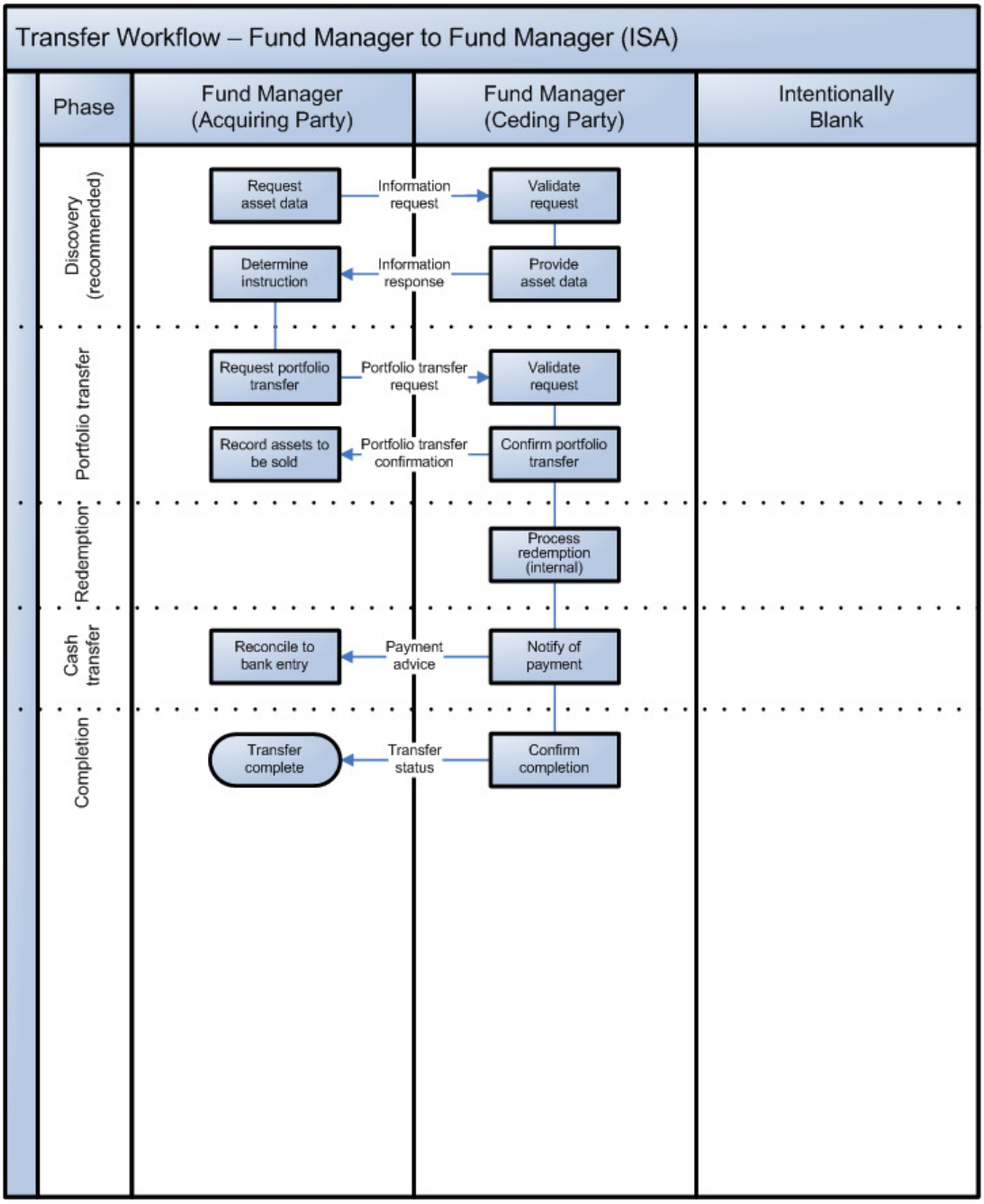
The following diagrams provide overviews of the six transfer processes within the scope of this document.

4.1 Nominee to Nominee

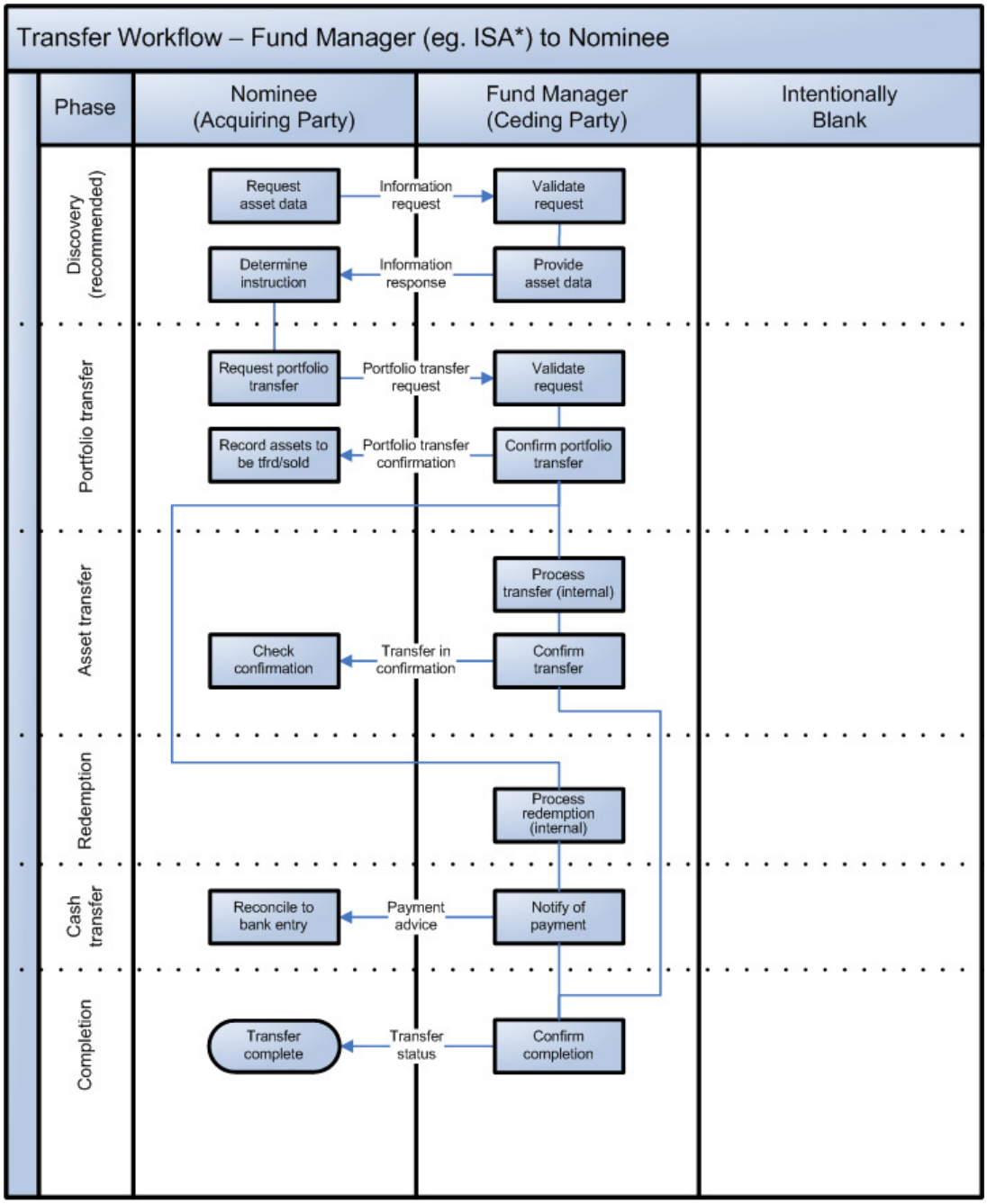


Exceptionally, some Ceding Parties may hold investments in a combination of nominee name for third party funds, and the customer's own name for in-house funds. In such instances the Acquiring Party might send a single portfolio transfer request for the entire portfolio and receive a corresponding portfolio 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

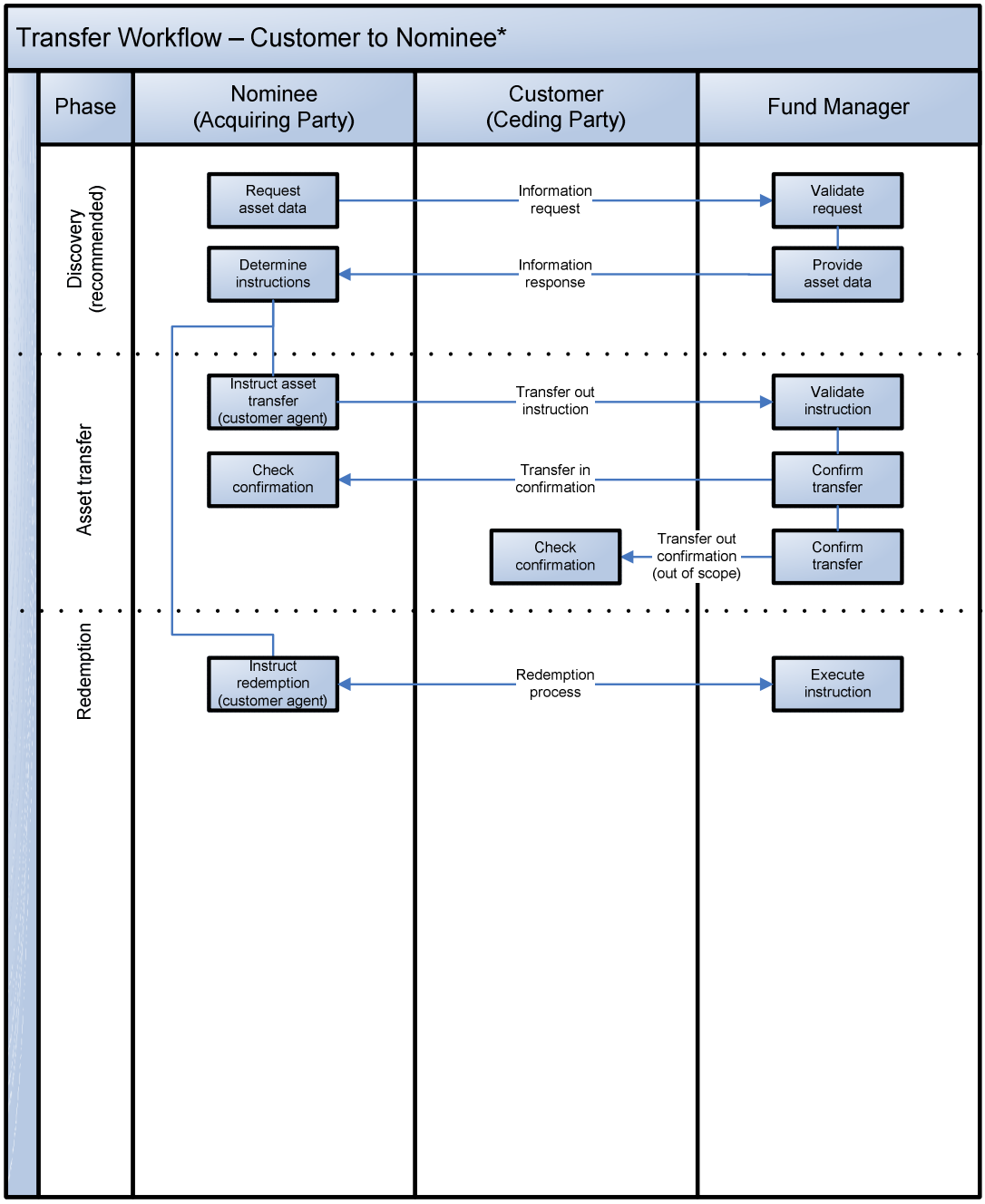


4.3 Fund Manager to Nominee



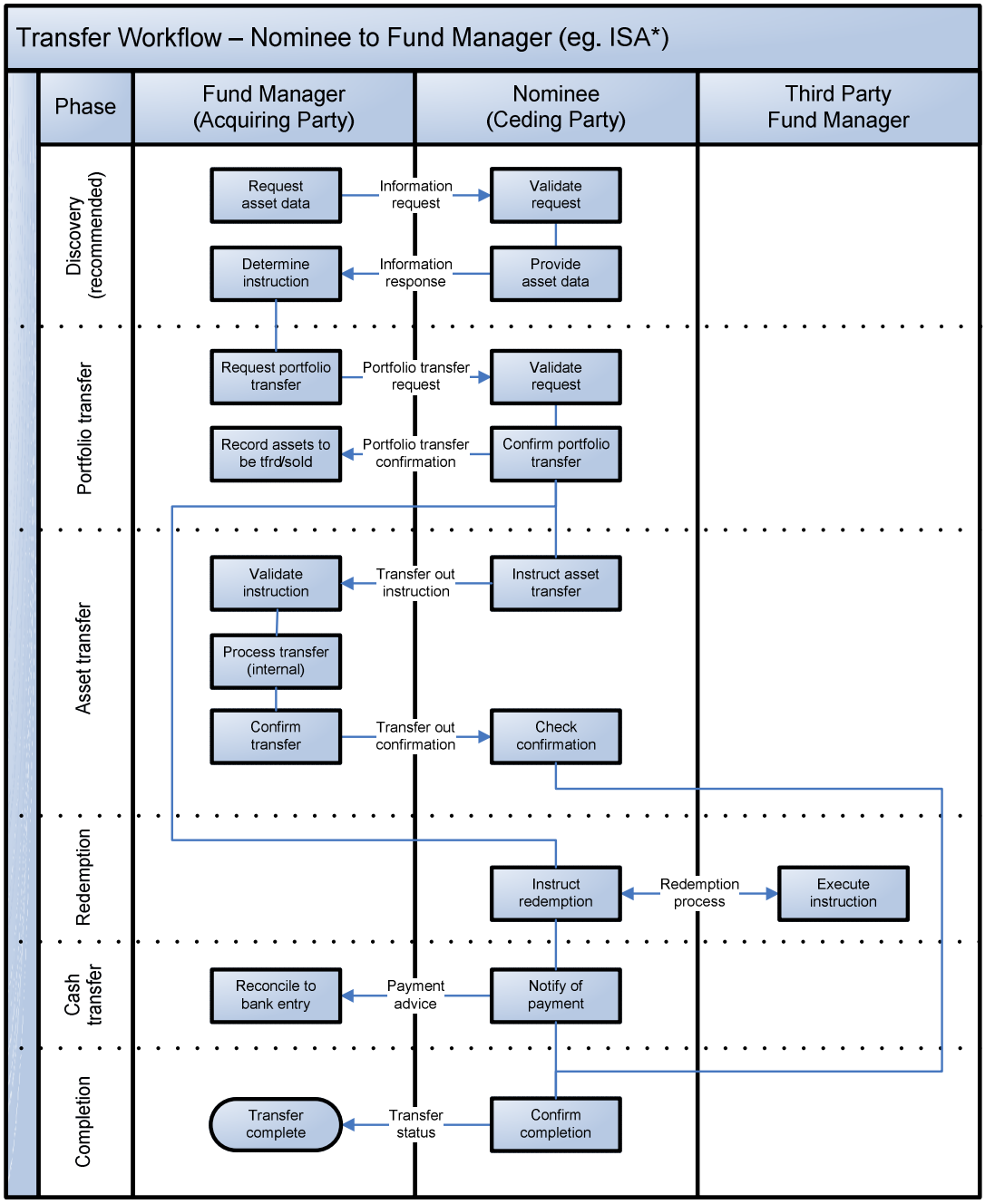
* Also unwrapped, where investments held in name of Fund Manager or its nominee

4.4 Customer to Nominee



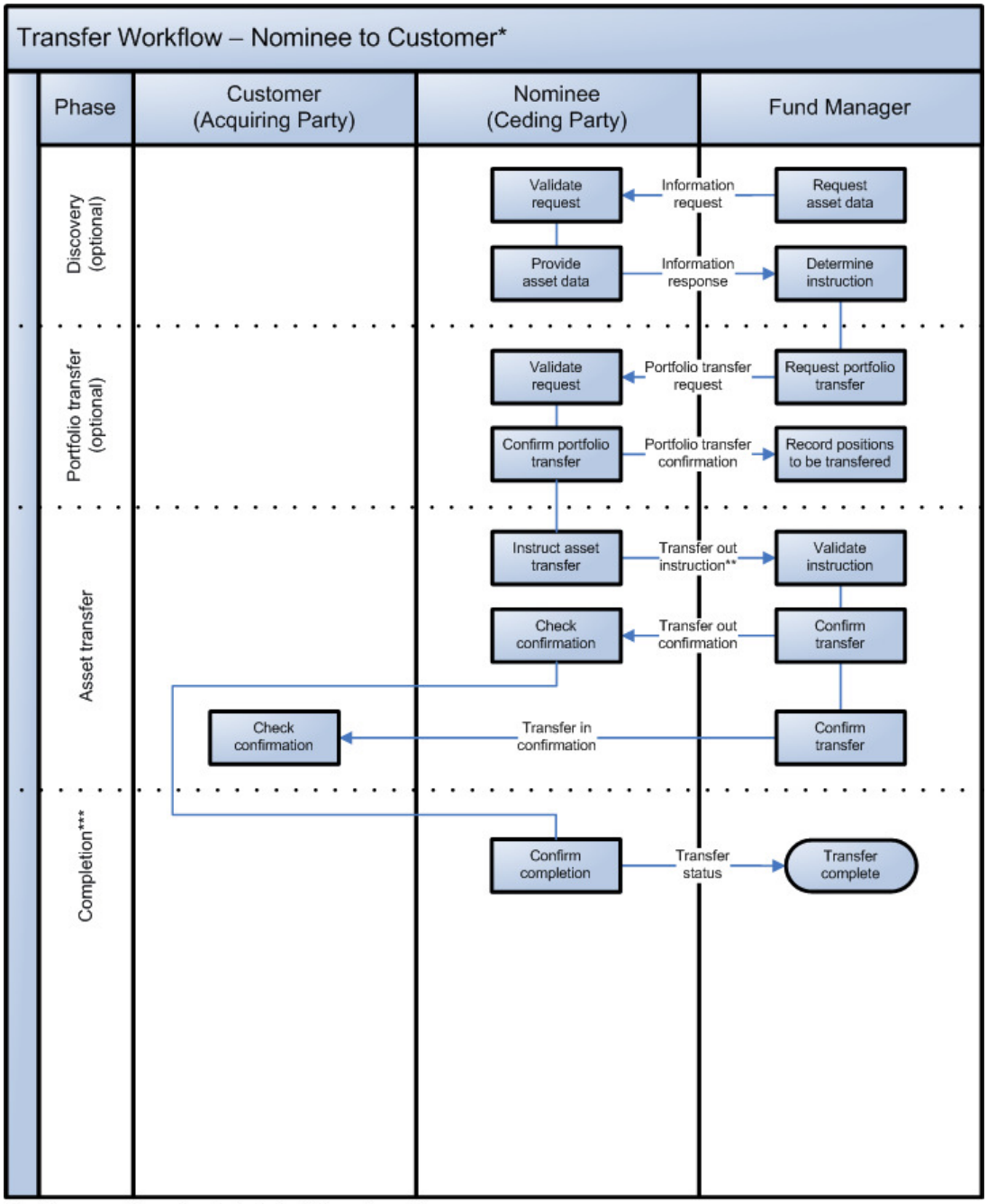
* Unwrapped investments held in customer's own name

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

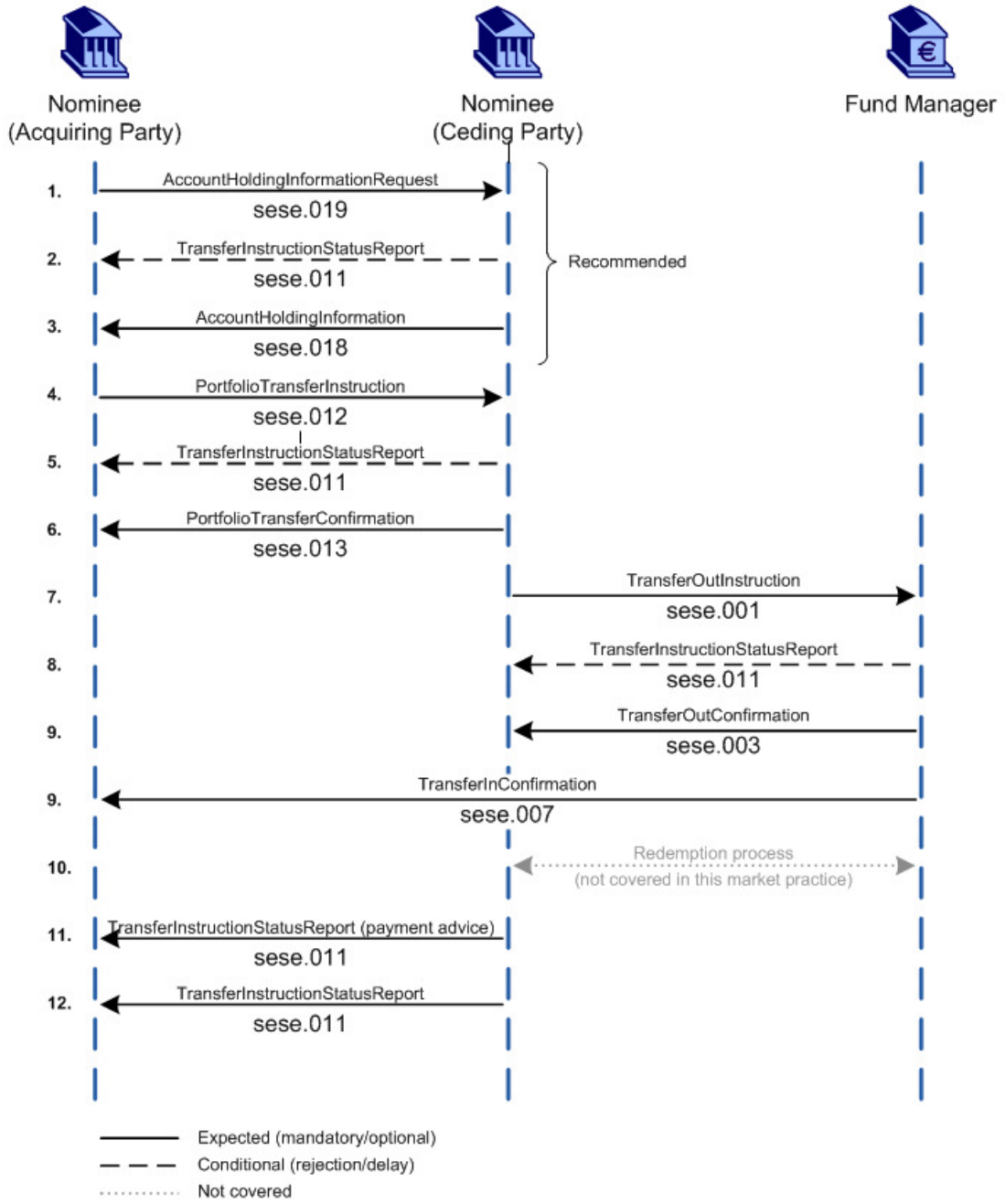


* Unwrapped investments to be held in customer's own name
** Plus account opening details where receiving account does not already exist (if Portfolio Transfer phase not used)
*** If portfolio transfer process used

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 16)

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 Party[1].

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).

Cash transfer

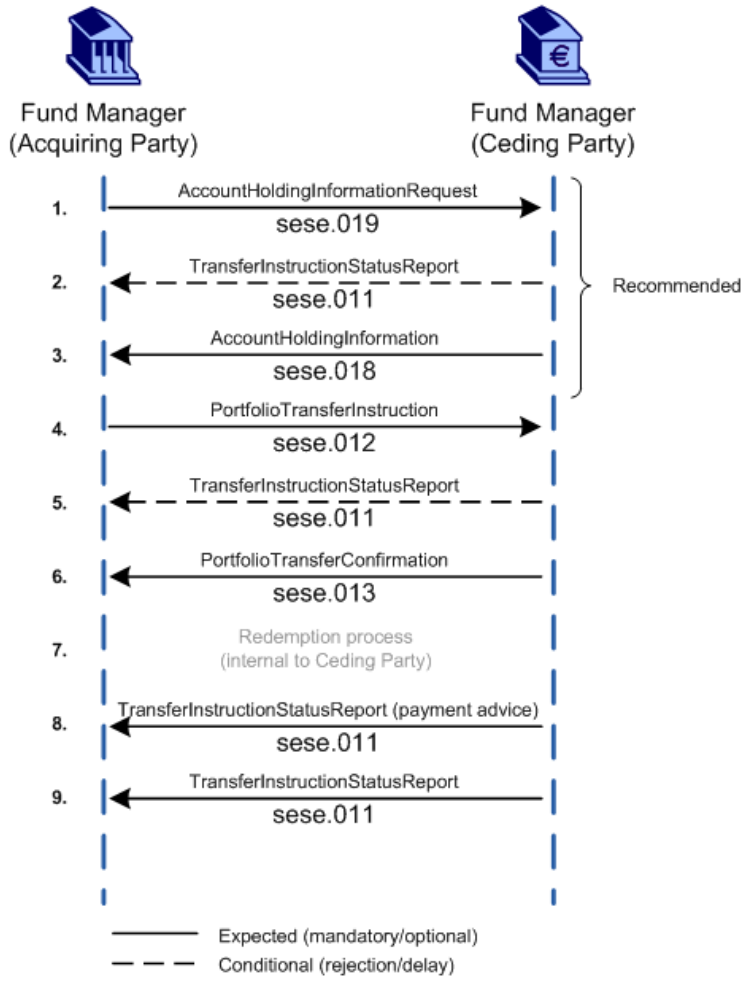
11. When remitting any monies to the Acquiring Party, the Ceding Party sends it a payment advice using the TransferInstructionStatusReport message (sese.011). One or more payments may be involved, each of which should be the subject of a separate payment advice.

Completion

12. 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.

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.

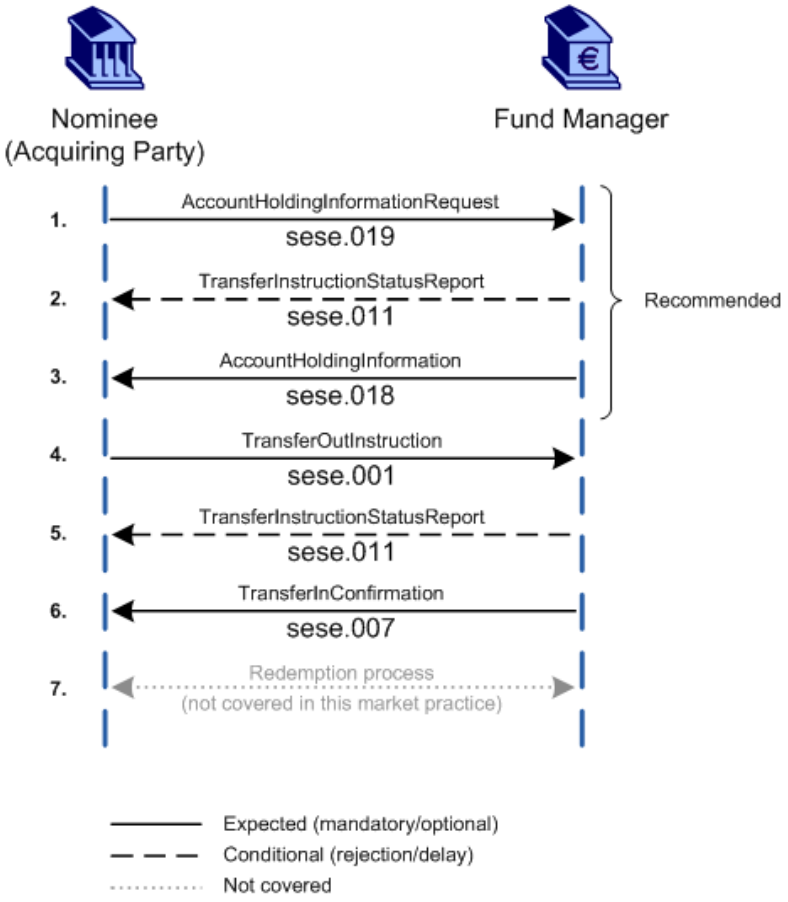
Cash transfer

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.

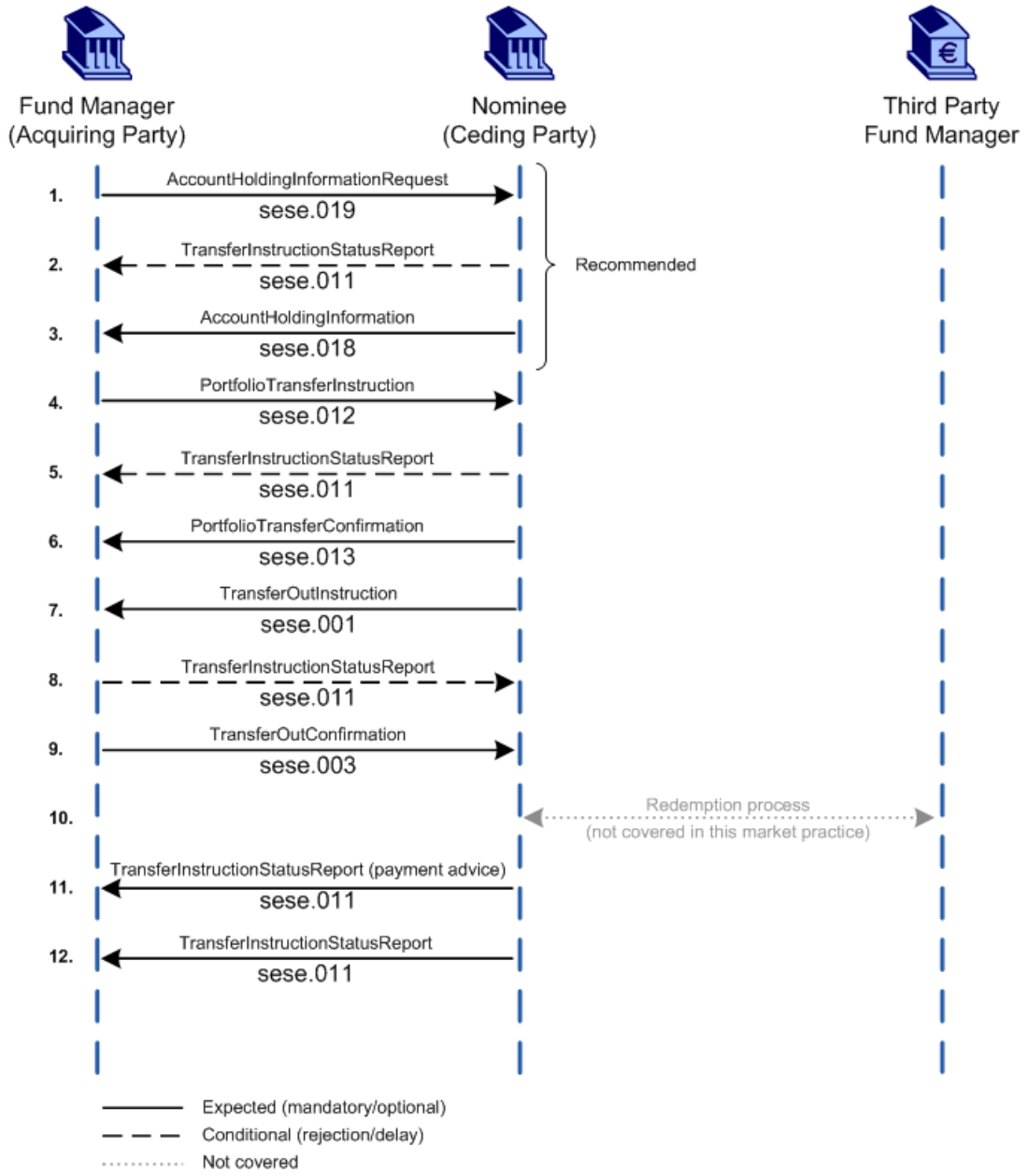
6. When it has updated the fund register, the Fund Manager sends a TransferInConfirmation message (sese.007) to the Acquiring Party. It also advises the customer that the shares have been transferred, by whatever mechanism is most appropriate.

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).

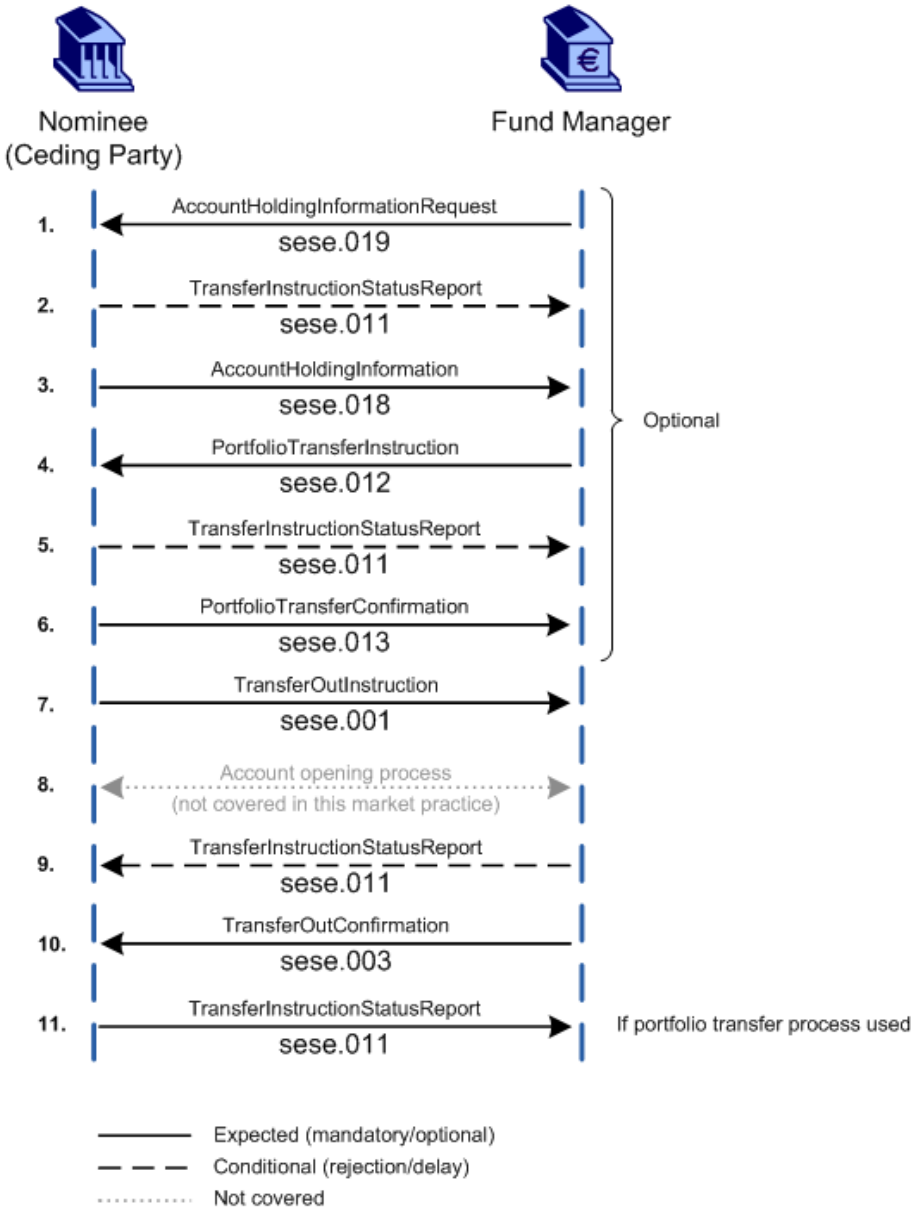
Cash transfer

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 DATA REQUIREMENTS

This section describes the business information that will be needed for the business process to take place. The sections below consider the eight key phases of the process that fall within the scope of this document, as follows:

- Information request
- Information response/rejection
- Portfolio transfer request
- Portfolio transfer status/confirmation
- Asset transfer instruction
- Asset transfer status/confirmation
- Cash transfer
- Completion

6.1 Information request

The AccountHoldingInformationRequest message (sese.019) is used by the Acquiring Party to alert the Ceding Party of an impending request to transfer and to request information concerning the assets held currently in the Customer's portfolio. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

6.2 Information response/rejection

The AccountHoldingInformation message (sese.018) is used by the Ceding Party to advise the Acquiring Party of the assets held currently by the Customer. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

Where the information request is accepted but cannot be auctioned within agreed service level deadlines, or is to be rejected, for example because the account concerned does not exist, the generic TransferInstructionStatusReport message (sese.011) is used by the Ceding Party to advise the Acquiring Party of that fact. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

6.3 Portfolio transfer request

The PortfolioTransferInstruction message (sese.012) is used by the Acquiring Party to request the Ceding Party to arrange for the transfer of the portfolio and provide instructions at asset level concerning their transfer or sale, as required. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

6.4 Portfolio transfer status/confirmation

The TransferInstructionStatusReport message (sese.011) is used by the Ceding Party to advise the Acquiring Party either:

(a) that it has received and accepts the transfer request, but is unlikely to be able to issue a confirmation within agreed service level deadlines; or

(b) where it has cause to reject the transfer request.

For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

The PortfolioTransferConfirmation message (sese.013) is sent by the Ceding Party to the Acquiring Party to confirm that it is actioning the transfer request and arranging for assets to be transferred or redeemed, as instructed. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

6.5 Asset transfer instruction

The TransferOutInstruction message (sese.001) is used either:

(a) by the Ceding Party to instruct the Fund Manager to re-register units from its account to that of the Acquiring Party; or

(b) in the "Customer to Nominee" scenario only, by the Acquiring Party when it is authorised to act on behalf of the Customer, to instruct to Fund Manager to re-register units from the Customer's account to its own account.

For detailed recommendations regarding message element usage, please refer to NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

6.6 Asset transfer status/confirmation

The TransferInstructionStatusReport message (sese.011) is used by the Fund Manager to advise the Ceding or Acquiring Party that has sent the transfer instruction either:

(a) that it has received and accepts the transfer instruction, but is unlikely to be able to issue a confirmation within agreed service level deadlines; or

(b) where it has cause to reject the transfer instruction.

For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

The TransferOutConfirmation message (sese.003) is sent by the Fund Manager to the Ceding Party to confirm that it has re-registered the units as requested in the transfer instruction. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

The TransferInConfirmation message (sese.007) is sent by the Fund Manager to the Acquiring Party to confirm that it has re-registered the units as requested in the transfer instruction. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

6.7 Cash transfer

The TransferInstructionStatusReport message (sese.011) is used by the Ceding Party to advise the Acquiring Party of any cash transfer that is being made in order that the Acquiring Party is able to identify the payment received in its bank account. For detailed recommendations regarding message element usage, please refer to NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

6.8 Completion

The TransferInstructionStatusReport message (sese.011) is used by the Ceding Party to advise the Acquiring Party that all asset and cash transfers have been completed in relation to a particular customer migration. For detailed recommendations regarding message element usage, please refer to the NMPG-GB-IF-Transfers-Nov2013-Transitional usage guidelines on www.swift.com/mystandards.

7. ADDITIONAL NOTES

7.1 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.

7.2 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.

7.3 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 may either reject the request as above or proceed with the transfer and report the zero balance in the transfer confirmation.

7.4 Incomplete Portfolios

Where a Ceding Party is unable to respond with all of the assets held then the request should be rejected.

7.5 Payment Instructions

All 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 according to pre-existing standing settlement instructions. Payment instructions are therefore not considered in the message usage guidelines.

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.

7.6 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).

7.7 Intermediate Nominees

This version of the market practice does not support intermediate nominees. However, a change that relates to intermediate nominees has been introduced to help with the market transition from version 1.1 to version 2.1. This change will facilitate scenarios where parties using version 2.1 to instruct an intermediate nominee, need also to converse with parties using version 1.1.

The Portfolio Transfer Instruction and Confirmation messages now include the BIC of the receiving party for each asset line. The Ceding Party should use this BIC to identify the receiving party in the Transfer Out Instruction sent to the Fund Manager.

Where both Acquiring and Ceding Parties support only version 1.1 then the BIC of the receiving party for all asset lines will simply be set to the Acquiring Party.

Where the Acquiring Party uses an intermediate nominee (using version 2.1 of the market practice or some other mechanism outside of the scope of this document) then the BIC of the receiving party for a given asset line may refer to the intermediate nominee rather than the Acquiring Party. However, in all cases the Ceding Party is simply required to copy the receiving party BIC from the relevant asset line in the Portfolio Transfer Instruction to the Transfer Out Instruction.

Where the Ceding Party uses an intermediate nominee (using version 2.1 of the market practice or some other mechanism outside of the scope of this document) then the Acquiring Party may receive a Transfer In Confirmation containing the BIC of that intermediate nominee rather than the BIC of the Ceding Party (as would normally be expected where both Acquiring and Ceding Parties support only version 1.1). This should be considered a valid message.