



SECURITIES MARKET PRACTICE GROUP

**SMPG**

**UK FUNDS MARKET PRACTICE GROUP  
TRANSFERS FOR INTERMEDIATE NOMINEES  
NOVEMBER 2015**

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Version 2.2	Final	First publication based on an addendum from Version 2.1 of the UKFMPG Transfers market practice.	8 December 2014

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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 assets held with intermediate nominees rather than directly with the underlying registrar.

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 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	Investment Management Association
Actuare Limited	Integrated Financial Arrangements plc
Allfunds Bank	Invesco Perpetual
Altus Limited	Nucleus
Ascentric	Old Mutual
Barclays	Origo Services Limited
Bravura Solutions (UK) Limited	Pershing Limited
BNY Mellon	Sanlam
Calastone	SEI
Cofunds Limited	Standard Life
Euroclear UK & Ireland	SWIFT
Fidelity FundsNetwork	TISA
Fidelity International	Transact
HSBC	Vanguard
International Financial Data Services	

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.

October 2012 – Version 2.0 – An extension to the original UKFMPG Transfers 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. Documented as part of the UKFMPG Transfers market practice. 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 and now a separate market practice. For live use from November 2015.

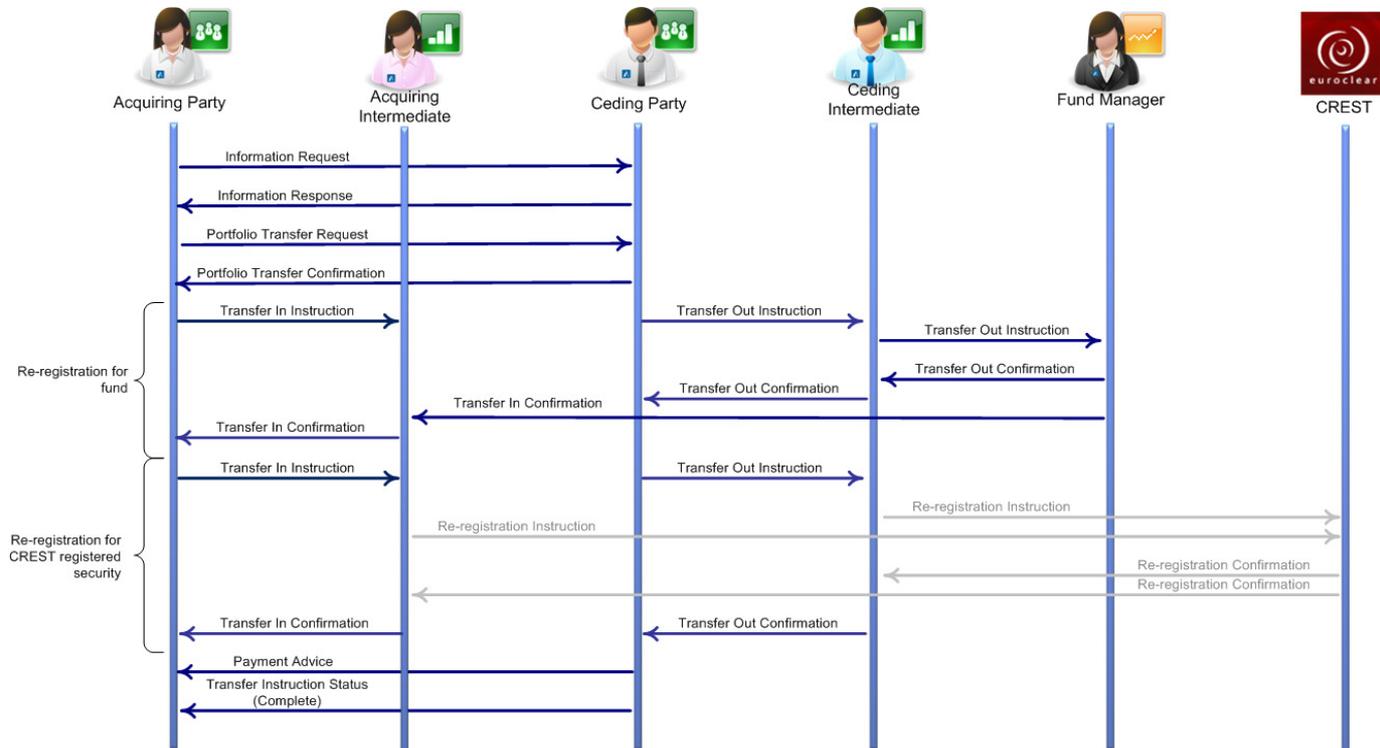
### Additional Documentation

The transfers market practice for intermediate nominees 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](http://www.swift.com/mystandards).

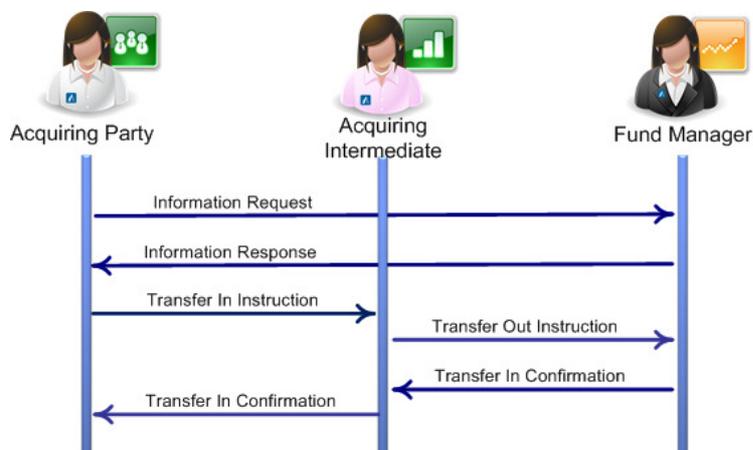
## 2. OVERVIEW

This market practice for intermediate nominees is intended to be used in conjunction with the UKFMPG Transfers market practice for investment portfolio and fund transfers. The diagram below illustrates how the market practices will work in combination. The example shown is the transfer of a portfolio containing one fund and one CREST registered security.



When used in this scenario the ultimate Acquiring Party portfolio transfer reference should be passed in all transfer instructions and confirmations. This will support the Acquiring Intermediate in matching Transfer In Instructions to Transfer In Confirmations.

Where funds are held in own name, the conventions described in the portfolio market practice will be followed. For nominee to own name transfers, the ceding party will instruct its intermediate nominee to issue an appropriate transfer out instruction. For own name to nominee transfers, the transfer out instruction will be issued by the acquiring intermediate nominee as shown below.



### 3. SCOPE

This intermediate nominee market practice allows the owner of assets (typically the acquiring or ceding party in a broader portfolio transfer process) to instruct the intermediate nominee with whom those assets are held to:

- Transfer assets out to a third party
- Transfer assets in from a third party

Those assets may be:

- 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)

The processing of portfolio transfers and the re-registration of assets with the underlying transfer agent or CREST is out of scope for this intermediate nominee market practice document. For further information please refer to UKFMPG Transfers market practice for investment portfolio and fund transfers.

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.

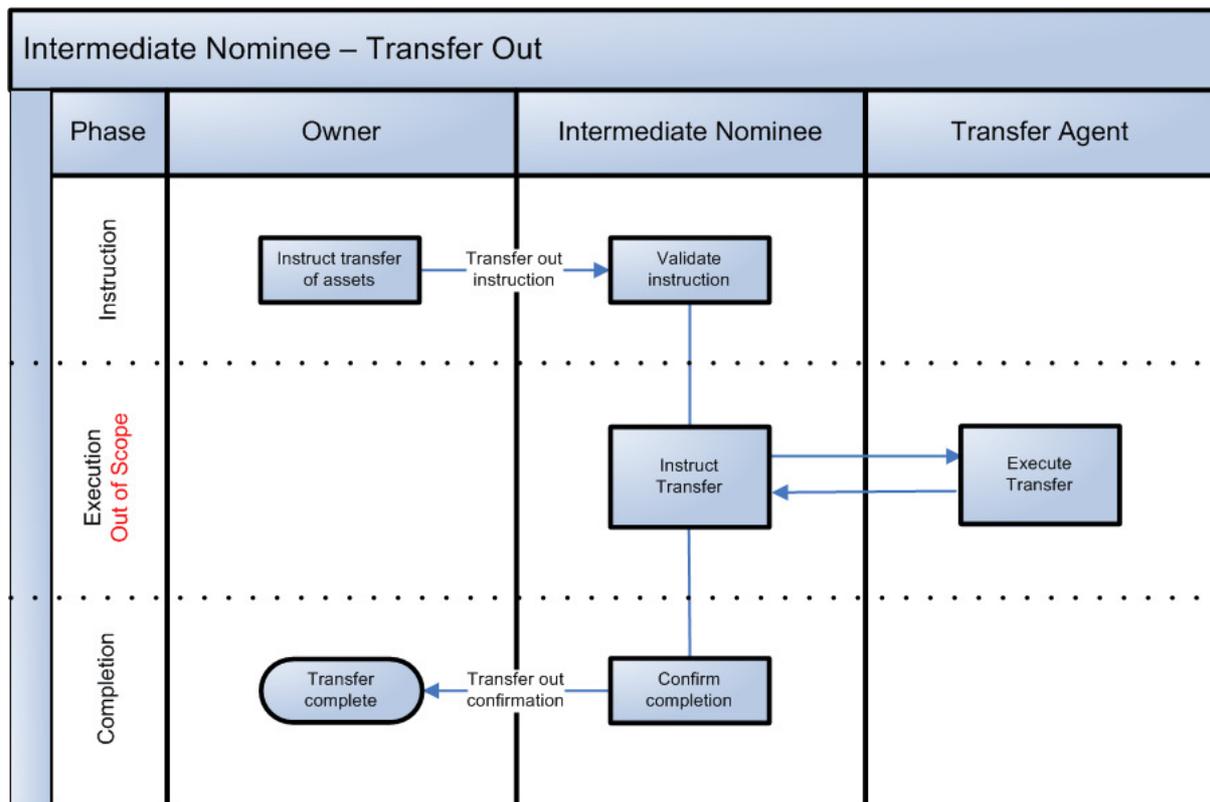
#### 4. ROLES AND ACTORS

This section describes the roles played in the transfer process.

Owner	Intermediate Nominee	Transfer Agent
The party that owns the assets held with the Intermediate Nominee. Typically this is the acquiring or ceding party in a portfolio transfer.	The party that holds the assets on behalf of the Owner.	The party that is ultimately responsible for the maintenance of the register of unit holders. This is the transfer agent for funds or CREST for CREST-registered securities.

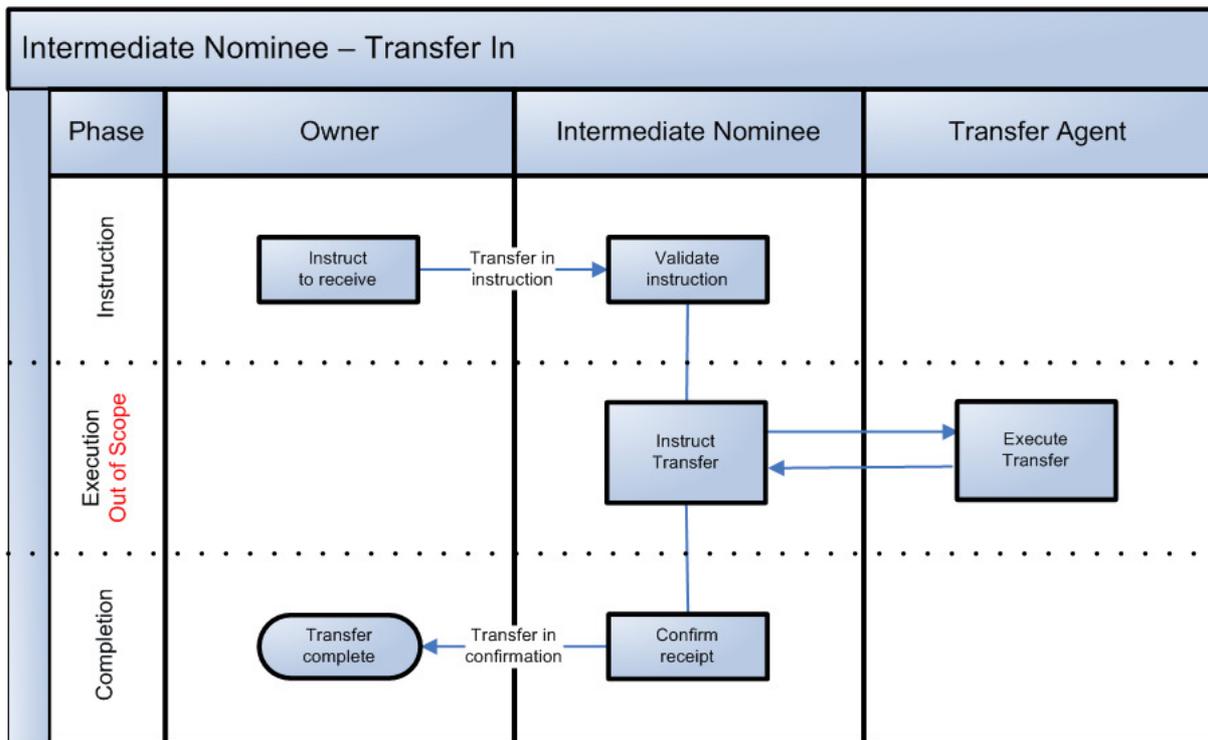
#### 5. ACTIVITY DIAGRAMS

##### 5.1 Transfer Out



*The process for instructing the transfer agent or CREST to re-register the asset is outside the scope of this transfers market practice for intermediate nominees. For further information please refer to the UKFMPG Transfers market practice for investment portfolio and fund transfers or the relevant CREST documentation.*

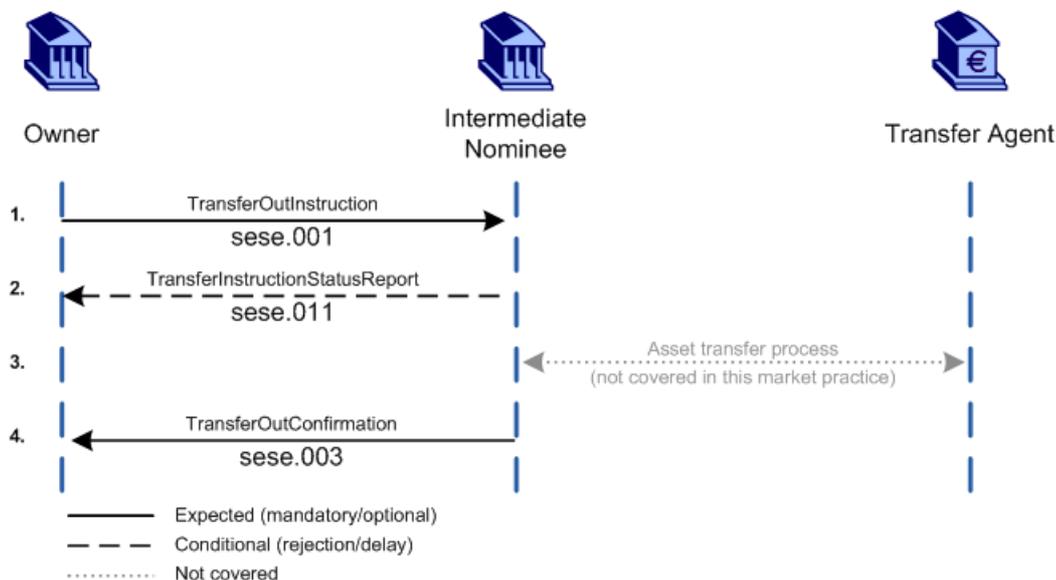
## 5.2 Transfer In



*The process for instructing the transfer agent or CREST to re-register the asset is outside the scope of this transfers market practice for intermediate nominees. For further information please refer to the UKFMPG Transfers market practice for investment portfolio and fund transfers or the relevant CREST documentation.*

## 6. SEQUENCE DIAGRAMS

### 6.1 Transfer Out



#### Process

Note: It is assumed that all required accounts with intermediate nominees 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.

#### *Asset transfer*

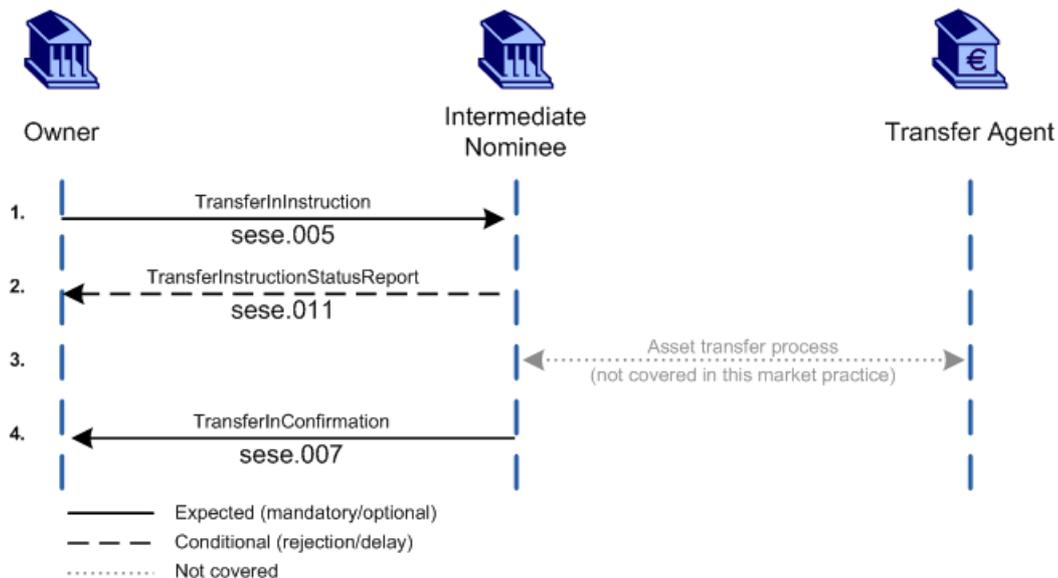
1. The Owner instructs the Intermediate Nominee using a TransferOutInstruction message (sese.001) for the asset to be transferred.
2. The Intermediate Nominee should respond with a TransferInstructionStatusReport message (sese.011) in the following situations:
  - (a) in order to acknowledge receipt 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.
3. *The process for instructing the transfer agent or CREST to re-register the asset is outside the scope of this transfers market practice for intermediate nominees. For further information please refer to the UKFMPG Transfers market practice for investment portfolio and fund transfers or the relevant CREST documentation.*

*Where the third party to whom the assets are being transferred also has an account with the Intermediate Nominee then the transfer process may simply be a case of the*

*Intermediate Nominee updating the two internal accounts and no dialogue with the underlying transfer agent would be necessary.*

4. When it has successfully transferred the asset, the Intermediate Nominee sends a TransferOutConfirmation message (sese.003) to the Owner.

## 6.2 Transfer In



### Process

Note: It is assumed that all required accounts with intermediate nominees 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.

### *Asset transfer*

1. The Owner instructs the Intermediate Nominee using a TransferInInstruction message (sese.005) for the asset to be transferred.
2. The Intermediate Nominee 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.
3. *The process for instructing the transfer agent or CREST to re-register the asset is outside the scope of this transfers market practice for intermediate nominees. For further information please refer to the UKFMPG Transfers market practice for investment*

*portfolio and fund transfers or the relevant CREST documentation.*

*Where the third party from whom the assets are being transferred also has an account with the Intermediate Nominee then the transfer process may simply be a case of the Intermediate Nominee updating the two internal accounts and no dialogue with the underlying transfer agent would be necessary.*

4. When it has successfully transferred the asset, the Intermediate Nominee sends a TransferInConfirmation message (sese.007) to the Owner.

## **7. BUSINESS PROCESS**

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

## **8. 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](http://www.swift.com/mystandards).