

Management of settlement instructions on funds in case of delays (Funds)

Versioning	Version	1.0
	Publication date	April 6th, 2016

I. DESCRIPTION OF THE EXISTING PRACTICE & OF THE IMPACTS

Description of the existing practice	<p>The French market has implemented a practice as regards the settlement of orders on funds, in case the transfer agent is in no capacity to communicate the settlement instruction in the previously agreed upon delays.</p> <p>Even if the order confirmation sent upon receipt of the order (MT509) mentions an intended settlement date which can be kept and communicated to the client, the advice of execution (MT515) as well as the settlement instruction sent to the market can be modified by the transfer agent.</p> <p>In case of force majeure (for instance in the absence of a NAV within the appropriate delays), it is recommended to modify the previously agreed upon intended settlement date, and to postpone to the next business day, to be defined by the transfer agent, upon resolution of the incident.</p> <p>In this case, penalties may have to be paid by a party, depending on their level of responsibility.</p>
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Description of the T2S impact	<p>The French market wishes to maintain this practice today in use across the French fund market (see the 'Charte des Bonnes Pratiques de la Centralisation des OPCVM' published by AFTI in may 2014), in order to avoid regression, and extend it to cross-CSD operations, either as an intermediary in the transmission of orders on foreign funds, or as a Correspondent Transfer Agent or Local Transfer Agent for orders coming from foreign investors.</p>
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Description of the major issue	<p>This practice avoids regression, and the inappropriate payment of settlement penalties, applied by the CSD.</p>
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Description of the roles and	
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**T2S Market Practice Adaptation Workgroup
Market Practice Sheet**



Practice reference: OP-SETTL-RETARD-01

responsibilities of the actors involved (OPTIONAL)	
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Workflows (OPTIONAL)	
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Links with other market practices	
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II. RECOMMENDED MARKET PRACTICE

Recommended practice	The recommendation is to keep the existing practice as described above.
Reasons for the choice	Avoiding regressions and keeping the existing market practice, as well as extending it to cross-CSD operations, either as an intermediary in the transmission of orders on foreign funds, or as a Correspondent Transfer Agent or Local Transfer Agent for orders coming from foreign investors.

Description of the roles and responsibilities of the actors involved (OPTIONAL)	
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Workflows (OPTIONAL)	
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III. IMPLEMENTATION

Implementation timeline	Before the migration to T2S	Upon go live on T2S	After the migration to T2S
	<input type="checkbox"/> Date: _____	<input checked="" type="checkbox"/> Date: 12/09/2016	<input type="checkbox"/> Date: _____