



ViaNova Working Group
Meeting 15th January 2013
Minutes

Location

BlackRock
Drapers Gardens,
12 Throgmorton Avenue,
London EC2N 2DL.

(See below for directions)

Date

15th January 2013

Timing

Start: 10:00

End: 13:00

Attendees

Charles Kilkenny	Actuare
Graham Bright	Actuare
Ben Cocks	Altus
Howard Finnegan	Altus
Luke Carter	Aquila
Andy Grave	Axa Wealth
Hannah Weightman	Axa Wealth
Marc Kavanagh	Axa Wealth
Guido Kautz	BlackRock
Ka Hing Cheung	BlackRock
Keeva Doran	Brown Brothers Harriman
Gemma Marshall	Calastone
Paul Jacobs	Calastone
Steve Wallace	Idea Group (Chair)
Kevin Watts	Legal & General Investment Management
Sonia Cudjoe	Legal & General Investment Management
Jon Oakley	Mercer
Jackie Donohoe	Standard Life
Katrina Greenslade	Swift
David Cole	Towers Watson

Apologies from

Paul Latimer	Barnett Waddingham
Tim Scholes	Barnett Waddingham
Trevor Brown	Bravura Solutions
Jonathan Papier	Hymans Robertson



Phil King	Punter Southall
Keiron Snow	Skandia
Andy Hussey	Towers Watson
Robert Campbell	Xafinity Paymaster

Minutes

Many thanks to Guido Kautz and the team at BlackRock for hosting this meeting.

1 Review minutes of the previous meeting

Owing to the long gap since the previous meeting two sets of minutes, 23 March 2010 and the conference call of 22 June 2010, were reviewed to get an idea of the activity of the group at that time.

In 2010 the ViaNova working group raised a change request – this was a broad reaching change request calling for “the harmonisation of bank identifier elements between the funds order message set and the payment instruction messages. The purpose is to take advantage of the inclusive bank account identification method used in the PAIN messages, which enable multiple identifiers to be passed in payment instructions.”

This change request was duly submitted and we believe it has been approved, however there is currently a change control freeze on ISO SETR order messages due to the mandatory migration from ISO 15022 for funds orders which is happening this year.

We note that when the change freeze comes off there are likely to be several changes which will affect the ViaNova business requirements.

2 Round table discussion – your experiences of doing STP using ViaNova business rules. Where is works, where it doesn't work and what we need for the future.

A round table discussion took place with the attendees. Rather than quote individuals the discussion is summarised as follows.

What we like about ViaNova

We see an increase in uptake of ViaNova and the number of companies reporting themselves as ViaNova compliant.

The standard and the solutions developed around it have allowed the take on of new STP counterparties to become a very efficient process without the intervention of IT systems departments.

STP rates for TPAs are reported to be as high as 85-90%. There have been considerable reductions in operational risks and costs. One TPA reports that without STP they would require a whole additional floor of fund dealing people. Members are able to enter switch instructions which are processed in a fully automated way through their entire lifecycles.



The ViaNova business requirements continue to be fit for purpose with very few change requests being received by service providers.

TPAs are focussing on product providers who can support ViaNova in order to get their STP rates up, STP is now a key factor when deciding which funds make it into the fund mixes that TPAs propose.

Areas that require attention

No definitive list of companies who are truly ViaNova compliant exists.

Legacy systems often prove to be a barrier to the establishment of true STP.

Some ViaNova messages are being rejected due to data formatting errors – this is often to do with the number of decimal places on numeric values. Although we agree that we cannot force legacy systems to change the way they represent numbers we do think it would be useful to define more clearly what are the 'good' data formats for ViaNova.

Some TPAs are not getting the STP rates they would like due to fund managers not being available as ViaNova product providers.

In some cases the adoption of STP has been considered a special case for one particular TPA and product providers have appeared shy of making the commitment to introduce the service across the board. This approach to STP may work in the short term but will not bring the long term benefits of risk and costs reductions that could be obtained.

Where fund managers outsource the production of prices to an external fund accountant it has proved more difficult to support the full ViaNova service. Some effort is required to make encourage fund accountants to publish prices in a ViaNova compliant message.

In some cases increases in STP volumes have been achieved by the use of non ISO 20022 message formats such as EMX.

Some fund managers continue to use ISO 15022 messaging, SWIFT will force them to migrate to ISO 20022 in due course – this group would like some effort to help ensure that the current ISO 15022 users have heard of ViaNova and the other SMPG market practices. If they could build ViaNova compliant solutions as part of this conversion then many more funds would become available via STP.

Should we try to combine the ViaNova business requirements with the standard UK market practice?

Actions Arising

ACTION: [VN13_001] Marketing material – an introduction to STP using ViaNova for orders and prices and holdings reporting. SW to do a first draft.

ACTION: [VN13_002] A register of ViaNova compliant companies should be produced and lodged on the SMPG web site – the LinkedIn ViaNova group should be used to inform us when the list changes. BC to produce first draft?



ACTION: [VN13_003] Add more information on data formatting to the ViaNova document- we need to advise on what formats are likely to be accepted across the whole ViaNova community. To be discussed at the next meeting.

ACTION: [VN13_004] Contact firms migrating from ISO 15022 to introduce them to ViaNova market practice and the other SMPG practice documentation. SW to contact KG and Edward Glyn about this.

ACTION: [VN13_005] Discuss with SMPG their intention on the production of new market practice for ISO 20022 orders and whether ViaNova should be more tightly aligned with UK standards. SW to contact Dave Broadway.

3 Market practice issues

a. Price type identifiers (invalid use of!)

ViaNova currently restricts the price types available in price reports to:

Price Type	ISO 20022 Code
Bid	BIDE
Mid	MIDD
Offer	OFFR
Swing	SWNG

The enforcement of this restriction on order confirmations has caused some interruptions to the STP flow. It is likely that the group will agree to the expansion of this list. A quick check by Calastone following the meeting (thanks!) has produced the following list of price types that have been seen in live order traffic.

Price Confirmation

BIDE
OFFR
NAVL
CREA
CANC
SWNG
ACTU

Price Report

BIDE
CREA
OFFR

We will discuss at the next meeting the extent to which we will expand the ViaNova price type list.

b. Proprietary fund identifiers for benchmark type funds

In certain defined benefit pension schemes a managed portfolio feature is implemented – this is also referred to as a ‘benchmark’ by LGIM – it is possible to subscribe or redeem cash to this portfolio and the underlying trades are then generated by the product provider as part of the management of



the portfolio.

Currently the order confirmation for such cases is then produced by reflecting the original 'benchmark' order instruction and does not include the details of the actual trades that were generated. Typically a dummy price of one pound is used in the confirmation and the cash value of the underlying trades is confirmed but nothing more.

A request has been raised to LGIM from one of their TPA clients to change the order confirmation to reflect the underlying activity.

The meeting felt that this would be difficult to achieve and were unhappy that an order confirmation should include details of financial instruments that were not in the original order. However ViaNova does enable us to produce a statement of holding which will include the effects of the 'benchmark' trade and the holdings generated by the underlying trades will be included. Some way of linking the order to the appropriate holdings statement might be a solution.

Any solution would also be of interest to BlackRock who have a similar issue.

ACTION: [VN13_006] BC and KW to discuss how this particular requirement can be satisfied and will report to the group.

c. Proposal: Inclusion of routing information in extension elements

CK (Actuare) proposed that details of the originator and recipient of the message should be included in ViaNova messages to facilitate the routing of messages, this would be of value to hub solutions receiving messages from many senders through one port.

There was some resistance to this idea around the table. KG said that if the counterparties identity had a business meaning in the message than they should be included using the business features of the message. There is a desire to separate the business meaning of the transaction from the technical details required to deliver it.

It was agreed that in the re-registration market practice some routing information had been included in message extensions – but this was a special case where three counterparties were are involved in a process.

SW invited CK to put together a more concrete proposal for discussion at the next meeting.

4 Impact of new message releases in Q4 2013

The ISO 20022 securities trade messages (SETR) are currently under a change control freeze until 2015 and so no changes are due this year. However some changes are expected in the price report messages due in Autumn 2013. The meeting reviewed the changes and their likely impact on the ViaNova business requirements. The meeting did not object to the changes and agree it was likely that we would to accept the new message schema when it becomes available.

A preview of the message is available in the SWIFT MyStandards application.



ACTION: [VN13_007] SW to produce a new version of the price report section of the ViaNova document for

the next meeting.

5 The future of this group

The meeting agreed that this group continues to be a useful forum which is evidenced by the continuing growth of the adoption of ViaNova across the industry.

The following objectives were agreed for 2013:

- Production of a new version of the ViaNova Business Requirements document to include
 - Changes to the price reporting section to support the ISO 20022 changes expected in Autumn 2013
 - More detail on data formatting as a guide to reducing message rejections.
 - Any items arising from current actions.
- Marketing and promotion of the standard
 - A short document to describe the benefits of STP
 - Risk reduction
 - Cost reduction
 - Enhanced client service
 - And so on!
 - Remind adopters that the ViaNova concept includes orders AND prices and holdings reporting.
 - Assemble a list of ViaNova compliant companies for publication.
 - Work to point companies moving from ISO 15022 towards ViaNova and other

SMPG market practice documentation – encouraging a holistic STP approach and discouraging one off projects and incomplete implementations. To be discussed!

6 AOB

There were no other items of business.

NEXT MEETING

It was agreed that then next meeting would be held in March 2012. Legal & General Investment Management have offered to host the meeting. A list of proposed dates will be circulated with these minutes.

SW

16th January 2012.