



# *FundSERV Town Hall*

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**11 June 2008**

*Promoting **CONNECTIVITY**, **EFFICIENCY** and **CONFIDENCE**  
within the investment fund industry*

FundSERV Inc.



1. Committee Reorganization

2. Manual Transactions Initiative

3. FUNDcom Phase 6

4. ESG 18.5 (Federal Budget Changes)

5. ESG 19 Overview

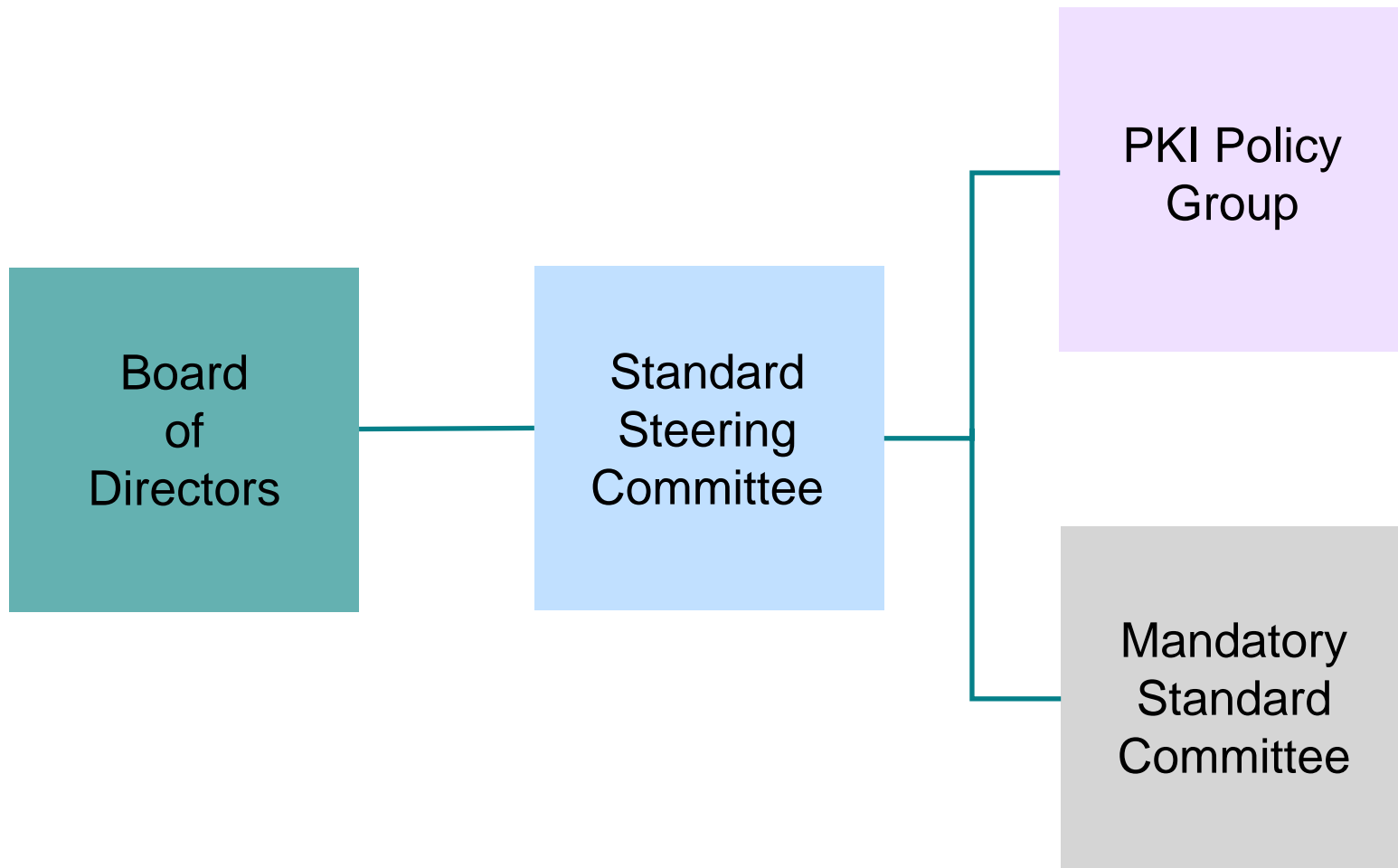


# *Committee Update*

- Customized and mini-lateral initiatives will better meet the needs of the industry and these require a different approach.
- FundSERV customers have diversified beyond mutual funds, increasing the demand for product- and channel-specific features.
- The industry has outgrown the 'one size fits all' approach for standards.



# Committee Re-Organization





- ✓ 1. Committee Reorganization
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# *Manual Transactions Initiative*

- For electronically placed orders, FundSERV processes three types of transaction
  - original order
  - contract
  - confirmation
  
- For manually placed orders, FundSERV processes a confirmation with no matching order (therefore they are “visible” on our network)
  
- Visible manual transactions are generally the result of Client Name transactions that require formal client signatures to process



# *Manual Transactions Initiative*

## ***Background***

- The most significant issue facing the industry today is how to automate the manual paper-based Client Name transactions that require a client signature to verify account activity
  
- In 2007 there were 8 million visible manual transactions on the FundSERV network
  - 5 million from MFDA dealers
  - 2 million from IDA dealers
  - 1 million from insurance transactions
  
- Regulation does not require fund companies to receive either paper or original signatures



# Manual Transactions Initiative

## ***Benefits of automating***

- *Reduces risk* by replacing expensive, error-prone, paper-based transactions
- *Reduces cost* by decreasing exception-handling and follow-up across manufacturers and distributors
- *Reduces transaction processing time* and investors' out-of-market exposure



# Manual Transactions Initiative

## *Industry consultation*

- FundSERV has met & discussed automation with
  - key individuals at OSC and MFDA
  - MFDA dealers
  - fund companies
  
- Working groups are established to examine all aspects & develop a win-win solution for both manufacturers and distributors
  - IFIC Client Name working group has created a standard Documentation Management Agreement (DMA)
  
- Not all Client Name manual transactions are targeted, but Open and RRSP accounts account for 78% of the manual volumes



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# *Legacy Inquiry Service Closure*

- The “green screen” inquiry service provides an alternate method for distributors to obtain investor account and transaction data from fund manufacturers.
- In the 4<sup>th</sup> quarter 2009, this service will no longer be supported



# FUNDcom Phase 6

## ➤ *Mandatory Standards*

- Redemption calculator
- Minimum date range increased to 3 years
- Cancelled and reversed trades

## ➤ *New Functionality*

- RESP Grant information
- Additional Seg fund enhancements
- Group and Locked-in flags
- Increase the market value field to 13 characters



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## *Summary of changes*

1. New Account Type 17 – Tax Free Savings Account (TFSA)
2. New Account Type 18 – Registered Disability Savings Plan (RDSP)
  - RDSP Beneficiary Detail Section edits will mimic RESP Beneficiary Detail Section edits
3. Update to Account Info section edits
  - birth date for RESP accounts raised from 21 to 31 years of age
4. Flexibility for Locked In funds
5. Releve 3 & 16 (Quebec reporting on joint spousal accounts)



# ESG 18.5 Release

Final requirements to FundSERV

July 18, 2008

Review requirements & update  
Helpfile

July 21, 2008 – Aug. 15, 2008

Publish v18.5 Helpfile

August 18, 2008

Customer Testing

Oct. 27 – Nov. 21, 2008

ESG v18.5 Live

November 21, 2008



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## *Working groups*

- **ESG Maintenance**  
(M. Fox)
- **Segregated Funds**  
(P. Fernandez, H. Leacock)
- **Fund Setup (FD) file**  
(M. Dobbin)
- **In Cash Transfers**  
(R. Binnendyk, K. Gerber, K. MacKay)
- **Mandatory Standards**



# ESG 19 Release

Working group documents available at...

<https://standards.fundserv.com/>

**Documents**  
**> Working Groups**

**Working Groups - Microsoft Internet Explorer**

File Edit View Favorites Tools Help

Address [https://standards.fundserv.com/secure/english/docs\\_wg.shtml#v19\\_maint](https://standards.fundserv.com/secure/english/docs_wg.shtml#v19_maint)

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The Investment Fund Network

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→ FundSERV Web Services  
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→ Payment Exchange  
→ Other Forms  
→ **Working Groups**

→ SPECIAL CIRCUMSTANCES  
→ FUNDCOM STANDARDS

See also:  
→ [www.fundserv.com](http://www.fundserv.com)

### Working Groups

These documents were created by various industry working groups.

Download any of the documents on this page. Most of these documents are in Portable Document Format (PDF), which can be opened, viewed, searched and printed using the readily available, free [Adobe Acrobat Reader](#)

- [Approved V19 ESG Maintenance Items](#)
- [FD XML File Standards Requirements](#)
- [FD XML File Schema](#)
- [In-Cash Transfers FAQ for Responses](#)
- [In-Cash Transfers Standards Requirements \(Draft\)](#)
- [Segregated Funds Standards Requirements](#)
- [SSC Public Minutes from March 20, 2008](#)

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**Electronic Standards Group**

For any questions or concerns, send an e-mail to [alex.wong@fundserv.com](mailto:alex.wong@fundserv.com)

**Approved V19 ESG Maintenance Items**  
PDF file, 77 KB, May 7, 2008



## ***ESG maintenance***

Improve processing efficiency, reduce network rejections, streamline industry data exchange, & promote automation.

1. Increase NFU AddModClientInfo number of joint owners to maximum 5 (to match TFS account setup)
  2. Add an Account Type edit to New Account Set Up
  3. Clarifications and updates to the Helpfile
- ...etc... (for additional details, see working group documents)



## *Segregated funds*

Expand the standards to facilitate the electronic transfer of information for the insurance industry.

1. TFS and NFU schema, account setup section
  - Add successor annuitant, joint annuitant, successor owner, and contingent death beneficiary
  - Add individual identifier, document number, and issuing jurisdiction (for client identity verification)
  
2. AC/BL files changes
  - Add new fields for guaranteed minimum withdrawal benefit information (for transfer to distributors)
  - Clarify the usage of AC and BL files



## ***Streamline Fund Setup Process***

Adopt an XML format for the FD file to enhance accuracy and flexibility and to increase distributor usage.

1. Convert current Fund Setup flat files (Setup and Confirmation)
2. Create an FD response file
3. Add data elements to accommodate various product types and distributor needs



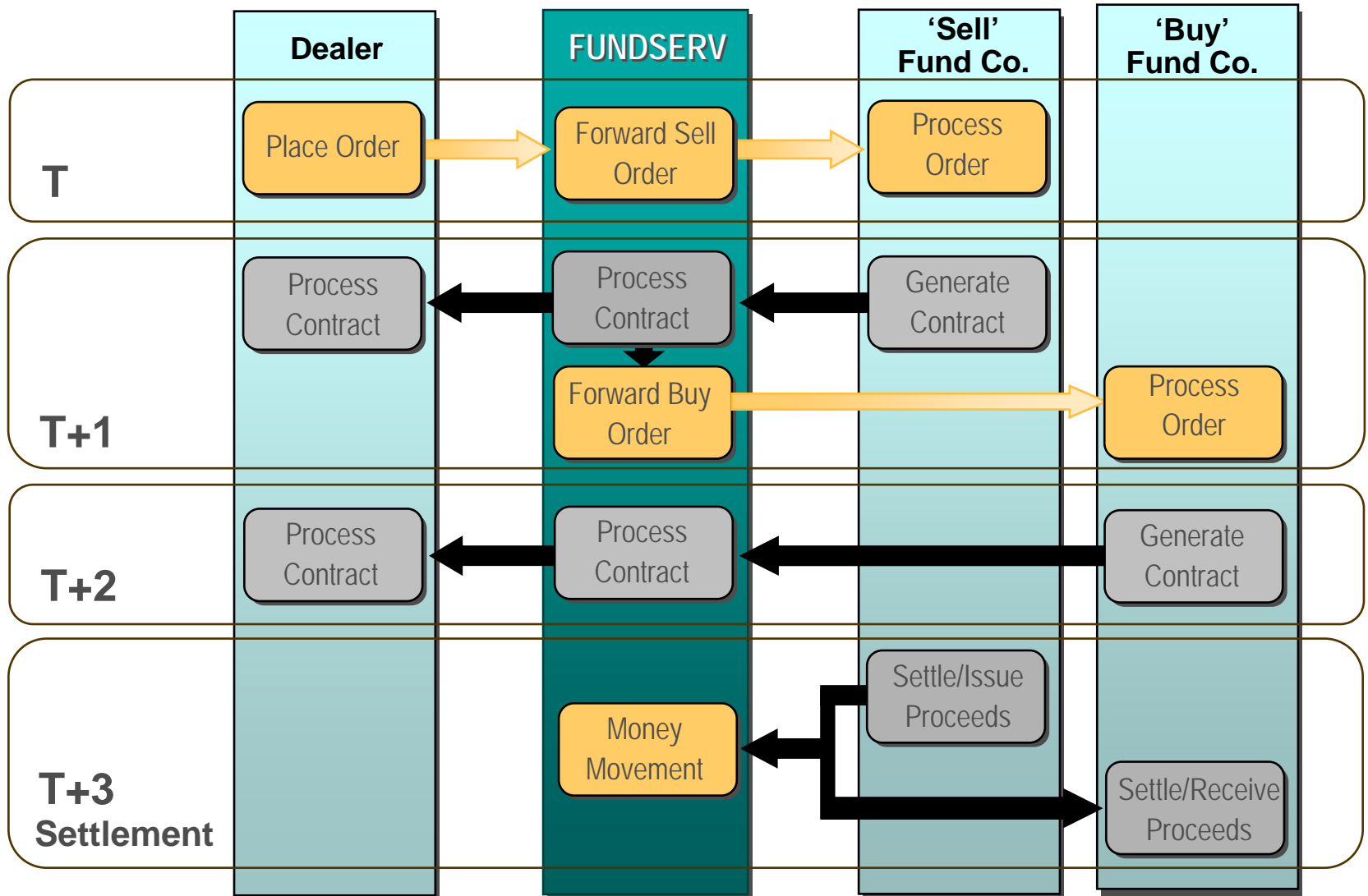
## ***In Cash Transfers (ICT)***

Leverage FundSERV's well-established TFS & N\$M processes to automate client name transfers between manufacturers. This will reduce investor risk and administrative costs.

1. New TFS transaction type to identify an in-cash transfer
2. New "account setup/lookup" section & schema
  - ICT Order section
  - ICT edits for account setup/lookup
  - Order Response section edits
3. Enhanced FundSERV order data storage and forwarding
4. N\$M money movement between manufacturers



# ESG 19 Release





## *ICT documentation*

- Transfer documents are still required
- Manual Processing Initiative and the IFIC DMA does address this



## ➤ Mandatory Standards

- One size does not fit “all”
- Concept of ‘mandatory’ for all FundSERV customers is being revisited
- Reflected in the committee re-structure



# ESG 19 Release

Final requirements to SSC	June 19, 2008
Review requirements & update Helpfile	July 11 – Aug. 29, 2008
Beta Helpfile published	September 15, 2008
Comment period on Beta Helpfile	Sept. 15 – Oct. 3, 2008
Publish V19 Helpfile	October 20, 2008
Customer Testing	March 30 – June 5, 2009
Implementation weekend	June 13 – 14, 2009
ESG V19 live	June 15, 2009



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# Questions





## Questions

- 416-362-7378 or 1-800-267-3526
- [esg@fundserv.com](mailto:esg@fundserv.com)