BUSINESS JUSTIFICATION
FOR THE DEVELOPMENT OF NEW UNIFI (ISO 20022) FINANCIAL REPOSITORY ITEMS

A. Name of the request:
Fund Processing Passport (FPP) Report

B. Submitting organization(s):
S.W.I.F.T. SCRL ("SWIFT"),
Avenue Adèle 1,
B-1310 La Hulpe,
Belgium

C. Scope of the new development:
This registration request covers the development of messages to support the European Fund and Asset Management Association (EFAMA) Fund Processing Passport (FPP) initiative1. The FPP is a short, single, fully harmonised report template containing all the key reference data that fund promoters should provide on their investments funds, at an Investment Fund Share Class or Financial Instrument level, in order to facilitate trading of this instrument.

The FPP Report may be exchanged in various models or environments:

- stand alone environment, eg, initiated by the Report Provider (fund promoter, fund manager and / or reference data vendor), sent on a regular frequency or when changes are needed.

- in a request / response environment, eg, initiated by Report Users (data vendors, professional investors, regulators or investment fund distributors) in enabling the user to control the flow and updates of information.

- in a reference data vendor environment, eg, market infrastructures and reference data providers may collate and store all FPP information centrally for access via database or regular distribution information. A reference data vendor may assume the role of both Report Provider and Report User.

It is anticipated that two messages will be developed to facilitate the information flow:


1 Further documentation on this initiative can be found at www.efama.org and in appendix to this document (see section I)
Messages that would be required to support the implementation of a central database of fund processing passport data sets, for example, the uploading and modification of fund data into the database and the subsequent confirmations ‘by the database’ are regarded as out of scope of this business justification.

The Fund Processing Passport (FPP) Report is sent from the Report Provider to various parties within the distribution chain.

The detail in the FPP Report will be developed using the ‘core operational data’ listed in EFAMA document “The Fund Processing Passport”.

A request for an FPP Report is sent from the Report User to the Report Provider to initiate the transfer of information.

In order to foster re-usability, the Request for Report functionality will be covered with the development of a generic ‘Request for Investment Fund Report’ message.

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<th>Financial Instruments</th>
<th>Investment Funds</th>
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<td>Business area</td>
<td>Securities Reference Data</td>
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<td>Business Processes</td>
<td>Investment Funds Distribution: Request for Investment Fund Processing Information Report</td>
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<td></td>
<td><strong>Investment</strong> Fund Processing Information Report</td>
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In view of the scope, we recommend that the Securities SEG be assigned the evaluation of the candidate UNIFI models and messages.

D. Purpose of the new development:

As explained in the attached EFAMA document ("Recommendations for Implementation at National and European Level"), some European countries are piloting the implementation of the EFAMA FPP. They are collecting reference data in the FPP format for the following domestic markets: Germany, Switzerland, Italy, Luxembourg, the United Kingdom and France, but without using standardized field formats. Following this pilot, EFAMA is expected to issue a format revision that will be taken into account in this development. The purpose of the development is to address the recommendation from EFAMA to translate the EFAMA FPP proprietary format into an ISO 20022 compliant model and messages to encourage consistent implementation in a cross border environment.

The FPP Report compliments the existing set of ISO 20022 Investment Fund messages, by providing the possibility to transmit the reference and operational data required to fully facilitate electronic trading. This development is also supported by the EFAMA recommendation that ISO 20022 standards are to be used in preference to proprietary standards for all investment funds business.

E. Community of users:

The community of impacted users are the professional players involved in the operational aspects of the investment fund distribution, including investor intermediaries, distributors, distributor platforms and fund management companies and their service providers (transfer agents, registrars, fund accounting agents, trustees, custodians, and portfolio managers).

The short and medium term targeted community consists of the securities players that have implemented ISO 20022 for Investment Funds for cross border business or have been involved in the EFAMA FPP pilot.

Benefits to users

- Remove the barriers to investment fund orders, by providing possibility to request/receive quality reference data in an electronic format.
- Provide all the information that is needed to avoid unnecessary steps, generate fewer errors, require less rework and ultimately reduce cost.
- Minimise the waste in the distribution of investment funds, including redundant checks, delays in processing transactions and errors in execution of the orders.
- Deliver high quality service to fund distributors, and speed up the treatment of fund orders.
• Strengthen the overall relationship between parties who play a determining role in fund sales.

• Reduce number of ad-hoc queries and therefore reduce costs.

F. Timing and development:

The 2007 ISO TC68/SC4 plenary meeting resolutions state: "SC4 recommends to SWIFT that messages to communicate and support Funds Processing Passport (FPP) be introduced to the ISO 20022 standard as soon as possible." (ISO/TC68/SC4 N_733, resolution 586)

The objective is to have the ISO 20022 FPP Report models and messages submitted to the Registration Authority during Q2 2008.

The proposed timing allows us to incorporate the revision to the FPP formats resulting from the 2007 pilot in six national markets. The objective is to allow the current pilot users to move to ISO 20022 at the same time they implement the revised FPP format as well as to enable new FPP Report users to directly implement all investment fund transactions as ISO 20022 messages.

SWIFT plans to involve the following groups in the development process:

- EFAMA Fund Processing Standardisation Group, a dedicated working party involved in defining requirements, documenting, and implementing the FPP in Europe.

- a SWIFT Business Validation Group, including funds and securities reference data experts from FR, GB, LU, AT, IT, CH, NL and US.

- Securities Market Practice Group (SMPG) Investment Funds Working Group, which includes securities experts from 25 additional countries to the above, representing investment managers, distributors, market data vendors and central securities depositories.

G. Commitments of the submitting organization:

SWIFT confirms that it can and will:

• Undertake the development of the candidate UNIFI UML models that it will submit to the RA for compliance review and evaluation. The submission will include Business Process Diagram (activity diagram), Message Flow Diagram (sequence diagram), Message Definition Diagram (class diagram), and an example of a valid XML instance of each candidate message.

• Address any queries related to the description of the models and messages as published by the RA on the UNIFI website.

SWIFT is also committed to implement the messages, initiate and participate in the future message maintenance.

SWIFT confirms its knowledge and acceptance of the UNIFI Intellectual Property Rights policy for contributing organizations, as follows.
“Organizations that contribute information to be incorporated into the ISO 20022 Repository shall keep any Intellectual Property Rights (IPR) they have on this information. A contributing organization warrants that it has sufficient rights on the contributed information to have it published in the ISO 20022 Repository through the ISO 20022 Registration Authority in accordance with the rules set in ISO 20022. To ascertain a widespread, public and uniform use of the ISO 20022 Repository information, the contributing organization grants third parties a non-exclusive, royalty-free licence to use the published information”.

H. **Contact persons:**
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Karin De Ridder (karin.deridder@swift.com)

I. **Background Documents**
For further information about EFAMA or the FPP pilots, please visit the EFAMA website at the following address: [http://www.efama.org/50Standards/Standards_documents/EFAMA_Documents/fppbrochure](http://www.efama.org/50Standards/Standards_documents/EFAMA_Documents/fppbrochure).
J. Comments from RMG members and disposition of comments:

Following comments were received from RMG members. They are addressed below and triggered some amendments in the text of the business justification which are highlighted in italic underlined characters.

ISITC comments:

ISITC is in the process of initiating a new working group that will focus on Investment Funds. The first meeting is to be held on 1st April 2008 in Boston. For more details please refer to the agenda at the following URL:
http://www.isitc.org/publish/showDoc.cfm?contentId=4160
ISITC looks forward to participating in the modeling and message design process.

Disposition of ISITC comments:

SWIFT welcomes the support of ISITC. Two ISITC members have been involved in the SWIFT Business Validation Group.

French market comments:

The French market warmly welcomes this initiative to bring standardised messaging to the Fund Processing Passport. As one of the major fund production, distribution and processing markets in Europe, we would wish to be actively involved in this work stream. This initiative could possibly constitute a major incentive for more widespread ISO 20022 implementation in the funds processing arena.

Disposition of French market comments:

SWIFT welcomes the support of the French market. France has participated in the SWIFT Business Validation Group. Section F of this business justification has been amended accordingly.

UK comments:

A minor observation would be concerning the business processes indicated in the table at the foot of page 2, where both descriptions should either be generic in the context of the Investment Funds Distribution group of messages (ie. just to refer to "processing information"), or refer explicitly to "investment funds processing information".

Disposition of UK comments:

A change has been made to refer to investment fund processing information in the mentioned table.
**Swiss comments:**

The Swiss community welcomes this Business Justification. We think that FPP will play a very important role for the reporting and reference data for funds.

The BJ covers two basic processes.

However Switzerland suggest to add two other business processes to this BJ. The purpose is to collect and distribute the FPP data and should be used in a message and as well e-based (Web – distribution) oriented environment.

1) Distribution method, based on standing FPP delivery instructions:

The FPP standard shall describe this business process:

Proposal:

[1] Order to open, amend or close a FPP standing delivery instruction

- weekly, monthly delivery of registered FPPs (limited by type of fund or by fund provider)

- immediate, daily, weekly, monthly delivery of of registered FPPs being opened, modified or closed (limited by type of fund or by fund provider)

-> This instruction is sent by the subscriber of the FPP Datafeed to the FPP Datafeed provider

[2] Order confirmation of an opening, an amendment, a closing of a FPP standing delivery instruction

-> This confirmation is sent by the FPP Datafeed provider to the subscriber of the FPP Datafeed

[3] Request for an inventory report of FPP standing delivery instructions

-> This request is sent by the subscriber of the FPP Datafeed to the FPP Datafeed provider

[4] Inventory report of FPP standing delivery instructions

- Report with FPP standing delivery instructions, limited by type of fund or by fund provider

- Report with modified FPP standing delivery instructions and processing status (e.g. opened, amended, closed)
This report is sent by the FPP Datafeed provider to the subscriber of the FPP Datafeed

2) Collection & Maintenance of FPP Data:

The FPP standard shall describe this business process:

Proposal:

[1] Order to open, amend or close a Fund Processing Passport
-> This message is sent by the ordering Fund Provider/Manager to the FPP Datafeed Provider

[2] Status advice of the order
-> This advice is sent by the FPP Datafeed Provider to the ordering Fund Provider/Manager

[3] Order confirmation of an opening, an amendment, a closing of a Fund Processing Passport
-> This confirmation is sent by the FPP Datafeed Provider to the ordering Fund Provider/Manager

[4] Request for FPP Inventory Report
-> This request is sent by the ordering Fund Provider/Manager to the FPP Data Provider

[5] FPP Inventory Report:
- FPP inventory, limited by type of fund or by fund provider
- FPP inventory with modified FPPs and processing status (e.g. opened, amended, closed)

-> This report is sent by the FPP Data Provider to the ordering Fund Provider/Manager

For further questions please do not hesitate to contact us

Kind regards

Matthias Meier

CREDIT SUISSE
Disposition of Swiss comments:

Switzerland makes excellent comments, referring to the implementation of the Fund Processing Passport report. The scope of this (initial) business justification is however limited to defining a standard way of communicating the fund processing passport data set to allow interoperability between domestic platforms.

The scope section of the business justification has been clarified.