



THE TA FORUM

Key Principles and Initiatives



THE TA FORUM

Table of Contents

1. Introduction	1
2. Key Principles	2
Regulatory and Legal Change	2
Definition and implementation of key process change	3
Harmonising best practice	4
3. Important Information	6



1. Introduction

The TA Forum is a UK Industry Body representing the Transfer Agency organisations within the UK. Its membership is made up of recognised leaders in the Third Party Transfer Agency services, Platforms and large Fund Managers with in house services, who account for approximately 80% of the TA industry in the UK and process over 7 million transactions per year across a wide spectrum of clients ranging from UK Institutions to retail customers.

The TA Forum was established in 2010 and provides a centre of excellence for the development of knowledge and understanding of the TA industry, as well as acting as a facilitator of change and improvement. The TA Forum is represented by senior industry representatives established to support and influence change within their own organisations, as well as acting as a source of technical advice and discussion for all members.

The key objectives of the TA Forum are:-

- Support and influence change where operational efficiencies can be improved across the UK investment management industry;
- Maintain and enhance the reputation and standing of the industry; and
- Provide a centre of excellence for the development of knowledge and understanding of the TA industry.

In order that our objectives are achieved, a number of initiatives have been identified and are captured under the following three key principles:-

- Regulatory and Legal Change
- Definition and implementation of key process change
- Harmonising best practice

Where it is deemed prudent, working groups consisting of representatives of each member firm will be established to agree best practice standards. The working group will be responsible for providing regular updates to the TA Forum primary group and where applicable will also work with the Regulator and other industry groups.



2. Key Principles & Initiatives

2.1 Regulatory and Legal Consultation

Since the inception of the TA Forum there has been a significant change in regulations which have had a considerable impact on the TA industry, we have been involved in the following key regulatory initiatives and have worked with both the regulator and industry bodies to ensure that best practice principles are aligned and adopted by our members:-

- RDR
- Re-registration
- FATCA
- UCITS IV
- CASS

List of other possible initiatives under consideration:-

- European Directives (UCITS V, UCITS VI, AIFMD, EMIR etc)
- AML/KYC
- Fund infrastructure (Platforms, Distributors, IFA, etc)
- Distribution Support

Cross-border initiatives

Whilst the key objective of the TA Forum is to influence change where operational efficiencies can be improved across the TA industry in the UK, we will also look to implement best practice taking into consideration other jurisdictions, in order that we implement initiatives that support the TA industry for the long term and are aligned with our member's global operating models.

Agreed 2015 focused initiatives:-

Key regulatory and legal initiatives that we will focus on for 2015 are as follows:-

- CASS – with focus on June'15 implementation (working group already in operation).
- FATCA – working group already in operation, to review current implementation issues and the Common Reporting Standard.
- AML – New working group to be formed to explore minimum set of requirements (initially focusing on UK and then extending to other jurisdictions).



2.2 Definition and implementation of key process change

A key principle of the TA Forum is to drive new and existing STP initiatives in order to reduce manual intervention processes, mitigate risk and reduce costs.

The TA Forum members agreed to create a working group to focus on "Payments" the following are a number of key initiatives that will be included in this working groups remit:-

- Support reduced settlement periods in order to ensure simplicity, efficiency and consistency within the industry. In order to aid reduced settlement we need to try and align the banking systems, to be able to support cost effective and faster settlement periods such as T+2 and we will work with the banking payment providers on how this can be achieved.
- Promoting the use of electronic payments (Online Payment, Debit Cards and DD). White paper titled "promoting electronic payment methods" is attached for review and sign off by the working group.



Promoting
Electronic Payment M

- Automation of Registration & Settlements by promoting the use of settlement systems (i.e. Euroclear, Calastone, Swift etc) and working with providers to understand key requirements and workflow automation in order that STP rates can reach 90% by 2017.

The following are future initiatives that we are also considering:-

- Moving to issuing of documents electronically instead of paper copies, focusing on the main TA documentation of contract notes, statements reports and accounts & distributions with an aim of being able to provide the key documentation in electronic format by 2017.
- Eliminate the use of fax instructions due to risk and inefficiency that this process entails, with a suggested date of firms using alternative methods by 2017.



2.3 Harmonising best practice

Reviewing both the procedural and processing differences across the TA industry utilising the following agreed five steps:-

- Consultation
- Review
- Defining
- Agreeing
- Implementing

Andrew Lelliott (NT) has agreed to Chair a working group focusing on “Registration” (as per section 1a & 1b below): -

1a. Recording of Pensions / Trusts on the Register

The Registration working group have been charged to produce a best practice statement on how Pensions and Trusts should be recorded on the register and for this to be adopted across the TA industry as a standard practice.



Registration of Trusts
BP Paper (Final).pptx

Included in the Registration working group’s review are also other aspects of registration i.e. nominees and corp accounts, beneficial owners, joint holders and other interested 3rd parties, salutations and name/address formats and exceptions including documentation required; wherever possible best practice standards will be agreed and adopted.

1b. Death Registration - Small Estates Procedure

The Registration working group have also been charged to produce a best practice statement on how as an industry we can implement a best practice standard in respect of the Small Estates Procedure, which will include threshold limits and required documentation.



Below is a list of other initiatives that are also under review:-

2. Repurchase Settlements

To explore best practice surrounding renunciation including issuing of payments and auto-renounce non-postal deals for non-coverall investors.

3. Validating investor bank accounts

Introduction of steps to validate investor bank details which are being provided to be used for redemptions / regular withdrawals / distribution payments. What documents are/should be accepted?

4. Caller identification Procedures

Is there a considered standard for caller identification across the industry? Should at least one of the questions not be contained on any documentation issued to the investor, preventing fraudulent attempts to gain access to an investor's account through one or more intercepted investment documents?

5. Agree consistent approach for trade dealing errors

A conference call was held on 10th March 2014 to discuss the different methods used within each firm to correct trade dealing errors in order that a standard could be agreed and industry best practice statement produced. However, it was found that there were different methods used and a standard could not be agreed. A meeting note outlining the different methods was produced, a hard copy of which has been provided to members on 14th January 2015. *No further work planned.*



The following initiatives have been explored but by mutual agreement by the members have been decided for the reasons stated, not to pursue further at this current time:-

- a) Standards for customer communication – Agreed to REMOVE as too varied to standardise and dictated by Fund Managers.
- b) Standardise approach of client information following data extract – Agreed to REMOVE due to most firms having differing timescales and no other compliance teams have expressed concern. The Chairman cautioned that compliance teams could be challenged if delay between data extract and mailing was not reasonable.
- c) Re-modelling fund industry – Agreed to REMOVE as reduction in share classes is now being seen.

3. Important Information

This document has been compiled for the use of TA Forum members only and is for guidance purposes.

This document must not be copied or distributed without written consent from the TA Forum.

For any queries regarding this document, please contact enquiries@thetaforum.co.uk