

MEMO# 31661

March 21, 2019

Updated Publication: Mutual Fund Operations Planning Guide for an Unexpected Market Close

[31661]

March 21, 2019 TO: ICI Members
Bank, Trust and Retirement Advisory Committee
Broker/Dealer Advisory Committee
International Operations Advisory Committee
Operations Committee
Series Trust Advisory Committee
Small Funds Committee
Transfer Agent Advisory Committee SUBJECTS: Distribution
Operations
Recordkeeping
Settlement
Technology & Business Continuity
Transfer Agency
Valuation RE: Updated Publication: Mutual Fund Operations Planning Guide for an Unexpected Market Close

ICI is pleased to announce an update to its [*Mutual Fund Operations Planning Guide for an Unexpected Market Close*](#) (the guide).

The guide identifies processing considerations and common industry practices for fund operations staff and other industry stakeholders to help all parties prepare their response to business disruption due to an unexpected market close (UMC).^[1]

Based on the potential operating status of markets, banks, and the DTCC^[2] during a UMC event, the guide describes considerations and recommended practices for communications, pricing and NAV delivery, dividend accrual entitlements, transaction processing (including NSCC orders), and output. Appendices incorporate sample checklists to assist members with constructing their own UMC plans and flowcharts illustrating key back-office workflows.

The March 2019 edition of the guide incorporates the following updates:

- Describes special valuation and order management considerations for an “intraday” market disruption, when the fund’s trading day abruptly ends – and may or may not

resume – prior to its normally-scheduled ending

- Addresses numerous considerations related to NSCC order settlement occurring on a day when the fund is closed, including order management, cash availability in support of order settlement, and effects to accrual entitlement on related shareholder accounts
- Expands discussion of “ad-hoc” events scheduled to occur or occurring during a UMC event, such as corporate actions (e.g., fund merger, name change, (reverse) stock split) and declared distributions (e.g., dividend and capital gain distributions)
- Provides sample communications from funds to intermediaries that are related to a presidential day of mourning.

Please refer to Appendix G – Change Summary for a consolidated list of changes made to this edition of the document.

The guide is located in the “[Business Continuity](#)” section of www.ici.org. While the [Mutual Fund Operations Planning Guide for an Unexpected Market Close](#) and some other contents are publicly-available in this section, additional contents that address pricing, valuation, business continuity planning, provide ICI contacts, and share links to other external resources are available when logged into the website. Members and those granted colleague access to the website should use their work email to access the expanded content. Select the “Forgot Password?” link to complete a password reset.

ICI is grateful to the Operations Response Task Force, comprised of members of ICI Operations’ Bank, Trust and Retirement; Broker/Dealer; Technology; and Transfer Agent Advisory Committees, for their contributions to the revised guide and the task force’s guidance to ICI Operations during UMC events.

We hope you will find the guide to be a helpful and important resource when preparing for future unexpected market closures. Please direct any questions regarding the paper’s contents to your committee liaison or the undersigned at jeff.naylor@ici.org or 202.326.5844.

Jeff Naylor
Director, Operations and Distribution

endnotes

[1] Closures may be anticipated, such as the December 5, 2018 presidential day of mourning for President George H. W. Bush, or unanticipated, such as the July 8, 2015 “market halt” or Superstorm Sandy in 2012.

[2] As the securities industry utility, The Depository Trust and Clearance Corporation (DTCC)’s subsidiary–the National Securities Clearing Corporation (NSCC)–provides critical services for trading and settlement (Fund/SERV®) and data exchange (Networking), which facilitate automated processing between mutual funds and intermediaries.

should not be considered a substitute for, legal advice.