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April 7, 2014

ICI Releases Mutual Fund Operations Planning Guide for an Unexpected Market Close

[28018]

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TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 16-14
BROKER/DEALER ADVISORY COMMITTEE No. 18-14
OPERATIONS COMMITTEE No. 19-14
TRANSFER AGENT ADVISORY COMMITTEE No. 21-14 RE: ICI RELEASES MUTUAL FUND
OPERATIONS PLANNING GUIDE FOR AN UNEXPECTED MARKET CLOSE

Today the Institute released the Mutual Fund Operations Planning Guide for an Unexpected Market Close. The guide is available on the ICI's website at: http://www.ici.org/pdf/14_ops_manual_marketclose.pdf and also may be accessed from the committee and ICI Emergency Situations web pages.

As previously reported, the guide was developed by the Institute's the Business Continuity Planning Steering Committee (BCPSC) [1] to provide a single reference source on operational processing issues and common practices for Institute members and industry stakeholders to utilize in their BCP planning for unscheduled market closures. The guide incorporates updated transfer agent documentation (originally developed in 2008) and lessons learned from the Superstorm Sandy weather event that occurred in October 2012. The guide will be periodically updated in response to future events and developments.

The key sections and topics addressed in the guide include:

- Variables impacting unexpected market closure scenarios - Highlights on how DTCC, the banking system and the securities markets influence industry processing during market closures.
- Fund open/close status - Factors fund complexes may need to consider when determining the open/close status for individual funds during an unscheduled market close event.
- Communications to shareholders, service providers and intermediaries - Objectives for achieving clear and concise communication with business partners and shareholders.

- Net asset value (NAV) delivery - Details on industry practices to employ when distributing NAVs to industry stakeholders.
- Dividend accrual activity - Aspects to consider and common practices for calculating and disseminating dividend accrual information to business partners.
- Output/file transmissions - Details on critical files that intermediaries and funds need to receive regardless of market status, and secondary files that may be exchanged following a return to business as usual processing.
- Transfers (manual, Networking B52, and ACATS-Fund/SERV) - The various methods of account transfers processing, the impacts of a market close on each method, and practices to utilize to mitigate disruption of transfers processing during an event.
- Settlement and money movement - Industry practices for lessening the effects an unexpected market close with respect to settlement processes and cash movement activities.
- Transaction processing - Details on several categories of processing activities (e.g., current-day and prior effective date activity, transactions by telephone, web, or mail) and factors and industry practices that may affect how those activities are completed.
- Additional resources - Appendices with information to aid in planning and executing procedures during an unexpected market close including operational assessment checklists and charts that highlight key work flows to consider.

If you have any questions or comments regarding this project or the above referenced guide, please contact the undersigned at (202) 326-5980 or mburns@ici.org.

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endnotes

[1] See Institute [Memorandum](#) #27694, dated November 12, 2013, for details regarding background on the development of the guide and the working groups involved in drafting the document.

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