

White Paper

Notification and Settlement

This white paper addresses the following openfunds fields:

Subscription and Redemption related fields

OFST410060 Trade Date

Subscription related fields

OFST405500 Has Pre-notice For Subscription

OFST405510 Subscription Notice Period

OFST410100 Cut-off Time For Subscription

OFST410600 Pre-payment Days For Subscription

OFST410700 Settlement Period For Subscription

Redemption related fields

OFST425500 Has Pre-notice For Redemption

OFST425550 Redemption Notice Period

OFST430100 Cut-off Time For Redemption

OFST430150 Settlement Period For Redemption

Subscription and Redemption

Normally the subscription (or redemption) of a fund is an easy task. You or your financial advisor will transfer your order to the execution desk of your bank. If it arrives there before "OFST410100 Cut-off Time For Subscription" ("OFST430100 Cut-off Time For Redemption") the order will be executed the same day and the fund will be entered into (taken off) your custody account with a value date of "OFST410700 Settlement Period For Subscription" ("OFST430150 Settlement Period For Redemption").

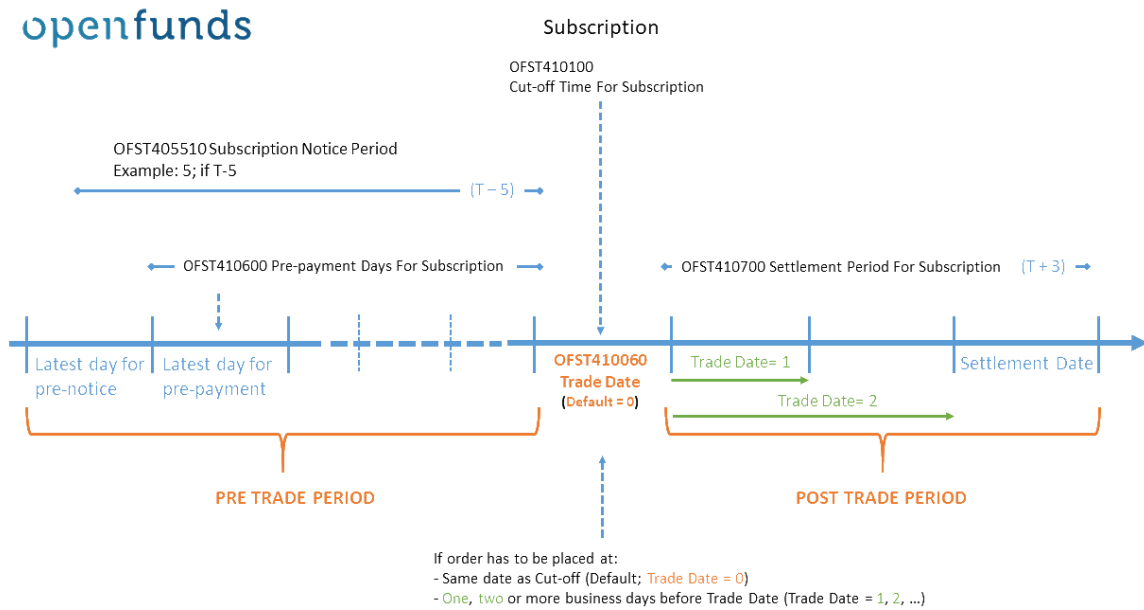
The price you have to pay (or receive) will be defined some hours after the order is executed. This so called forward pricing was introduced to hinder speculation against the fund and is common for mutual funds.

While mutual funds generally have a daily liquidity, hedge funds usually do not. Quite often they can be subscribed once a month or even only quarterly. Additionally, redemptions might be restricted to only some specific days throughout the year. Sometimes the redeeming of a hedge fund must be announced "OFST425550 Redemption Notice Period" days in advance. The same is true for subscribing a hedge fund, when signing documents must be presented "OFST405510 Subscription Notice Period" days before the Trade Date and an advance payment must be made "OFST410600 Pre-payment Days For Subscription".

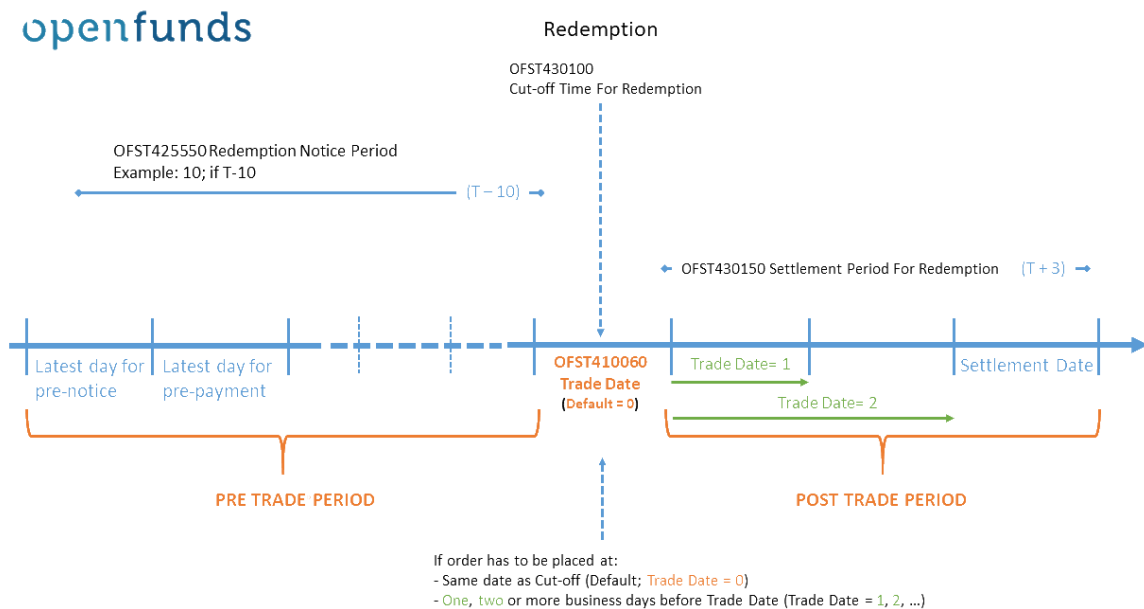
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The following charts show the subscription and the redemption process as well as the appropriate openfunds fields.

Subscription



Redemption



The devil, however, is in the details. In this case it is the definition of 'Trade Date'. While setting up the execution fields, we realised that there are different approaches to the definition of 'Trade Date'. As indicated in the charts above, 'Trade Date' is crucial for all other days, i.e. the settlement day, the notice period etc.

openfunds therefore determines 'Trade Date' as the day the order is sent to the fund house, or the respective transfer agent. At least for mutual funds, this is usually the day when the client's order is

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given to the bank's execution desk, as long as this occurs before the cut-off time. There are, however, fund provider / funds where the trade date is defined at a later stage, normally a day after the transmission of the order. In openfunds, this is indicated by setting "OFST410060 Trade Date" (which usually defaults to zero) to the number of necessary days defined by the fund. One could also argue that the number given in "OFST410060 Trade Date" represents the offset of days in advance that an order has to be placed. In the above charts, this is indicated by the green arrows.

Putting it all together is quite simple. For most funds, i.e. mutual funds, "OFST410060 Trade Date" should be set to 0 (zero). If a fund house determines that the cut-off time for placing the order implies an offset of one or more days, i.e. the client must place his order before the cut-off time, but one or more days before the trade date, then this should be indicated in openfunds by inserting the number of days into the field "OFST410060 Trade Date".

Document Information

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Revision History

Version	Date	Status	Notice
1.2	2022-03-08	Final	Added versioning details and updated text to match online version
1.1	2017-10-04	Final	Updated charts. Added templates.
1.0	2017-09-14	Draft	First version.

Implementation

If you have any questions about the new data type or difficulties with implementation please contact us at businessoffice@openfunds.org.

Joining openfunds

If your firm has a need to reliably send or receive fund data, you are more than welcome to use the openfunds fields and definitions free-of-charge. Interested parties can contact the openfunds association by sending an email to: businessoffice@openfunds.org

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