

Concept Paper

Date

**FINAL** 4/4/2016

**Title:**

**ACATs Shortened Settlement Cycle – Changes to the processing of mutual fund transfers**

*Type of Assets: Mutual funds transferring through FundSERV, Settling Location 10*

Contributors:

SIFMA CAT Division: Mutual Fund Working Group  
SIFMA CAT Division: Shortened ACATs Settlements Working Group  
ICI BDAC/BTRAC Shortened ACATs Working Group

**1) EXECUTIVE OVERVIEW**

## ***1.1 Background***

### ***\*High level overview of the objective of the request***

Currently, there is a comprehensive industry initiative underway to shorten the ACAT settlement cycle. This initiative, led by the members of the SIFMA Customer Account Transfers Division, the DTCC and other industry groups, has been in progress for a number of years and an accompanying Concept Paper detailing all the changes has also been released. This section, with the proposed changes impacting mutual fund changes, is contained within that Concept Paper, as well. To determine full impact to a firm's transfer process, please see the full paper.

The main drivers for the ACATs Shortened Settlement Cycle project have been to address underlying client risk and improve the current ACAT transfers process. It currently takes five business days for a standard (Full) ACATs transfer to settle. While the client's assets remain invested in the market during this time, they are unable to trade these assets at either of the counter parties, which places them at risk.

The long term goal is to remove Settle Prep from the ACATs Settlement cycle, which will effectively reduce the cycle time by one day. Prior to removing Settle Prep, changes need to be made in the settlement process for certain asset types. From the ACATs transfer process perspective, mutual funds and options are currently the only assets that always require Settle Prep, including Non-Standard Transfer requests.

This paper discusses a 2 phased approach to ultimately removing the 2<sup>nd</sup> day that funds have to respond to a request, which is called the Pend day. Phase 1 starts to set the stage for this change by creating multiple input (018) files to the fund companies. This will coincide with the creation the movement of hourly ACATs cycles for firms. Phase 2 will not be implemented until funds have assessed the best way to remove the Pend day without increasing the fail rate, or causing any mutual funds (especially those with a foreign transfer agent) from the ability to use ACATs.

## ***1.2 Project Overview***

### ***\*Details of the enhancement request, include Current Process and Proposed Process***

This proposal outlines the removal of FundSERV Pend from the mutual fund transfer process. In the current state process, if mutual fund companies do not respond with the 019 Record by 11:00 AM Eastern on the first business day, the item moves to a Pend status, allowing the response to carry over to the second business day. They then have until 11:00 AM Eastern the second business day (following the receipt of the 018 record) to respond. The goal of this request is to remove that second business day, while making adjustments to the process so as not to increase the failure rate for mutual funds. This concept paper discusses both the short term goal of addressing changes to the 018 record, and the long term goal of implementing changes to the 019 response record.

## ***1.3 Client Benefits***

- ❖ Shareholder
  - Elimination of market risk
  - Reduction in opportunity cost (of shares that cannot be sold)
  - Better client experience
  - More timely transfers
  - More timely corrections or reversal processing
  - Better alignment of expectation and reality regarding the timeline of asset movement
- ❖ Intermediary
  - Address client feedback around amount of time it takes for a transfer to complete

- Potential for fail reduction as funds will have additional time to review items prior to hard rejecting them
- Begin to drive the response time for funds to the 1<sup>st</sup> day, depending upon when firms send their files
- Begin to create a consistent date of movement across fund companies, the long term change to removing the Pend day will then finalize this goal
- Improve client service
- Ability to reverse the request more quickly, if needed
- Long term, will create consistency in the amount of time it takes for all ACATs to settle – standard versus nonstandard requests. Note, mutual funds and options in current state are the only assets that need an extra day to settle
- Long term, firms will know a day sooner whether a fund has been accepted or rejected, as they will not have to wait for the items that pended. In current state, and the short term solution, the ‘Pend status’ requires that they continue to monitor the movement until it either completes or rejects
- Reduce risk of clients being out of market and unable to trade on their assets
- Reduce the opportunity costs of clients being unable to trade on the shares of a fund until the ACAT settlement date (by making the settlement occur in a shorter time frame)

#### ❖ Funds

- Evenly distributed 018 records throughout the day
  - Staffing efficiencies created by evenly distributed files
  - Receipt of multiple 018 records spread over a longer time period, which will allow funds to review items earlier in the day
  - Multiple files will align the ACAT process with how other FundSERV files arrive at the funds, creating consistency in how work is processed
  - Ability to review and eliminate rejects on the same day the file is received
- Standardization of cycle time and improved perception of the mutual fund transfer process by shareholders
- Earlier cutoff – funds could start to look at file earlier and thus eliminate rejects
- Potential to lower rejects that may be addressed earlier in the day
- Long term changes will create consistency in the way mutual funds move through the ACAT process
- Funds getting files distributed evenly, having more cycles distributes risk in the event of a contingency situation, etc.
- Potential to automate other processes once these changes occur (e.g., reclaims and reversals)
- Statistics show that the majority of Fund Registration Records (FRs) already go to DTCC throughout the day which means that these requests could then be passed along to the fund companies without much change to firm behavior
- Funds can work soft rejects, which will give firms a quicker response and no longer leave firms in ambiguity for three days, when the transfer could potentially purge

## 1.4 Implementation

Due to the complexity of the requested enhancements, the group is requesting that the changes be rolled out in 2 phases as shown below:

### Phase 1 – Changes to the 018 record

This would ideally occur in 2017 so as to coincide with the larger ACATs changes to cycle times and cutoffs)

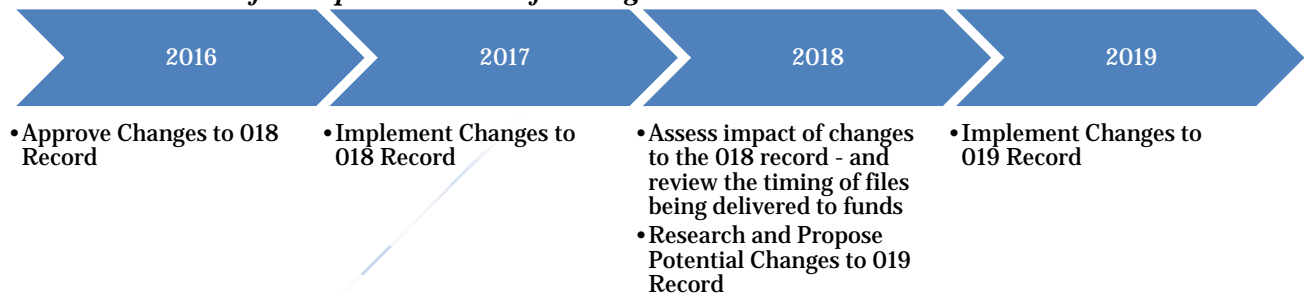
### Phase 2 – Changes to the 019 response record

The group would like to implement the changes to the 018 and then assess the impact from the changes, and whether this drives firms to send the bulk of their requests earlier in the day. If the majority of the files are coming earlier in the day, it will make removing the Pend day easier as funds will have additional time during day 1 to review requests.

The other constraints to the changes to the 019 are as follows, and will require additional research to determine the best way to proceed:

- Transfer Agents located in a foreign country – These parties will struggle to respond with a 019 record if we are to remove the second day as they are receiving their 018 records once the business day has completed
- Funds that require a second day in their process to either resolve potential rejects or for other processing reasons

### *Potential Timeline for Implementation of Changes*



## 2) BUSINESS REQUIREMENTS

The following business requirements refer to all mutual funds that are in Settling Location 10, FundSERV on the ACATs record.

### Assumptions

This proposal was based on the following assumption about the timing of the FundSERV records being sent to the Fund Company:

1. ACATs submits records to FundSERV – this process takes one hour
2. FundSERV sends 018 Record to fund companies – this process takes one hour
3. Input cutoff for transmitting to fund company would then create two hour window
  - Example: 10:00 AM for firm input to get 018 Record to the fund company by 12:00 PM

- Therefore, to receive hourly inputs and hourly outputs, the process would be created on a two hour range

### **2.1 Phase 1 – DTCC Enhancements (Target November 2017):**

- **Change to hourly 018 Records to Fund/SERV:**

1. Add selection criteria for creating the hourly 018 Records.
  - In order to for the asset to be eligible for being submitted on the 018 Record, the FR record must be received and the transfer must be accelerated. This creates a dependency on the firm both accelerating and submitting the FR in order to have the 018 Record be sent to the fund earlier in the day
  - If the firm does not accelerate their request, it will go in the last batch of the day
  - If the firm does not submit an FR, the default registration will be used, as applicable, and the 018 will go in the last batch of the day. This is regardless of the transfer being accelerated
  - If firm opts out of using the default registration, record will not be included on the 018 record
2. Change the time for the delivery of the 018 records from ACATs to FundSERV:
  - ACATs will send 018 records to FundSERV at 11:00 AM, 12:00 PM, 1:00 PM, 2:00 PM, 3:00 PM, 4:00 PM, 5 PM Eastern
3. Change the time for the delivery of 018 records through FundSERV to fund companies:
  - FundSERV will send 018 records to be the fund companies at 12:00 PM, 1:00 PM, 2:00 PM, 3:00 PM, 4:00 PM, 5:00 PM, and 6:00 PM Eastern

- **PTF Acceleration Changes:**

1. DTCC automatically accelerate PTF transfers once FR has been received.
  - This must be done prior to the selection process for the 018 Record
2. Give firms the option to send their FR with their AT and TI transfer initiation
  - This will eliminate an unnecessary step for firms, and reduce time, when submitting a PTF by removing the second step of waiting for the file to come back and sending the FR record once it is received
3. When transfer moves to ‘Review Accelerate’ status, DTCC assigns settlement date of next business day
4. Same-day DTCC status update to correlate with acknowledgement or reject on ACAT Stat File
5. When a PTF goes to FundSERV Reject or FundSERV Purge, DTCC to remove ACAT settlement date
  - Corresponding FundSERV Stat File changes may be needed to the original and current ACAT settlement date field

### **Proposed Flow of information between ACATs, FundSERV, and Funds**

**10:00 AM EST –**

- **Batch 1 of eligible FR records**

**11:00 AM EST –**

- **Batch 2 of eligible FR records sent to ACATs**
- **ACATS sends Batch 1 to FUNDSERV**

**12:00 PM EST –**

- **Batch 3 of eligible FR records sent to ACATs**
- **ACATs sends Batch 2 to FundSERV**
- **FundSERV sends batch 1 to fund company (018)**
- FundSERV sends on 018 when:
  - Settlement code 10, Review Accelerate, asset has not been deleted and FR has been received
  - Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted and FR has been received

**1:00 PM EST –**

- **Batch 4 of eligible FR records sent to ACATs**
- **ACATs sends Batch 3 to FundSERV**
- **FundSERV sends batch 2 to fund company (018)**
- FundSERV sends on 018 when:
  - Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch
  - Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch

**2:00 PM EST –**

- **Batch 5 of eligible FR records sent to ACATs**
- **ACATs sends Batch 4 to FundSERV**
- **FundSERV sends batch 3 to fund company (018)**
- DTCC sends on 018 when:
  - Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch
  - Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch

**3:00 PM EST –**

- **Batch 6 of eligible FR records sent to ACATs**
- **ACATs sends Batch 5 to FundSERV**
- **FundSERV sends batch 4 to fund company (018)**
- DTCC sends on 018 when:
  - Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch
  - Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch

**4:00 PM EST –**

- **Batch 7 of eligible FR records sent to ACATs**
- **ACATs sends Batch 6 to FundSERV**
- **FundSERV sends batch 5 to fund company (018)**
- DTCC sends on 018 when:
  - Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch
  - Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch

**5:00 PM EST –**

- **ACATs sends Batch 7 to FundSERV**
- **FundSERV sends batch 6 to fund company (018)**

- DTCC sends on 018 when:
  - Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch
  - Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch

**6:00 PM EST (after last cycle and nightly status flip) –**

- **FundSERV sends batch 7 to fund company (018)**
- DTCC sends on 018 when:
  - Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch
  - Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch
  - Settlement Code 10, Review Day 1 (for PTD, PTR, or RCR) or Review Day 2 (for Full), FR has been received, asset has not been deleted and asset has not been sent in a previous 018 batch (this includes non-accelerated transfers)
  - Settlement Code 10, Review Day 1 (for PTD, PTR, PTF, or RCR) or Review Day 2 (for Full), FR has not been received, asset has not been deleted and asset has not been sent in a previous 018 batch (this includes non-accelerated transfers), and 018 will be sent with default registration (or potential system reject)

**2.2 Phase 2 – DTCC Enhancements (requirements subject to change):**

- **Fund Company Response (019) Changes:**
  1. Remove FundSERV Pend Status and eliminate the second day that funds have to respond to a request
  2. Fund response to FundSERV of the 019 record, cutoff moved to 4:00 AM Eastern on the day following receipt of the 018.
    - This gives funds a longer window for items received earlier in the day, while a shorter window for those received later
  3. FundSERV passes 019 record to ACATs moved to approximately 5:00 AM Eastern
  4. Delivery of ACAT FundSERV Statistic File to firms moved to 6:00 AM Eastern on the day the fund responds (\*Enhancement Request already submitted)

**Related DTCC Enhancements:**

The following are other changes to ACATs and FundSERV ACATs that have been requested, but are not included within this paper.

1. **Allow a firm to ‘opt out’ of utilizing a default registration (Target 2017 – Pending Approval)**
  - Status of change:
    - Pending DTCC prioritization
  - Overview of change:
    - Allow firms to opt out of utilizing default registration
    - Update the settlement procedure for mutual funds transferring when the FR has not been received
  - Benefit
    - This will allow firms that experience reconciliation issues from shares posting to an unexpected fund account to eliminate the need to locate the shares

- Firms that choose to opt out will then need to settle the position manually if an FR is not sent

## 2. Changes to ACATs Acceleration (Target 2017)

- Status of change:
  - This change is being proposed as part of the ACAT Shortened Cycle concept paper
- Overview of Proposal:
  - Redefine acceleration to be an approval by receiving firm and lock down any further adjustments
  - A transfer being accelerated and the FR record being received will trigger ACATs to generate a 018 record for the position
- Benefits:
  - Allow ACATs to identify the appropriate records to send on the 018
  - Allow ACATs to send 018 record earlier in the day, which allows for fund rework and decreases the chances of a fund reject

## 3) BEST PRACTICES

### Firm:

- As a Receiving Firm:
  - Acceleration
    - Ensure asset list has been internally reviewed for risk prior to submitting your acceleration or receiver deleting, since the transfer will be locked down once the acceleration is received by ACATs
    - It is not necessary to accelerate a transfer that has a receiver deleted asset since ACATs will automatically accelerate the transfer
  - Timely delivery of the FR record
    - Firms should make it a priority to send their FR records intra-day and also accelerate their transfers, so that their files are received by the funds earlier in the day
      - 018 records received later will be less likely to be reviewed by funds for a potential same-day reject resolution
- As a Delivering Firm:
  - Ensure all asset adjustments have been made prior to submitting your asset list to the receiving firm
  - If the receiving firm accelerates the transfer, the deliverer will not have the opportunity to adjust the asset list. The amount of time the deliverer has to adjust the asset list will vary depend on how quickly the receiving firm accelerates the transfer

### Fund:

- Since fund families will be receiving 018 records earlier in the day:
  - Funds should make their best effort to resolve potential rejects intra-day
  - Funds should reach out to firms, when applicable, to 'save' items from rejecting
  - Please note, the above are only referencing best practices and should done as able
- A fund should not allow a transfer to purge – they should either respond to the request with an acceptance or rejection
- When rejecting an item, funds should utilize the most appropriate reject code in order to reduce the need for outcalls



## **Appendix**

### **4.1 ACATs Historical Perspective**

Overview of how the ACAT Settlement has decreased over time

### **4.2 Proposed File Flow between DTCC, Firms and Funds**

Spreadsheet showing how files will move between parties

### **4.3 ACAT Descriptions and Diagrams**

ACAT Lifecycle Charts and Stage Descriptions

### **4.4 Glossary**

Glossary of Terms

### **4.5 Statistics**

Statistics related to ACATs transfer of mutual fund assets

### **4.6 Individuals Involved in Project**

Lists of the individuals who engaged in Shortened ACATs Project

- CAT Division Board Members
- Working Group Members (Client Experience, Transfers, and Settlements Working Groups)
- BDAC Working Group Members (Supported the work of the Settlements Working Group specific to Mutual Fund transfers)

#### **4.1 ACATs Historical Perspective**

The Customer Account Transfer (CAT) Division had its beginnings in 1981. Originally, 11 people involved in account transfers decided to meet monthly to discuss their common problems. This was before the ACATS system was created, and paperwork was exchanged between firms at lunch meetings. This group of individuals incorporated in 1982 as the “412 committee”. In late 1989, the 412 Committee applied for membership to the Securities Industry and Financial Markets Association (SIFMA). The Committee was granted full membership status in 1992 and the name was changed to the “Customer Account Transfer Division”.

In the 1980’s, the SEC was beginning to field many thousands of customer complaints related to the transfer process. The SEC exerted great pressure on the NYSE, AMEX and NASD to address these complaints. In 1984, the 412 committee began to work closely with the NSCC to develop a system to accommodate account transfers. In 1985, these regulatory agencies commissioned the NSCC to develop a system to expedite account transfers between brokerage firms. The Automated Customer Account Transfer Service (ACATS) was developed and implemented by six pilot firms in the spring of 1985. ACATS is a system that automates and standardizes procedures for the transfer of assets in a customer account, between Broker/Dealers, Banks, Trust Companies, and Mutual Fund firms that actively participate in this service. Instruments handled by the system include equities, corporate and municipal bonds, unit investment trusts, mutual funds, options, annuities, cash and other investment products.

#### **1998 Enhancement (Cycle Reduced from ten to seven Days):**

In 1998, the industry pursued an enhancement to reduce the cycle time for ACAT transfers (at that time, only FULL transfers were possible) from ten days to seven (six days if accelerated).

In 2004 and 2005, there were ongoing enhancements to make the ACAT process more efficient. Some examples included allowing for Non-Standard Transfer Types (RCR, PTR, PTD, RCL, FRV, MFC), or enabling more transfers to occur between different registrations. Even with these enhancements, the average cycle time of the FULL transfer request was strictly contingent upon the processing standards of the Delivering firm.

#### **2007 Enhancement (Cycle Reduced from seven to five Days):**

The average timeframe for an ACAT transfer was relatively unchanged until 2007 when the SIFMA CAT Division received regulatory approval to pursue changes to the ACAT transfer cycle, which further reduced the number of days required to transfer an account via ACAT. Prior to this enhancement, the ACAT transfer process timeline from initiation to settlement could have taken up to seven business days. Initially, the recommended changes included the removal of “three business days” for “full transfers” and “one business day” for a “partial transfer”. The days that were to be removed from the cycle were two “Request” days and the “Settle Prep” stage for Full transfers; Partial transfers would see one “Request” day eliminated. After thorough evaluation, the industry decided to defer the removal of the “Settle Prep” status. In addition, the following ACATS statuses were changed to have a maximum time frame of “one business day” (from the prior maximum of three business days): Request Adjust, Request Adjust Past, Request Past, and Review Error.

## 4.2 Proposed File Flow between DTCC, Firms and Funds

Batch Number	ACAT Cycle (Input from firm)	ACATs sends file to FundSERV	FundSERV delivers 018 to Fund Company (Output from ACATs - Input to Fund)	018 Sent In the Following Situations	019 Response from Fund to FundSERV	FundSERV delivery of information to ACATs	ACAT Stat File delivered to Firms
1	10:00 AM	11:00 AM	12:00 PM	• Settlement code 10, Review Accelerate, asset has not been deleted and FR has been received	By 4:00 AM, following receipt of 018	5:00 AM	6:00 AM
				• Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted and FR has been received			
2	11:00 AM	12:00 PM	1:00 PM	• Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch	By 4:00 AM, following receipt of 018	5:00 AM	6:00 AM
				• Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch			
3	12:00 PM	1:00 PM	2:00 PM	• Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch	By 4:00 AM, following receipt of 018	5:00 AM	6:00 AM
				• Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch			
4	1:00 PM	2:00 PM	3:00 PM	• Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch	By 4:00 AM, following receipt of 018	5:00 AM	6:00 AM
				• Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch			
5	2:00 PM	3:00 PM	4:00 PM	• Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch	By 4:00 AM, following receipt of 018	5:00 AM	6:00 AM
				• Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch			
6	3:00 PM	4:00 PM	5:00 PM	• Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch	By 4:00 AM, following receipt of 018	5:00 AM	6:00 AM
				• Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch			
7	4:00 PM	5:00 PM	6:00 PM	• Settlement code 10, Review Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch	By 4:00 AM, following receipt of 018	5:00 AM	6:00 AM
				• Settlement code 10, Review Adjust Receiver Accelerate, asset has not been deleted, FR has been received and asset has not been sent in a previous 018 batch			
				• Settlement Code 10, Review Day 1 (for PTD, PTR, or RCR) or Review Day 2 (for Full), FR has been received, asset has not been deleted and asset has not been sent in a previous 018 batch (this includes non-accelerated transfers)			
				• Settlement Code 10, Review Day 1 (for PTD, PTR, PTF, or RCR) or Review Day 2 (for Full), FR has not been received, asset has not been deleted and asset has not been sent in a previous 018 batch (this includes non-accelerated transfers), and 018 will be sent with default registration (or potential system reject)			
				*All Eastern Time			

### 4.3 Statistics

#### ❖ Settling Location 50 – Broken Down by Asset Type for the month of July 2015

Asset Type	Count	% of Total
<b>CNS EXITS/FAILS</b>	1,357	1.5
<b>DTC ELIGIBLE</b>	28,647	31.7
<b>FRV</b>	3,445	3.8
<b>MFC</b>	7,043	7.8
<b>OTHER</b>	30,039	33.2
<b>US GOVT</b>	19,867	22.0
<b>TOTAL</b>	90,398	100

#### ❖ ACATs Asset Transfer Adds by Cycle for the last 25 business days (as of 8/31/2015):

Transfer Type	Cycle #	Count	%
FRV	1	1,261	25%
FRV	2	724	14%
FRV	3	3,105	61%
<b>Total FRV</b>		<b>5,090</b>	<b>100%</b>
FUL	1	1,028,967	31%
FUL	2	870,885	26%
FUL	3	769,156	23%
FUL	4	675,600	20%
<b>Total FUL</b>		<b>3,344,608</b>	<b>100%</b>
MFC	1	1,395	19%
MFC	2	1,834	25%
MFC	3	4,170	56%
<b>Total MFC</b>		<b>7,399</b>	<b>100%</b>
PTD	1	39,490	56%
PTD	2	2,244	3%
PTD	3	28,486	41%
<b>Total PTD</b>		<b>70,220</b>	<b>100%</b>
PTF	1	49,033	47%
PTF	2	10,698	10%
PTF	3	44,023	42%
<b>Total PTF</b>		<b>103,754</b>	<b>100%</b>
PTR	1	51,605	37%
PTR	2	20,369	15%
PTR	3	66,670	48%
<b>Total PTR</b>		<b>138,644</b>	<b>100%</b>
RCL	1	2,674	49%
RCL	2	705	13%
RCL	3	2,024	37%

Total RCL		5,403	100%
RCR	1	308,392	67%
RCR	2	28,296	6%
RCR	3	121,017	26%
Total RCR		457,705	100%

❖ **Accelerated transfers (as of 9/2/2015):**

Transfer Instructions	8/28/2015	8/31/2015	9/1/2015	3 days Average	Last 25 business days
Total	25,710	39,503	32,643	32,619	807,946
FUL, RCL	11,752	10,991	10,888	11,210	285,631
230=Review Accelerate	6,282	5,940	5,893	6,038	152,171
240=Review Adjust Receiver Accelerate	491	479	503	491	11,664

\*Please note that FUL and RCL are the only transfer types that can be accelerated.

❖ **Mutual Fund responses for the last 25 business days (as of 9/2/2015) excluding PTF transfers.**

\* PTFs are not included in the statistics below, as the settlement date is set to next day once the acknowledgement is received and to spaces once a reject is received.

	Count
Acknowledged on the 1st day	792,186
Acknowledged on the 2nd/settlement day	25,355
Rejected on the 1st day	7,337
Rejected on the 2nd/settlement day	3,055
Total	827,933

❖ **Number of FR Records Submitted Each Cycle for the last 25 business days (as of 9/2/2015):**

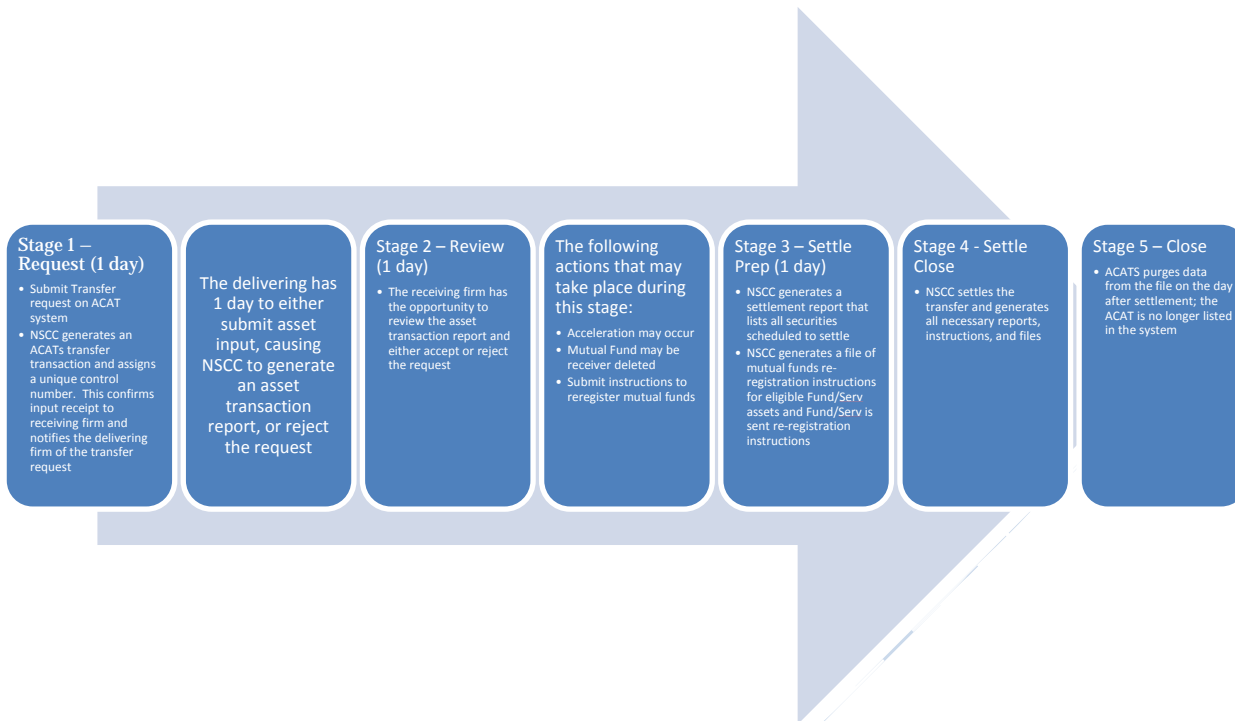
Cycle #	Count
1	6,638
2	75,212
3	157,032
4	142,946
5	565,985

❖ **Number of Mutual Fund PTF/Non-PTF responses for the last 25 business days (as of 9/2/2015):**

	PTF	% of PTF Total	non-PTF	% of non-PTF Total
Acknowledged	86,905	87%	817,541	99%
Rejected	13,319	13%	10,392	1%
Total	100,224	100%	827,933	100%

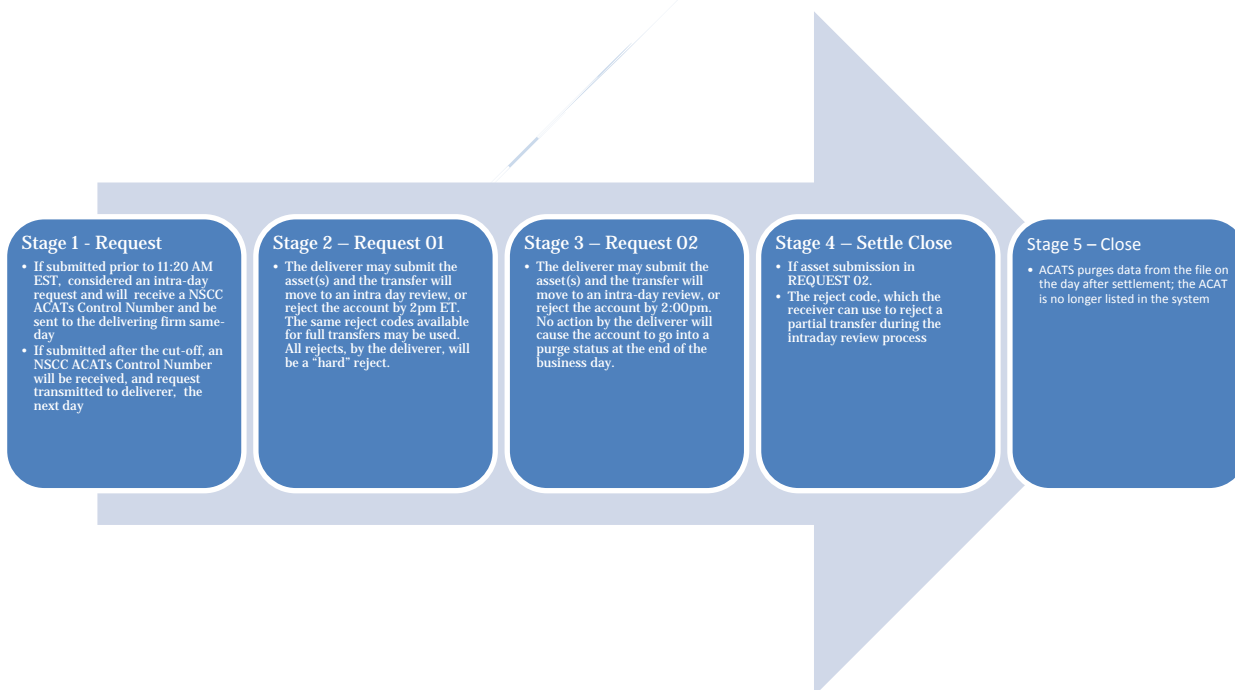
## 4.4 ACAT Current State Descriptions and Diagrams

### Current State Standard (Full) ACAT Transfer



### Current State Non-Standard (Partial) ACAT Transfer

*\*Note that in current state, this is a request that does not include mutual funds. If the request includes mutual funds, it settles like the full request shown above.*



## 4.5 Glossary

### Glossary of Terms

Term	Definition
Settle (Set) Prep	Day four of an ACAT transfer that is currently used to prepare for settlement of a request.
Standard ACAT Transfer	A full request, that takes five days to settle.
Non-standard ACAT Transfer	Any other type of ACAT request. Settles without Set Prep, so takes one day less to settle. If the non-standard request includes a mutual fund or option, settle prep is added back into the cycle.
ACATs Control Number	Control number of the original ACAT Transfer. This would apply to situations where the request was to resolve a failed prior ACAT transfer.
Initiating Firm	The firm that is submitting the request could be the deliverer or receiver, depending upon the transaction type and agreement between the two parties in the request.
ACAT Fail	A fail occurs when a portion of an ACAT transfer does not settle on the settlement as it should. This could be due to an asset not being delivered or, in the case of a mutual fund, the asset rejecting or purging at the fund company.
FR Record	Fund registration record, mutual fund registration input.
Receiver Delete (RD)	Opportunity for firm to remove a fund from the record.

#### **4.6 Individuals Involved**

- CAT Division Board Members
- Working Group Members (Client Experience, Transfers, and Settlements Working Groups)
- ICI BDAC/BTRAC Working Group Members (Supported the work of the Settlements Working Group specific to Mutual Fund transfers)

#### ***CAT Division Board Members***

<b>Firm</b>	<b>Name(s)</b>
SEI Investments	Philip Grant Smith
Morgan Stanley	Dianne Tilley
Merrill Lynch	Ed Leddy
National Financial Services	Evan Oliveaux
Vanguard	Kelly Cornwell
Pershing	Helene Garcia
TD Ameritrade	John Goodrich
Edward Jones	Cindy Little
Charles Schwab	Kathy Metcalf
E-Trade	Richard Ludwicki
DTCC	Craig Gurien
Fidelity	Ellen Bocina
Computershare	Kevin Burns
DST Systems Inc.	Kelle Hennier
Pershing	Kevin McCosker
Morgan Stanley	Joseph Zaets
Goldman Sachs	Bo Rackham

#### ***Working Group Members***

*The following individuals engaged in one or more of the following ACATs Shortened Settlement Cycle Working Groups: Client Experience, Transfers, and Settlements Working Groups.*

<b>Firm</b>	<b>Participant(s) Engaged in Working Group(s)</b>
Ameriprise Financial	Adam Holly, Rebecca Strand
BNY Mellon	Fred Mason, Sean Lynch
Broadridge	Julie Hodum
Charles Schwab	Brian Burwell, Kim Farraye-Shores, Kathy Metcalf, Kim Cancilla
DST Systems	Kelle Hennier
DTCC	Craig Gurien, Irena Zelichenko
Edward Jones	Cindy Little, Diana Langley, Diane Young, Debbie Payne, Kimberly McClelland, Richard Smith
E*TRADE	Richard Ludwicki
First Clearing	Jennifer Young, Joan Davenport, Lori Neidhardt, Mark Storey, Pattie Schuchman
Goldman Sachs	Bo Rachham
Janney Montgomery	John Meyer, Tom Cramer, Deanna Kea
JP Morgan	Jason Gralla, Melinda Babb
LPL	Lisa Myers



Merrill Lynch	Brenda Robinson, Ed Leddy, Jarrett Frazier
Morgan Stanley	Dianne Tilley, Joseph Zaets, Ronald Fusillo
National Financial Services	Ahmet Hatipoglu, Evan Oliveaux, Ellen Bocina, Nadina Modeste, Walter Alvarez
Oppenheimer	Liz Francis
Pershing	Helene Garcia, Lenny Wilson, Christy Chon, Joseph Brereton, Joan Knight, Veronica Shirmacher
RBC	James Dufek
SEI	Grant Smith
Stephens	Marilyn Hughes
TD Ameritrade	John Goodrich
Thompson Reuters	Julayne Ealy
Vanguard	Kelly Cornwell, Brian Scott, Jason Keppy
Wells Fargo Advisors	James Guenther, Todd Wichmann, Vicki Layne, Thomas Chastain

### ***ICI BDAC and BTRAC Working Group Members***

*The following individuals joined with the Settlements Working Group to create a process specific to Mutual Fund transfers.*

<b>Firm</b>	<b>Participant(s) Engaged in Working Group(s)</b>
RBC Capital Markets LLC	David Hilden, Kara Luoma
Fidelity Investments	Bob Griffin, Susan Nassoioy
Charles Schwab	Kim Farraye-Shores, Kathy Metcalf
DTCC	John Saxenian, Josephine Torelli
SunGard Asset Arena	Beth Walker
Oppenheimer Funds	Shannon Steward, Liz Francis
JPMorgan	Wendy Barta
SEI	Paul Morlock, Grant Smith
DST Systems Inc.	Kelle Hennier
Vanguard	Kelly Cornwell
DST Brokerage	Jay Bang
TD Ameritrade	Amanda Howard, Amanda Mckenzie
Boston Financial Data Services	Barbara Browne
Thomson Reuters BETA Systems	Julayne Ealy, Rick Godfrey, Kristina Baker, Gail Kontowicz, Becky Lenz
Broadridge	Julie Hodum
T. Rowe Price	Kelly Zimmerman
American Funds	Brad Smith
ICI	Jeff Naylor
Morgan Stanley	Joe Zaets
Wells Fargo Advisors	Wayne Haggard
BNY Mellon	Sean Lynch
Edward Jones	Richard Smith
Blackrock	Dawn Ferrotta
American Funds	Brad Smith
Sungard	Beth Walker
Boston Financial	Barbara Browne