

# Standard Life Elevate Adviser Q&A

January 2019

## **What will Elevate do where trading in a fund is suspended or withdrawals are deferred?**

We have made the decision not to remove funds that are suspended (or where withdrawals are deferred) from the Elevate platform. Instead they will remain available and we will retain their platform tradeability status.

## **Why have you taken this decision?**

We have taken this approach to minimise the impact for you and your clients. Altering a fund's status on the Elevate platform can prevent other actions from completing.

## **What does that mean for me?**

The table on the next page shows various scenarios, the impact and the necessary actions you need to take when a fund is suspended (or withdrawals are deferred). Importantly, any instructions that have already been submitted will be cancelled. We will let you know when these cancellations are completed.

## **If my client invests in a fund that later is suspended (or withdrawals are deferred) what will happen?**

Fund groups will reject any instructions to trade (buy or sell) in a fund that later becomes suspended.

## **What do I need to do if a fund suspension occurs?**

You need to ensure that you no longer process trades in any fund that is suspended (or where the withdrawal is deferred). Of special importance are the following three scenarios;

- Where a suspended fund is held within a model portfolio
- Where there are regular buy (or sell) instructions into that fund
- Where income payments are reliant on trading in a suspended fund

The table on the next page provides further guidance.

Type of Instruction	Impact	Action Required
<b>Buys (regular and one off)</b>	<ul style="list-style-type: none"> <li>Any regular transaction that has been set up that is not redirected will fail. This could lead to a delay in returning the money to the client's wrapper cash account</li> </ul>	<ul style="list-style-type: none"> <li>Regular buys in these funds must be re-directed to either a different fund or to cash</li> <li>You will need to contact us to change a regular buy set up from product wrapper cash</li> </ul>
<b>Regular sells (withdrawals/income payment strategies) and payments out</b>	<ul style="list-style-type: none"> <li>You will not be able to sell or make any payments out from these funds</li> <li>If you do not take action, your clients may not receive the income they are expecting or this may be funded by the sale of different investments where there is insufficient cash within the product to cover the regular payment</li> </ul>	<ul style="list-style-type: none"> <li>Regular sells/payments from these funds must be redirected to another fund or cash</li> <li>You should review the income payment strategy to ensure it is not directed towards a suspended fund</li> <li>You will need to contact us to change a regular sell that is not a payment out (i.e. the regular sell only goes to product wrapper cash)</li> </ul>
<b>Switch</b>	<ul style="list-style-type: none"> <li>You will not be able to switch in or out of these funds</li> <li>If a switch across multiple funds includes one of the suspended funds the entire switch will not complete. This means that you need to wait for us to cancel the order, which will cause delay</li> </ul>	<ul style="list-style-type: none"> <li>Do not include one of the impacted funds in a fund switch</li> </ul>
<b>Model portfolios (including DIM)</b>	<ul style="list-style-type: none"> <li>Regular buys that are not cancelled or redirected to a different model will continue to try and buy a suspended fund, which will then fail</li> <li>An upgrade/rebalance will create either a buy or sell, which will be rejected <ul style="list-style-type: none"> <li>If the suspended fund is included in the sell transaction it will not complete but the other funds will. The money raised from the transactions that do complete will continue to the buy transactions as part of the upgrade/rebalance</li> <li>If the suspended fund is included in the buy transaction, this will be cancelled and returned to cash</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Remove the suspended funds from your model portfolio <ul style="list-style-type: none"> <li>Create a new version of the model portfolio without the suspended fund</li> <li>Deconstruct the existing model portfolio</li> <li>You will then be able to put the assets back into the new version of the model</li> </ul> </li> <li>Redirect any regular buys to the new model not containing the suspended fund</li> <li>Do not upgrade or rebalance a model containing a suspended fund</li> </ul>

Failure to take action in the event of a fund suspension (or where withdrawals are deferred) may mean that payments to and from your client's account are delayed. This may also prevent other actions from progressing. We are unable to provide interim funding for any issues that arise.

### **Illustrations**

The Elevate illustration tool will still allow illustrations including suspended funds.

### **Account closures**

The client can still instruct you to close their account. However, any money they have invested in suspended funds will remain there until the suspension is lifted and the funds start to trade again.

### **In specie**

This is dependent on the existing provider's ability to transfer the units.

### **How will you monitor the status of suspended funds?**

We continue to work closely with fund groups and when suspended fund (or funds where withdrawals are deferred) are once again tradeable we will update the Elevate platform.