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ISITC Releases Market Practice Recommendations for Mutual Fund Trailer Fee Payments

Boston, 9 February 2010 – ISITC (International Securities Association for Institutional Trade Communication), the industry trade group focused on standards in transaction processing and related communications, today announced the release of the first Market Practice addressing messaging in support of mutual fund trailer fee payments. The ISITC Payments Working Group developed these guidelines to improve payment processing across the mutual fund industry.

“Historically, trailer fee payments have been processed manually, and there has not been a high degree of transparency or efficiency in executing and receiving them,” notes Norman Papazian, Executive Sponsor of the ISITC Payments Working Group. “We developed this Market Practice to address these shortcomings in the industry, and we encourage firms to adopt these standards in order to improve the industry’s workflow as a whole.”

Mutual fund trailer fees are the fees paid by mutual fund companies to distributors for marketing or shareholder servicing of funds. The Market Practice focuses on two primary challenges surrounding trailer fee payment processing: the ability to identify payments as being specific to trailer fee processing, and a defined method for including required payment calculation details, which are needed to reconcile each of the payments. The recommendations explain how market participants can leverage the ISO 200022 payment clearing and settlement message to deliver trailer fee payments and required supporting detail information in all currencies.

By adopting the Market Practice standards, mutual fund distributors would benefit from increased transparency into payments and a better understanding of the calculation methodology being used to determine the payment amount. In addition, the non-USD currency payments process would become more automated and in turn, eliminate the use of paper statements and checks.

Gary Probert, Chair of ISITC, says, “ISITC is continually focused on the issues facing financial institutions today and how to address these issues head-on. This Market Practice was developed through the valuable input of our member firms, who represent the world’s largest mutual fund companies. It is only through their insight and hard work that we are able to continue identifying and solving our industry’s challenges.”

For a copy of the mutual fund trailer fee payment Market Practice, please visit www.isitc.org

To participate in ISITC's ongoing discussions on how to bring best practices to the mutual fund industry, come to the ISITC 16th Annual Industry Forum & Vendor Show, in Boston, MA from March 21-24, 2010. For more information on registration, please visit <http://www.regonline.com/Checkin.asp?EventId=803947>

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ABOUT ISITC

Comprised of 1,500 individuals from 350 companies worldwide, ISITC provides members with the means to revolutionize the securities-trading process. ISITC brings together broker/dealers, custodians, investment managers, vendors/utilities and other industry professionals to develop proposed standards that are designed to enhance efficiencies in trade processing and related communications. Through collaboration, ISITC's members reduce inefficiencies, lower risk and build shareholder value while developing and promoting the global securities industry. For more information on ISITC, please visit our website: www.isitc.org.