

## White Paper

### How to Define Trade Cycles

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This white paper addresses the following openfunds fields

#### Subscription related fields

OFST405521 Subscription Trade Cycle Period  
OFST405523 Number Of Possible Subscriptions Within Period  
OFST405525 Weekly Subscription Dealing Days  
OFST405526 Monthly Subscription Dealing Days  
OFST405528 Yearly Subscription Dealing Days  
OFST405530 Dealing Days Of Multiple Subscription Trade Cycles  
OFST405532 Irregular Subscription Dealing Days

#### Redemption related fields

OFST425561 Redemption Trade Cycle Period  
OFST425563 Number Of Possible Redemptions Within Period  
OFST425565 Weekly Redemption Dealing Days  
OFST425566 Monthly Redemption Dealing Days  
OFST425568 Yearly Redemption Dealing Days  
OFST425570 Dealing Days Of Multiple Redemption Trade Cycles  
OFST425572 Irregular Redemption Dealing Days

#### Trade cycle definition and practical issues

The majority of funds can be issued (bought) and redeemed (sold) directly with fund houses on a daily basis. This is what we call a 'daily trade cycle'. Besides this, however, there are other possibilities, for example trading a fund once a week, twice a month or several times during the year. As the fund houses try to match their fund's asset liquidity to their investor's liquidity requests, they sometimes use a combination of several trade cycles. Examples for trade cycles are 'every last business day of February, May, August and November' or 'each Wednesday plus every last business day of the month'.

When it comes to data processing, this can be complex, especially if you want to validate this data during transmission. This is why openfunds suggests a system that can handle most of the possibilities relatively easily, but also reflects complex trade cycles.

#### Concept

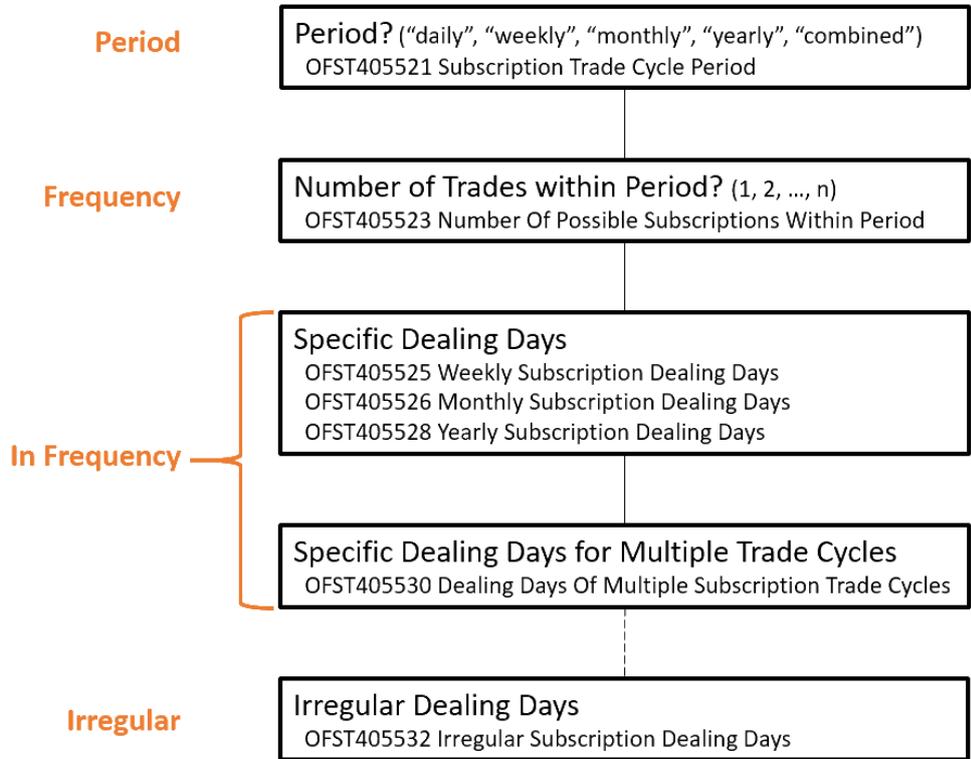
The main concept consists of three parts, namely;

- the 'Period',
- the number of trades within this period, called the 'Frequency' and
- the 'In Frequency', meaning all specific dealing days

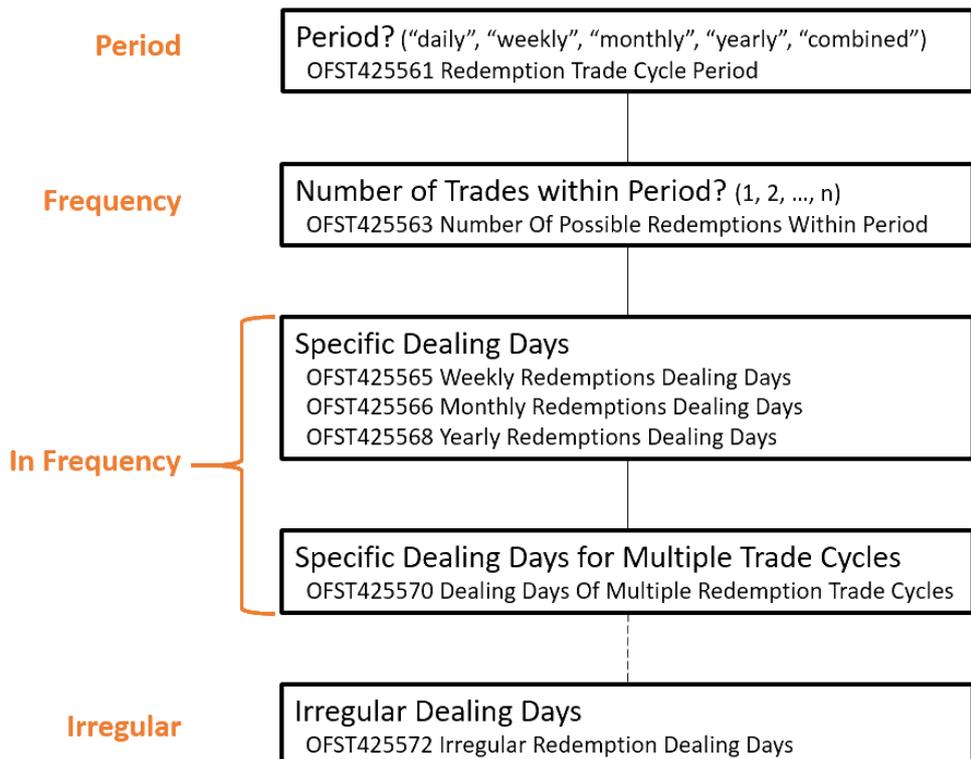
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All three parts are outlined in orange in the two charts shown below, where the first chart shows all relevant fields for subscriptions and the second chart shows the relevant fields for redemptions.

## Trade cycle for subscriptions



## Trade cycle for redemptions



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## Solution

### Funds with daily trade cycle

Most funds have daily trade cycles. Therefore this is mentioned separately here so you may skip the following paragraphs if this is all you are concerned with. A daily trade cycle is, however, captured the same way as all other periods explained below.

For a daily trade cycle please put “daily” into ‘OST405521 Subscription Trade Cycle Period’ for subscriptions or into ‘OFST425561 Redemption Trade Cycle Period’ for redemptions. The ‘Frequency’ fields (‘OFST405523 Number Of Possible Subscriptions Within Period’ or ‘OFST425563 Number Of Possible Redemptions Within Period’) default to “1”.

### Funds with one trade cycle

First, define the recurring period, the ‘OFST405521 Subscription Trade Cycle Period’ or the ‘OFST425561 Redemption Trade Cycle Period’. Possible values are ‘daily’, ‘weekly’, ‘monthly’ or ‘yearly’.

Secondly, specify how often you may buy and sell a fund during this period. (‘OFST405523 Number Of Possible Subscriptions Within Period’ or ‘OFST425563 Number Of Possible Redemptions Within Period’)

As a third step, please mention the specific dates.

This last step is the most difficult one, as a yearly trade cycle is different from a monthly or a weekly one. That is the reason why openfunds lists six fields, three for subscriptions and three for redemptions to specify the dates as shown in the above chart within the rectangle “Specific Dealing Days”.

The main difference between weekly, monthly and yearly subscription is the number of terms. In this white paper we distinguish between three terms a), b), and c), with:

- Term a) being a number
- Term b) being a day and
- Term c) being a month

### OFST405525 Weekly Subscription Trade Dates

### OFST425565 Weekly Redemption Trade Dates

Weekly Subscription Trade Dates only consists of term b) days.

#### Possible values:

Weekly trade cycles are defined by Term b), i.e. a day.

Term b):

[“1st business day”] [“last business day”] | [“Su”] [“Mo”] [“Tu”] [“We”] [“Th”] [“Fr”] [“Sa”].

You should not combine 1st or last business day with weekdays, i.e. “Mo”, “Tu”, etc., however you may combine more than one weekday by listing them separated with a pipe “|” (ASCII 124), e.g. “Tu|Th”.

Using “1st business day” (of week) shifts Mondays one day further, i.e. to Tuesday in case Monday is a bank holiday.

This is not the case if you select “Mo”. The same is true for the difference between “last business day” and “Fr”. In this case, however, the “last business day” is Thursday in case Friday is a bank holiday.

#### Examples:

1. “We”
2. “Tu|Fr”
3. “1st business day|last business day” (but not: “1st business day|Mo”)

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## OFST405526 Monthly Subscription Trade Dates

## OFST425566 Monthly Redemption Trade Dates

### Possible values:

Monthly trade cycles consists of two terms Term a) and Term b), i.e. a number and a day.

Term a):

["1st"] ["2nd"] ["3rd"] ["4th"] ["5th"] ... ["31st"] ["last"]

Term b):

["calendar day"] ["business day"] ["Su"] ["Mo"] ["Tu"] ["We"] ["Th"] ["Fr"] ["Sa"]

With these values from Term a) (=number) and Term b) (=day), it is possible to combine several business or calendar days, e.g. "1st business day|15th calendar day|last business day", meaning three different dates within a month. Please note that a date always consists of a number [Term a)] and a day [Term b)] and that there must be a pipe "|" (ASCII 124) between different dates.

### Examples:

1. "15th calendar day|last business day"
2. "1st business day|10th calendar day|20th calendar day|last business day"
3. "2nd Tu|3rd Fr"

## OFST405528 Yearly Subscription Trade Dates

## OFST425568 Yearly Redemption Trade Dates

### Possible values:

Yearly trade cycles consists of three terms Term a), Term b) and Term c), i.e. a number, a day and a month.

Term a):

["1st"] ["2nd"] ["3rd"] ["4th"] ["5th"] ... ["31st"] ["last"]

Term b):

["calendar day"] ["business day"] ["Su"] ["Mo"] ["Tu"] ["We"] ["Th"] ["Fr"] ["Sa"]

Term c):

["Jan"], ["Feb"], ["Mar"], ["Apr"], ["May"], ["Jun"], ["Jul"], ["Aug"], ["Sep"], ["Oct"], ["Nov"], ["Dec"]

The construction of annual dates is very similar to the one for monthly dates, but yearly dates consists of three parts, namely number [Term a)], days [Term b)] and months [Term c)]. Like monthly dates, you may list more than one yearly date by just adding new ones separated by a pipe "|" (ASCII 124).

### Examples:

1. "last business day Feb|last business day May|last business day Aug|last business day Nov"
2. "30th calendar day Jun|31st calendar day Dec"
3. "3rd Fr Apr"

## OFST405530 Dates Of Multiple Subscription Trade Cycles

## OFST425570 Dates Of Multiple Redemption Trade Cycles

There are funds that have not only one cycle, but two or more belonging to different periods like the above mentioned 'each Wednesday plus every last business day of the month' (weekly plus monthly period).

In order to handle this rather complex series of dates, openfunds has defined two fields, i.e. "Specific Dates for Multiple Trade Cycles" in the above chart. These two fields, one for subscriptions (OFST405530

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Dates Of Multiple Subscription Trade Cycles) and the other one for redemptions (OFST425570 Dates Of Multiple Redemption Trade Cycles) are text fields.

openfunds recommends to populate them the same way as shown in the above examples separating each trade cycle with a pipe "|" (ASCII 124) in order to allow an automated data processing even for these types of complex trade cycles.

## Special Case:

In case there are weekly and monthly cycles both with the first business day, the fields "OFST405521 Subscription Trade Cycle Period" / "OFST425561 Redemption Trade Cycle Period" should be filled with the value "combined" and "OFST405530 Dealing Days Of Multiple Subscription Trade Cycles" / "OFST425570 Dealing Days Of Multiple Redemption Trade Cycles" with the value "1st business day | 1st business day".

## Possible values:

Depending on the period (weekly, monthly, yearly) please use the same values as described in "Funds with one trade cycle". To separate different cycles, just separate them with a pipe "|" (ASCII 124).

## Examples:

1. "15th calendar day Jun|last business day Feb|last business day May|last business day Aug|last business day Nov"
2. "Fr|30th calendar day Jun|31st calendar day Dec"
3. "Mo|3rd Fr Apr"

## Example special case:

4. "1st business day|1st business day": This combination stands for first business day of the week and first business day of the month.

## Automated data processing for multiple trade cycles:

Especially for multiple trade cycles the following rules can help to identify the period:

1. Yearly period: the only period that mentions a month like ["Jan"], ["Feb"], etc.
2. Monthly period: the only period that mentions "calendar" (day) or "business" (day) without a month. Also, a weekday like ["Su"], ["Mo"], ["Tu"], etc. cannot stand for itself, but has always a number like "1st", "2nd" or "last" in front of it.
3. Weekly period: the only period that mentions a weekday like ["Su"], ["Mo"], etc. without a number before it.

## 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](mailto:businessoffice@openfunds.org)

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