Deficit caused by investor making a purchase with a sale example

An investor instructs the ISA manager to sell shares in company A and use the proceeds to purchase shares in company B. The sale is carried out on a T+4 deal while the purchase is made on a T+2 deal, resulting in a 2 day deficit period on the manager’s systems. This deficit is not regarded as breaching the ISA rules.

If managers are making a purchase of a fund which utilises forward pricing, they should not rely on an unknown sale price as a means of purchasing new investments as this could result in the ISA going into deficit.