

IMPORTANT NOTICE

National Securities Clearing Corporation



The Depository Trust &
Clearing Corporation

A#6632

P&S #6202

DATE: June 11, 2008

TO: ALL PARTICIPANTS

ATTENTION: MANAGING PARTNER/OFFICER, OPERATIONS
PARTNER/OFFICER, COMPLIANCE OFFICER

FROM: WEALTH MANAGEMENT SERVICES

SUBJECT: Alternative Investment Products (AIP) Service – SEC Approval

The U.S. Securities and Exchange Commission approved proposed rule change SR-NSCC-2007-12 filed by National Securities Clearing Corporation (“NSCC”) regarding NSCC’s new Alternative Investment Products (AIP) suite of services.

Developed at the request of, and in consultation with, industry participants worldwide, AIP is a service platform that links broker/dealers, fund managers, administrators and custodians. AIP provides settlement of subscriptions and redemptions for various alternative investment vehicles and automates the exchange of all trade-related account information.

About the AIP Service

Alternative investment products include funds of hedge funds, single hedge funds, Real Estate Investment Trusts (REITs), private equity funds, and energy, equipment, and commodity pool funds. They are typically pooled investment products that are offered through private placements to high-net-worth individuals and institutional investors, such as pension funds.

By effectively addressing operational issues that challenge broker/dealers and fund sponsors, AIP will help the alternative investment community become more scalable through increased efficiencies, reduced operational risk and lowered costs.

Benefits of AIP:

- **Decreased Errors and Risk**

Alternative investments are currently handled through hardcopy, fax, email, phone calls and spreadsheets, and the lack of automation and centralization prolongs the transaction process. Not only is manual processing of these instruments error-prone, it also prevents business growth as volume outpaces the industry’s ability to manage it.

The AIP service will streamline and automate all the processes related to trade order initiation, money settlement and post-trade reporting, eliminating the time-consuming paperwork that can result in errors and pose risk.

- **Standard Formats, Standard Messages**

AIP will standardize the way the alternative investment industry communicates about the investment security and the associated investments, reducing cycle time and rework.

- **Reduced Operational Costs**

With DTCC as a central clearing facility for uniform operational functions, and thus eliminating the multiple contact points for fund sponsors, broker/dealers, administrators and transfer agents, AIP will streamline multiple connections through a “one-to-many” service that links trading parties through a single connection.

Who Can Use AIP

AIP is open to participants in the alternative investment space, including current users of NSCC fund services, SEC registered advisors, CFTC-registered commodity pool operators, trading advisors, SEC-registered investment companies, broker/dealers, banks and trusts. Participants must sign an AIP membership agreement and appoint an NSCC settling bank.

For more information about using AIP, contact AIP Relationship Management at (212) 855-8877. The full text of the rule filing (SR-NSCC-2007-12) and the SEC approval notice can be found online at http://www.dtcc.com/legal/rule_filings/nscc/2007.php.