



Securing Today. Shaping Tomorrow.™

WMS Alternative Investment Product (AIP)

Alternative Investment Products

Services offered through DTCC Subsidiary, National Securities Clearing Corporation (NSCC)

About DTCC

***OUR PROMISE:** As a global financial services leader, we proactively develop solutions to secure today's marketplace, while shaping the future of our industry. We promise to stand at the forefront of innovation to mitigate risk, create market efficiencies and reduce costs.*



With **40 years of experience**, DTCC is the **market infrastructure** for the global financial services industry.

From operating facilities and data centers around the world DTCC, through its subsidiaries, **automates, centralizes, and standardizes** the processing of financial transactions and **mitigates risk** for **thousands of institutions** worldwide.

WHAT WE DO

WE SIMPLIFY THE COMPLEXITIES

OF

Clearing
Settlement
Asset Servicing
Institutional Trade
Matching
Global Data Management
Information Services

FOR

Alternative Investment Products
Mutual Funds
Insurance Transactions
Equities
Corporate & Municipal Bonds
Government
& Mortgage-Backed Securities
Derivatives
Syndicated Loans
Money Market Instruments

WITH

Broker/Dealers
Investment Banks
Institutional Investors
Investment Managers
Issuers
Fund Companies
Exchanges and Marketplaces
Banks
Trust Companies
Insurance Carriers & Distributors
Central Securities Depositories
Transfer Agents

AIP Product Overview

Product Description

- DTCC's Alternative Investment Product (AIP) is a platform that links global market participants — including investors, broker/dealers, product sponsors, fund managers, administrators and custodians — to provide straight through processing of alternative investment products
- AIP's suite of services supports electronic processing for alternative investments such as hedge funds, funds of funds, private equity, real estate investment trusts and limited partnerships
- AIP is intended to standardize the way the alternative investment industry communicates pre- and post-trade information about investor positions and valuations
- By effectively addressing the operational challenges related to capital investments and investor activity, AIP will provide the alternative investment community scalability through improved efficiencies, reduced operational risk and lowered costs

Benefits

- **Common Security Master** - AIP maintains referential fund attribute data in one central repository, creating a “golden copy” of fund-related data and rules
- **Increased Transaction Transparency** - The AIP service provides an audit trail on all of the transactions and transparency into transaction status
- **Central Clearing and Settlement** - Enables streamlined trade matching, which increases speed of settlement, accuracy and scalability
- **Improved Exception Processing** - The AIP service provides initial edits and exception processing on the order and sub-documentation. The service issues exceptions back to the transaction originator, who may accept, correct or reject the transaction
- **Lower Operational Costs** - Because no paper will be moved

SEC OK latest boost for alts clearing service ¹

Commission gives thumbs up again to Alternative Investment Product

By **Dan Jamieson**

Mar 26, 2012 @ 2:46 pm (Updated 3:04 pm) EST



The **Securities and Exchange Commission** has given the nod to a Depository Trust and Clearing Corp. service that should ease custody of alternative assets.

Last week, the SEC disclosed that a proposed rule change by DTCC's subsidiary, National Securities Clearing

Corp., to define its Alternative Investment Product service as a "good control location" under customer protection rules, was made effective on March 7.

¹ <http://www.investmentnews.com/article/20120326/FREE/120329932>

The AIP Benefit

Alternative Investment Manufacturers

Funds

Supports many alternative fund class

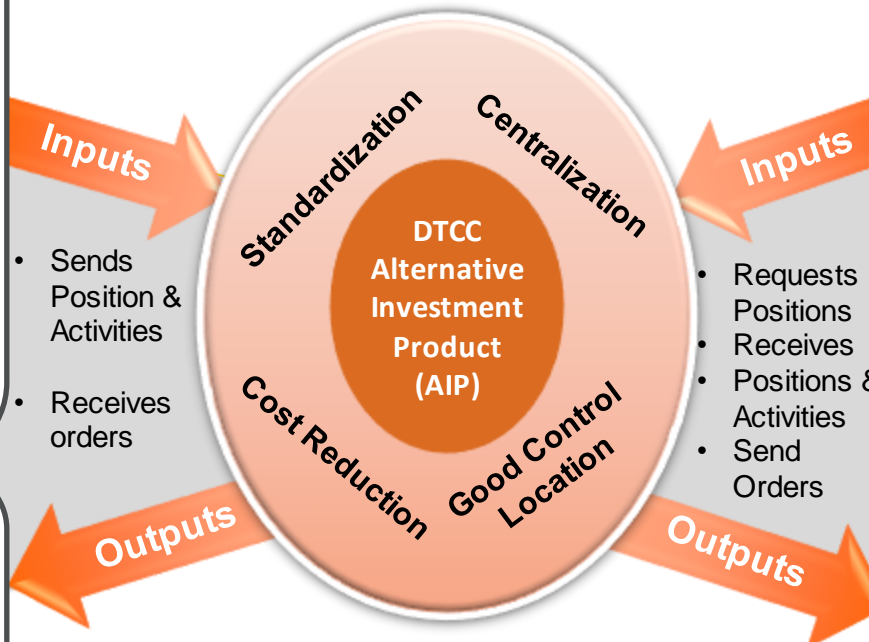
Platform visibility to support capital raising

Increased customer service by offering single consolidated statements

Fund Administrators

Standardized & streamlined data transmission

Scalability



Distributors

Investment Managers & Custodians

Improved investor position & activity reconciliation

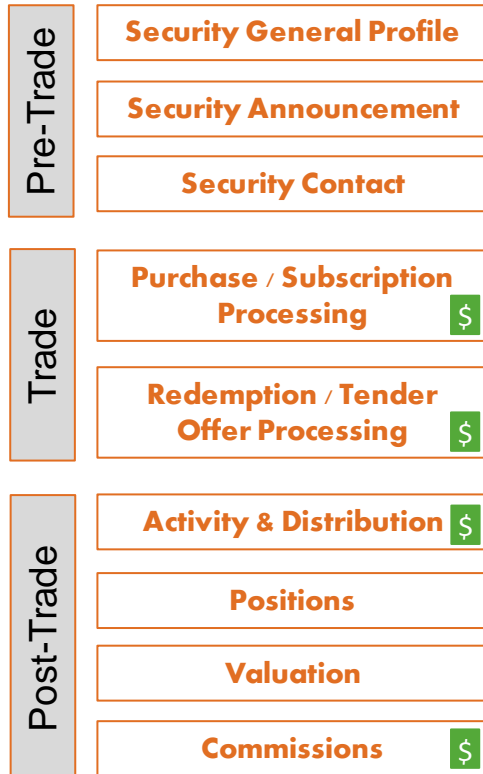
Streamlined trade matching

Increased speed and accuracy of Money Settlement

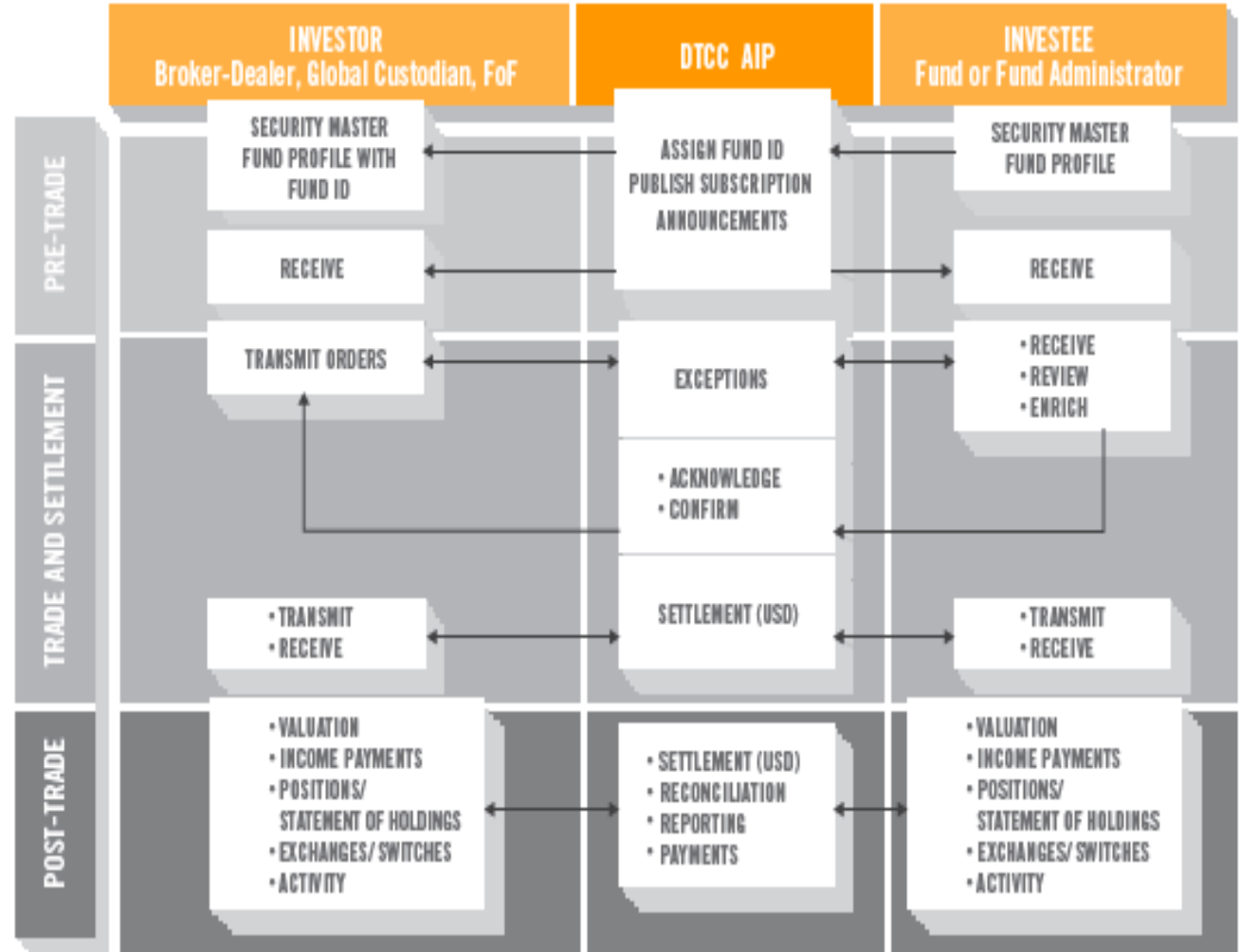
Catalyst for platform growth and fund diversification

AIP End-to-End Process Flow

AIP Services




End-to-End Process Flow



\$ Supports Money Settlement

AIP Services Overview

Message Type	Message Type Detail
Security Profile & Announcements	<ul style="list-style-type: none"> • Security information repository for alternative investment products including, Hedge Funds, Fund of Funds, REITs, LPs and Commodity Pools • Funds establish a Security profile prior to an initial offering period • AIP stores new subscription, redemption and distribution announcement information to distribute to Firms • Incoming orders validated against the Security Profile data
Orders <ul style="list-style-type: none"> • <i>Subscription/Purchase Processing</i> • <i>Tender Offer/ Redemption Processing</i> <p> Supports Money Settlement</p>	<ul style="list-style-type: none"> • Standardizes information associated with purchases of a fund into a new or existing investor account • Transmission of both financial trade data and non-financial customer/registration data • Existing investors can redeem full or partial account positions via a Fund- or Firm- initiated trade • Firms and Funds can initiate trades on “Customer Controlled” accounts • Only Firms can initiate trades on “Broker Controlled” accounts allowing “above the line” reporting • Automatic linking of “holdback” funds to the original trade • Trade Settlement
Exchange/Switch Processing	<ul style="list-style-type: none"> • Accommodates movement of shares/monies from one fund to another within the same fund family
Position Reporting	<ul style="list-style-type: none"> • AIP Funds can send position information to Firms at regularly scheduled intervals or on demand, e.g., monthly, weekly or daily • Firm-specific file contains account information including account number, balance and quantity • Position reporting offers Firms an opportunity to reconcile with the Fund on specific dates and maintain possession and control

AIP Services Overview

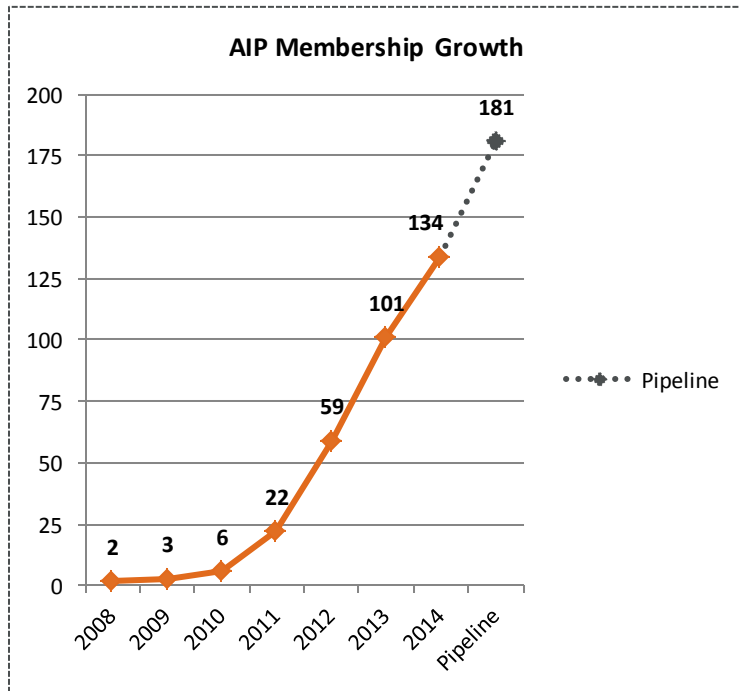
Message Type	Message Type Detail
Valuation Reporting	<ul style="list-style-type: none"> • AIP Funds can send valuation information to Firms on a regularly scheduled basis • This information file is similar to a pricing file, representing the NAV for a particular security within a Fund Family • Funds may designate whether the information is actual or estimated • Multi-currency reporting is available
Activity & Distribution Processing \$ Supports Money Settlement	<ul style="list-style-type: none"> • Funds can report both financial and non-financial transactions at the investor level • Activity and Position files enable periodic reconciliation of the share and account balance of an account • Funds can report, at an account level, detailed Fund distribution data • Multicurrency reporting is available
Commissions Processing \$ Supports Money Settlement	<ul style="list-style-type: none"> • Funds can report, at a Firm and account level, their detailed commission data • The service will process front-end load, back-end load, CDSC and other commission types
Account Maintenance <i>(ability to edit, modify and audit changes)</i>	<ul style="list-style-type: none"> • Firms and Funds can exchange registration and non-financial update information • Updates can be initiated by the Firm or Fund for existing accounts or to add new accounts
Paper Workflow	<ul style="list-style-type: none"> • Automation of the exchange of sub-account documentation between counterparties • Scan and PDF of documents can be submitted prior to, or along with, trades
File Format Options	CSV (Excel), Machine Readable Output (Flat Files), Extensible Markup Language (XML)

AIP Adoption

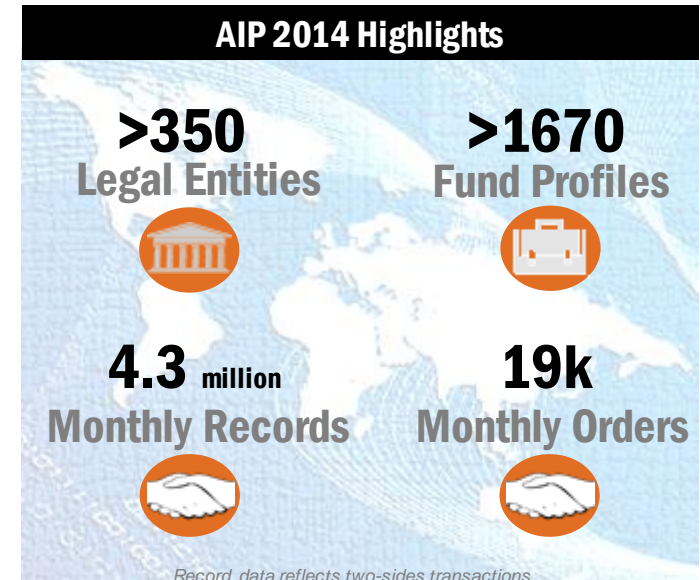
Data as of November 2014

Current AIP utilization includes:

- 134 member firms live on AIP representing:
 - Over 350 broker-dealers, funds and fund administrators
 - Over 1,670 alternative investment funds
 - 500,000+ investor accounts with over \$150 Billion in AUM
- Approximately 47 companies applying for AIP membership



DTCC Public (White)



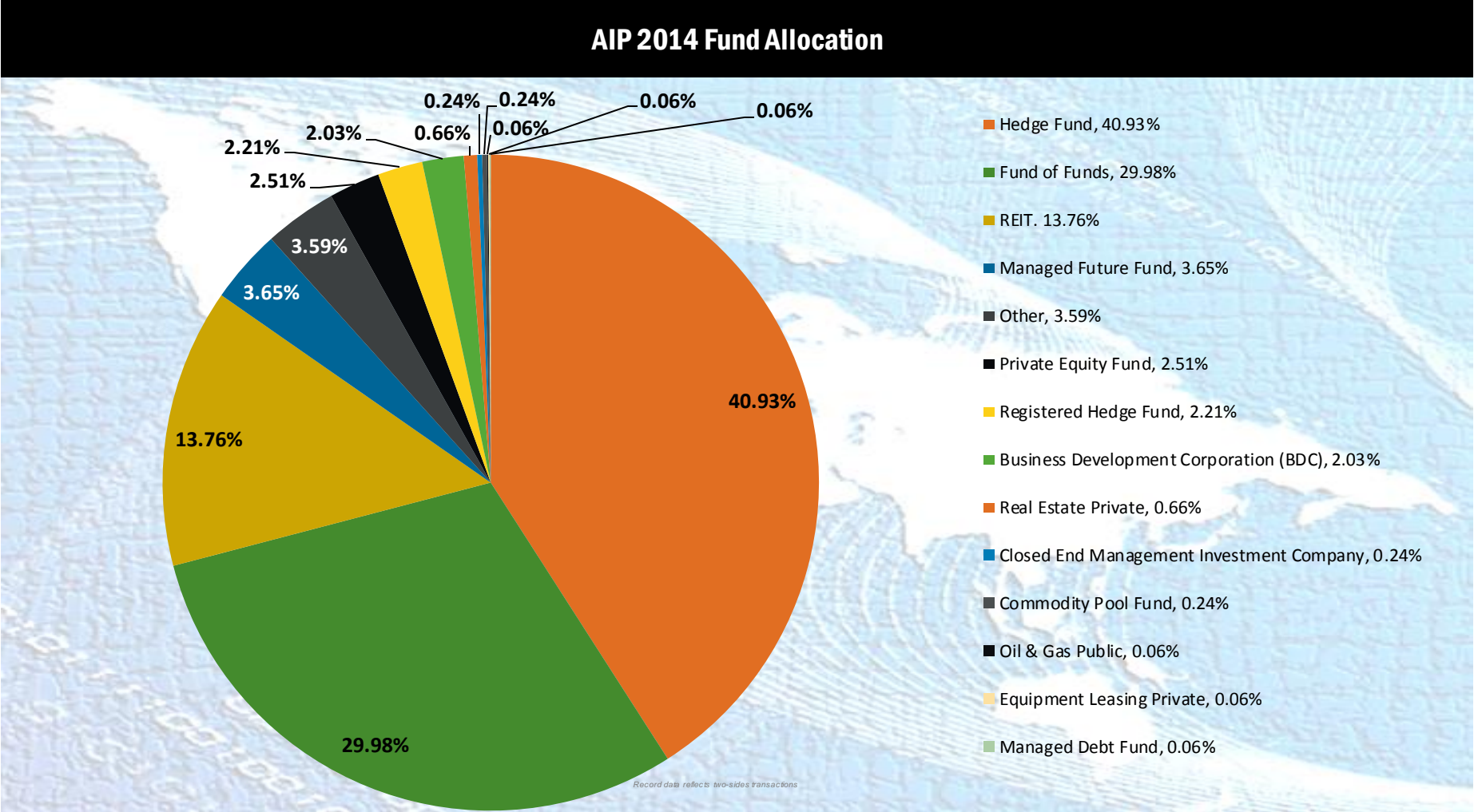
Record data reflects two-sides transactions

AIP members include:

- B/Ds and Custodians (Schwab, Pershing, NFS, LPL, Ameriprise, UBS, RBC, Morgan Stanley)
- Funds (Goldman Sachs, Pimco, Guggenheim, Alliance Bernstein, Ironwood, Blackstone, Skybridge, Hatteras, Steben, Campbell, Morgan Creek, nearly all of the non-traded REITs, CAIS Funds, ...)

AIP Fund Allocation

Data as of November 2014



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