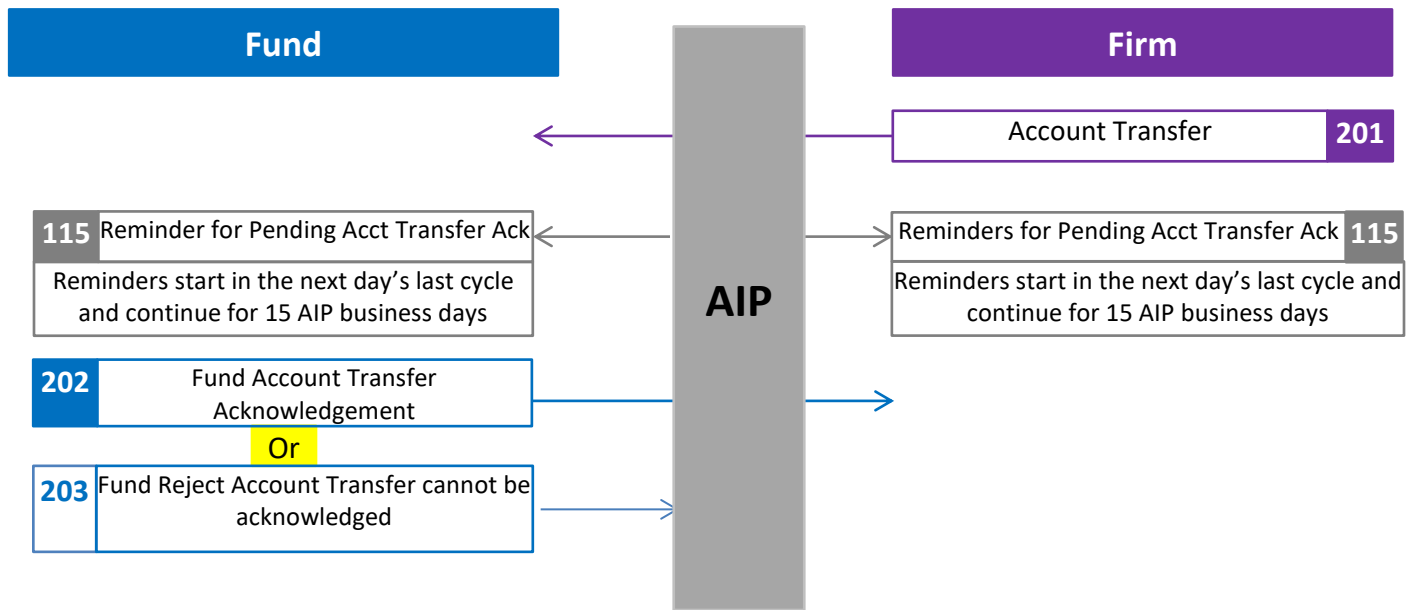


ALTERNATIVE INVESTMENT PRODUCTS

TRANSACTION FLOW

ACCOUNT TRANSFER

PROCESS FLOW INDICATOR (0 = NO)
(REITS/BDC PROCESSING)



ACCOUNT TRANSFER FUNCTIONALITY (NON-ACATS)

The new account transfer records will accommodate transfers to re-register the shareholders account, within the same broker dealer. For example, re-registering the account from a joint to an individual account (Michelle Mclean & John Smith, Joint Tenant) to (Michelle Mclean). Another method of internal transfers would be if the rep moves and his assets will be moving with him to the new firm (within the same fund company).

As a best practice, **REITS and BDC's** will follow the model for Process Flow Indicator (0 = No), since this security normally follows a T+3 model.

The Process Flow Indicator on the Fund Account Transfer Acknowledgement (202) record will dictate if the record requires only a Fund Acknowledgement or if the Account Transfer requires a Confirmation record to complete the life cycle of the Account Transfer process.

- For Process Flow Indicator = 0, AIP will only require the Fund to Acknowledge to complete the life cycle of the account transfer
- For Process Flow Indicator = 1, AIP will require the Fund to Acknowledge and Confirm to complete the life cycle of the account transfer

Process Flow Indicator (0 = No)

For Process Flow Indicator = 0, AIP will only require the Fund to Acknowledge to complete the life cycle of the account transfer.

- AIP will only allow a Fund Account Transfer Acknowledgement or Fund Reject of an Account Transfer
 - 202 = Fund Account Transfer Acknowledgement
 - 203 = Fund Reject of Account Transfer
- The following record types will NOT be allowed for Process Flow Indicator 0, and will be 'Rejected' by AIP
 - 204 = Firm Reject of Account Transfer
 - 205 = Fund Exit of Account Transfer
 - 206 = Firm Exit of Account Transfer
 - 207 = Confirmation of Account Transfer
 - 208 = Correction of Account Transfer

Transaction Flow Details for Firm Originated Account Transfers

- The Firm submits a (201 - Account Transfer)
- AIP will validate syntax and requirements and if there are no errors, AIP will forward the Account Transfer record to the Fund
- If an Account Transfer has been rejected by the Fund, then the Account Transfer cannot be Fund Acknowledged, and this will end the life cycle of the Account Transfer process
- The Fund will populate the Anticipated Transfer Completion Date in the 202 – Fund Account Transfer Acknowledgement
- The Fund Account Transfer Acknowledgement record should be received by the last cycle (C98) of the next AIP business day, if not, AIP will send a daily Reminder record (115 - Pending Account Transfer Acknowledgement) to both parties for 15 AIP business days or until the Fund Acknowledgement or Fund Reject record is received or until the Anticipated Transfer Completion Date that is populated on the (202 -Fund Account Transfer Acknowledgement) record
 - If no response, AIP will mark the transaction to a 'closed' status and no further action can be taken against the transaction
- As a best practice, the Fund will transmit the (202 - Fund Account Transfer Acknowledgement) in one of the next day's AIP cycles
- The Fund can change the Process Flow Indicator from (0 to 1) or (1 to 0) on the (202 - Fund Account Transfer Acknowledgement) record. If the process flow indicator is changed from (0 to 1), AIP will require the (207 - Confirmation of Account Transfer) record to be transmitted to complete the Account Transfer

Account Transfer – Registration Requirements (025 – Account Registration)

If the Account Transfer requires a new or updated registration, a (025 – Account Registration) record must be submitted with the 'Registration Type' populated with the (2 - Account Transfer Registration) value so that AIP can distinguish that the Registration is for an Account Transfer versus an Order.

The 'Control Number' on the (201 - Account Transfer record) must match the 'Control Number' on the (025 – Account Registration) record to complete the validation process.

Registration Type

- 0 = Order Registration
- 1 = Registration Only
- 2 = Account Transfer Registration

Existing Registration Record Types:

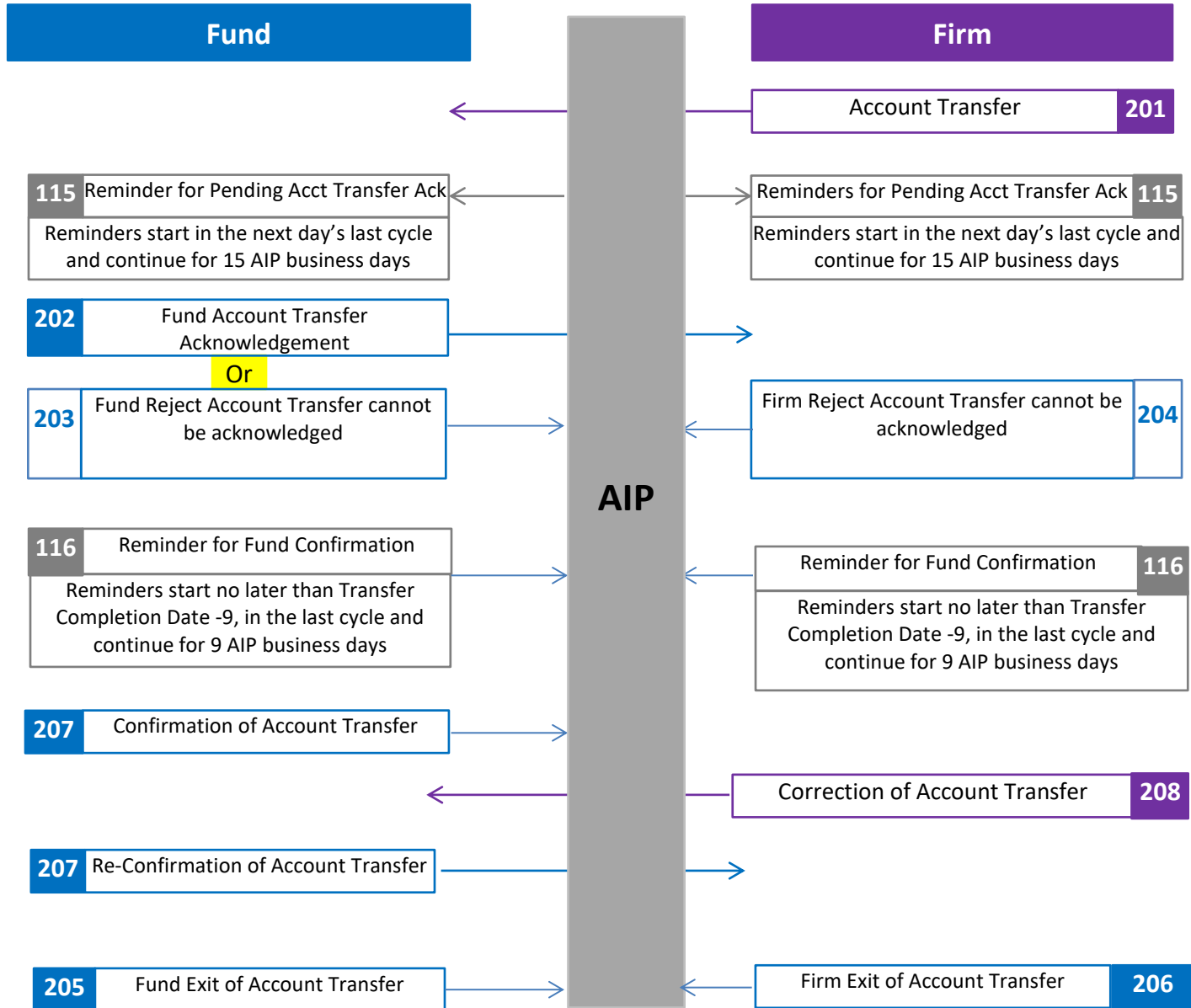
- 025 = Account Registration
- 026 = Registration Acknowledgement
- 027 = Registration Reject
- 081 = Pending Registration Acknowledgement

Registration Process Flow for Indicator (0 = No)

- The (025 – Account Registration) record MUST be submitted first for all records that are populated with Transaction Code (01 - Transfer to New Account) on the (201 – Account Transfer) record
- If the (201 - Account Transfer) record is populated with Transaction Code (01 - Transfer to New Account), the Control Number must match the Control Number on the (025 - Account Transfer Registration) record
- If the Account Registration record does not exist in the database prior to the Account Transfer record, AIP will 'reject' the Account Transfer record
- AIP will not validate if the Account Registration has been Acknowledged, since there is no Confirmation functionality for Process Flow Indicator (0)

ACCOUNT TRANSFER

PROCESS FLOW INDICATOR (1=YES) (HEDGE FUND PROCESSING)



ACCOUNT TRANSFER FUNCTIONALITY

The Process Flow Indicator = '1' on the (201 - Account Transfer) record will require both the Fund Acknowledgement and Confirmation to complete the life cycle of the Account Transfer process.

The Roundtable Committee Members have agreed that as a best practice, **Hedge Funds** will follow the model for Process Flow Indicator (1 = Yes).

Process Flow Indicator (1 = Yes)

For Process Flow Indicator = 1, AIP will require the Fund to Acknowledge and Confirm to complete the life cycle of the account transfer.

- The following subsequent record types will be allowed for Process Flow Indicator = 1
 - 202 = Fund Account Transfer Acknowledgement
 - 203 = Fund Reject of Account Transfer
 - 204 = Firm Reject of Account Transfer
 - 205 = Fund Exit of Account Transfer
 - 206 = Firm Exit of Account Transfer
 - 207 = Confirmation of Account Transfer
 - 208 = Correction of Account Transfer

Transaction Flow Details for Firm Originated Account Transfers

- The Firm submits a (201 - Account Transfer)
- AIP will validate syntax and requirements and if there are no errors, AIP will forward the Account Transfer record to the Fund
 - The Account Transfer record must be either Fund Acknowledged or Fund Rejected, no later than EOD in the C98 cycle on or before the 'Anticipated Completion Date' that is populated on the (202 – Fund Account Transfer Acknowledgement) record
 - If an Account Transfer has been rejected by the Fund (203 – Fund Reject of Account Transfer) or Firm (204 – Firm Reject of Account Transfer), then the Account Transfer cannot be Fund Acknowledged, and this will end the life cycle of the Account Transfer process

- The Fund Account Transfer Acknowledgement record should be received by the last cycle (C98) of the next AIP business day, if not, AIP will send a daily Reminder record (115 - Pending Account Transfer Acknowledgement) to both parties for 15 AIP business days or until the Fund Acknowledgement or Fund Reject record is received or until the Anticipated Transfer Completion Date that is populated on the (202 – Fund Account Transfer Acknowledgement) record
 - If no response, AIP will mark the transaction to a 'closed' status and no further action can be taken against the transaction
- As a best practice, the Fund will transmit the (202 - Fund Account Transfer Acknowledgement) in one of the next day's AIP cycles
- The Fund must transmit a (207 - Confirmation of Account Transfer) to finalize the transaction
- If the Confirmation of Account Transfer has not been received by 9 AIP business days prior to the 'Transfer Completion Date', AIP will send a daily Reminder record (116 - Pending Account Transfer Confirmation) to both parties for 9 AIP business days or until the Transfer Completion Date
 - If the 'Transfer Completion Date' is less than 9 AIP business days, then AIP will start transmitting the (116 - Pending Account Transfer Confirmation) record immediately in that day's EOD – C98 cycle
 - If no response, AIP will mark the transaction to a 'closed' status and no further action can be taken against the transaction
- The Fund can send multiple reconfirmation records to make changes to the Account Transfer by populating the 'Reconfirmation Indicator', however the indicator must be between alpha characters (C-Z)
- The initial Reconfirmation Indicator must start with (C) on the Confirmation
- For each subsequent Confirmation of Account Transfers, the 'Reconfirmation Indicator' on the record must be greater than the previous record
- The Firm has the 'option' to send a (208 - Correction of Account Transfer) at any stage of the Account Transfer process, if the transfer has been 'Fund Acknowledged' and the 'Transfer Completion Date' has not expired. The Correction Indicator must be populated and be between alpha characters (C-Z).
- The initial Correction must start with (C) on the Correction of Account Transfer
- For each subsequent Correction of Account Transfer record, the 'Correction Indicator' on the record must be greater than the previous record
- If the Account Transfer has already been 'Confirmed', AIP will accept the 'Correction' but requires the Fund to re-transmit the (207 - Confirmation of Account Transfer) to finalize the transaction

- The Correction Indicator on the Confirmation record must match the current value of the Correction Indicator from the most recent (208 = Correction of Account Transfer) record or the Confirmation will be rejected
- AIP will allow the fund to send multiple Confirmations to adjust the transfer, however AIP will only validate against the most recent Confirmation that is in our database
- The Firm or Fund has the 'option' to cancel the Account Transfer by either transmitting a (205 - Fund Exit of Account Transfer) or (206 - Firm Exit of Account Transfer) record at any stage of the Account Transfer process, as long as the transfer has been 'Fund Acknowledged' and the 'Transfer Completion Date' has not expired
- Once AIP receives either the Fund or Firm Exit of Account Transfer, this will close the transaction and no subsequent records will be accepted

Account Transfer – 025 - Registration Requirements

If the Account Transfer requires a new or updated Registration (025 – Account Registration) record must be submitted with the 'Registration Type' populated with the (2 - Account Transfer Registration) value so that AIP can distinguish that the Registration is for an Account Transfer versus an Order. The 'Control Number' on the (201 - Account Transfer record) must match the 'Control Number' on the (025 – Account Registration) record to complete the validation process.

Registration Type

- 0 = Order Registration
- 1 = Registration Only
- 2 = Account Transfer Registration

Existing Registration Record Types:

- 025= Account Registration
- 026 = Registration Acknowledgement
- 027 = Registration Reject
- 081 = Pending Registration Acknowledgement

Registration Process Flow for Indicator (1 = Yes)

- The (025 – Account Registration) record MUST be submitted first for all records that are populated with Transaction Code (01 - Transfer to New Account) on the (201 - Account Transfer) record
- If the (201 - Account Transfer) record is populated with Transaction Code (01 - Transfer to New Account), the Control Number must match the Control Number on the (025 - Account Transfer Registration) record

- If the (201 - Account Transfer) record is not received by that day's last cycle (C98), AIP will begin to transmit Reminders (114 – Pending Account Transfer) records to both parties for 15 AIP business days in that day's EOD (C98) cycle
- The (025 - Account Registration) record will still be accepted if the (026 - Registration Acknowledgement) is received in the AIP database and it would be considered a 'shell account'
- The participant can submit a (201 – Account Transfer) record, however the 'Transaction Code' must be populated to (02 - Transfer to Existing Account). AIP will NOT validate the control number on the (025 – Account Transfer Registration) to match the (201 - Account Transfer Record).
 - If the control numbers are the same_AIP will 'accept' the transaction, since there is no control number validation between the Account Transfer and the Account Transfer Registration
 - If the control numbers are different AIP will 'accept' the transaction, since there is no control number validation between the Account Transfer and the Account Transfer Registration

Account Transfer submitted, prior to Account Transfer Registration Received:

- If the Firm is transmitting a (201 – Account Transfer) record and the 'Transaction Code' is populated to (01 – Transfer to New Account), the (025 – Account Transfer Registration) must already exist in the AIP database
- If the (025 - Account Transfer Registration) record does not exist in the database 'prior' to the (201 - Account Transfer) record, AIP will 'reject' the (201 - Account Transfer) record

Registration Acknowledgement Functionality for Transfer to New Account:

- If the Firm is transmitting a (201 – Account Transfer) record and the 'Transaction Code' is populated to (01 – Transfer to New Account), AIP will validate that the (025 – Account Transfer Registration) has been Acknowledged, once the (207 – Confirmation of Account Transfer) is received in the database
 - If the (025 – Account Registration) has not been Acknowledged, the (207 – Confirmation of Account Transfer) will be 'rejected'