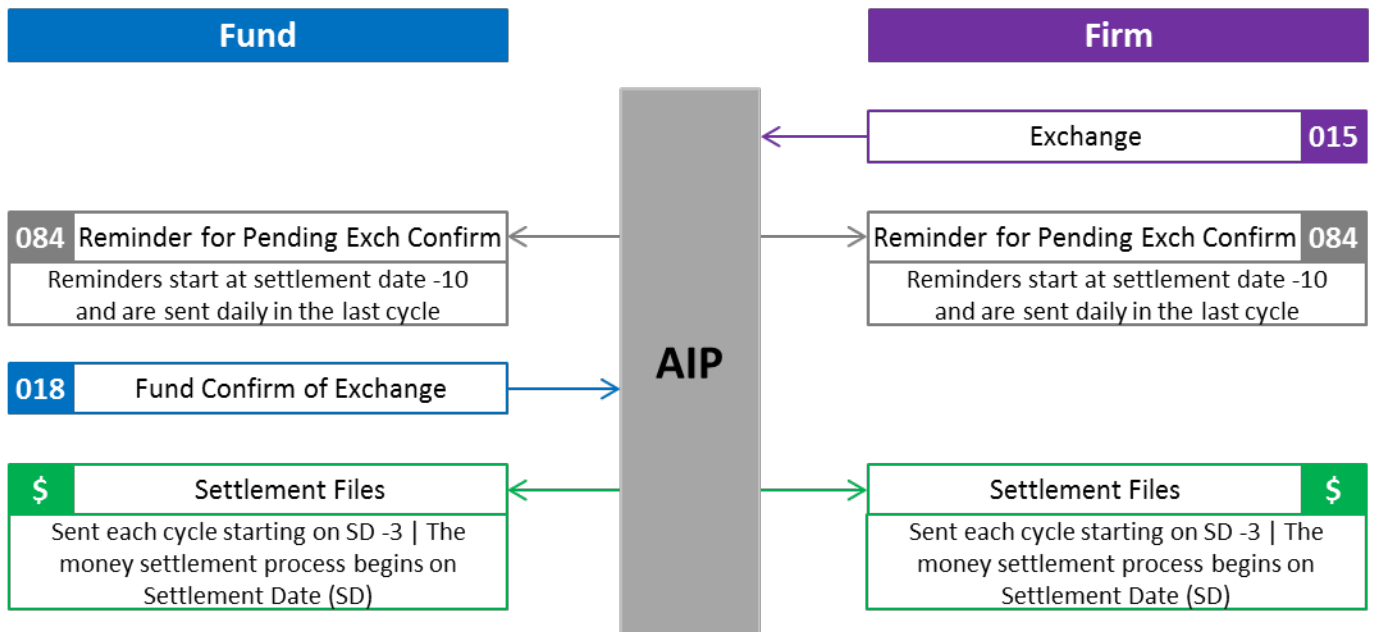


# ALTERNATIVE INVESTMENT PRODUCTS TRANSACTION FLOW

## EXCHANGE-SWITCH

### FIRM INITIATED



## FIRM INITIATED EXCHANGE-SWITCH

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The Exchange-Switch transaction accommodates the movement of shares and money from one fund to another within the same fund family providing the shares and money are available. The Exchange-Switch can be submitted as a partial exchange for a specific share/dollar amount or a full exchange to move all shares.

If the Exchange-Switch is to a new Fund account, the AIP system will expect registration information on behalf of the investor along with the exchange transaction. If not, the Exchange-Switch will be to an existing account.

### Transaction Flow Details for Firm Initiated Exchange-Switch Transactions

- The Firm initiates an Exchange (015) to AIP
- AIP will validate the Exchange for syntax errors (format, values, conditions)
  - If the Exchange transaction is not in good form, AIP will 'reject' the file back to the Firm
  - If the Exchange is in good form, AIP will transmit the file to the Fund
- The Fund must transmit a Fund Confirmation of Exchange (018) to finalize the transaction
- If the Fund does not transmit the Fund Confirmation, Reminders for the Pending Exchange Confirmation (084) will be transmitted to both parties ten (10) days prior to settlement date. Reminders for the Fund Confirmation will continue until (SD-2) is reached.
- If no response is sent by the Fund by the C98 – End of Day Cycle of settlement date minus 1 (SD-1), AIP will convert the transaction to a 'closed' status
- If the Fund Confirmation response is received, AIP will validate the file for syntax errors and transmit the Exchange transaction to the Fund for processing
- Settlement files will be provided
  - Settling Transactions – AIP will transmit settlement files to both parties starting 3 AIP business days prior to the Settlement Date (SD) and will be included in each cycle on SD-3, SD-2, SD-1 and SD for trades that are confirmed and ready to settle
  - Non-Settling Transactions – If the Settlement Date is populated, AIP will transmit settlement files to both parties starting 3 AIP business days prior to the Settlement Date (SD) and will be included in each cycle on SD-3, SD-2 and SD-1 for trades that are confirmed and 'ready to settle'
- If Settlement is required, it will occur on the Settlement Date (SD) indicated on the Exchange record

**Note:** An Acknowledgement record is not required

### Important Information for Exchange-Switch Settlement

In order for a Firm Initiated Exchange to be 'ready to settle', the following transactions must be created:

- Firm Exchange (015)
- Fund Confirmation of Exchange (018)
- Registration (only for new registration) (025)
- Registration Acknowledgement (only for new registration) (026)
- Pending Exchange Confirmation Reminder (084)
- Pending Registration Acknowledgement Reminder (only for new registration) (081)

Settlement Records (070, 071, 072)

- The Fund must send a Fund Confirmation of Exchange to finalize the transaction
- AIP will settle the Exchange transaction, based upon the information on the Fund Confirmation
- If AIP does not receive the Fund Confirmation of Exchange by the C98 – End of Day Cycle of Settlement Date minus 1 - (SD-1), the trade will convert to a 'closed' status
- AIP transmits the Settlement Detail files to both Participants in each daily cycle on (SD-1) which will reflect trades that are 'ready to settle' (SD)

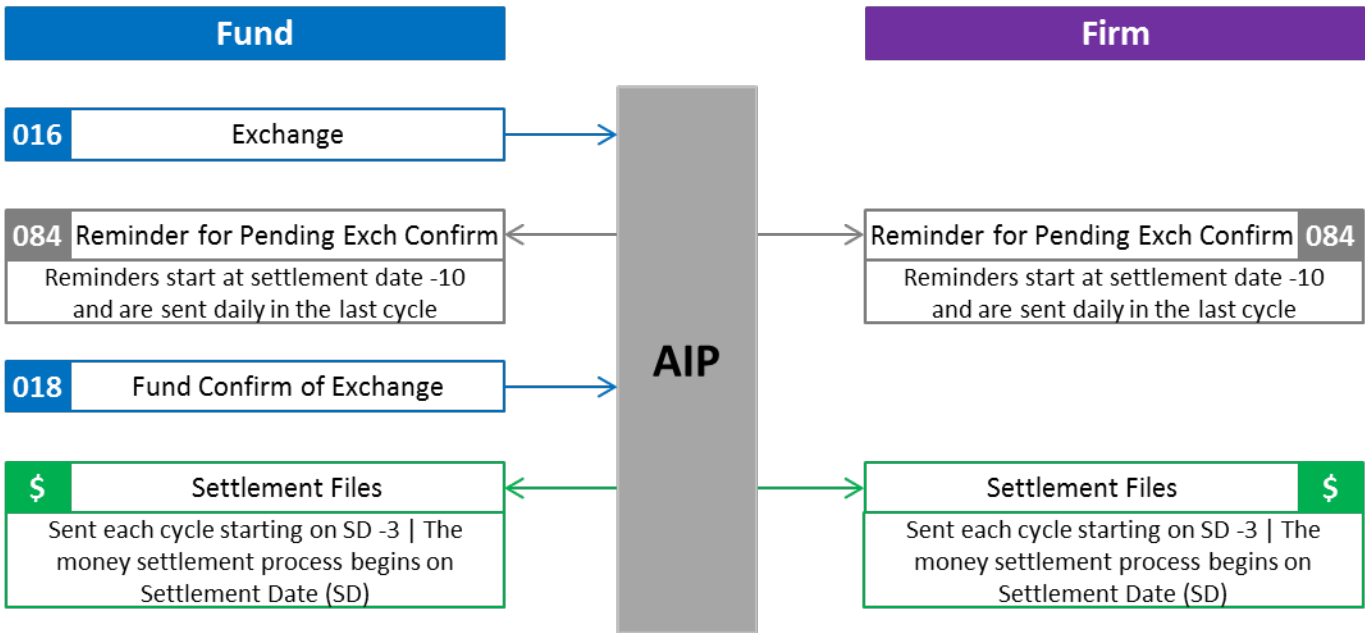
The Exchange record has a required field called 'Settlement Indicator'

- The Settlement Indicator determines if the Exchange requires 'settlement'
- The settlement options are: 1= Settling or 2 = Non-Settling
- Transactions that are marked as 'Settling' will settle via the AIP application
- Transactions marked as 'Non-settling', will be handled outside of the AIP application

All transactions that are marked 'Settling' will require a Fund Confirmation of Exchange from the Fund

EXCHANGE-SWITCH

FUND INITIATED



## FUND INITIATED EXCHANGE-SWITCH

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### Transaction Flow Details for Firm Initiated Exchange-Switch Transactions

- The Fund initiates an Exchange record (016) to AIP
- AIP will validate the Exchange for syntax errors (format, values, conditions)
  - If the Exchange transaction is not in good form, AIP will 'reject' the file back to the Fund
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- If no response is sent by the Fund by the C98 – End of Day Cycle of settlement date minus 1 (SD-1), AIP will convert the transaction to a 'closed' status
- If the Fund Confirmation of Exchange response is received, AIP will validate the file for syntax errors and transmit the Exchange transaction to the Firm for processing
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  - Non-Settling Transactions – If the Settlement Date is populated, AIP will transmit settlement files to both parties starting 3 AIP business days prior to the Settlement Date (SD) and will be included in each cycle on SD-3, SD-2 and SD-1 for trades that are confirmed and 'ready to settle'
- If Settlement is required, it will occur on the Settlement Date (SD) indicated on the Exchange record

**Note:** An Acknowledgement record is not required

### Important Information for Exchange-Switch Settlement

In order for a Firm Initiated Exchange to be 'ready to settle', the following transactions must be created:

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All transactions that are marked 'Settling' will require a Fund Confirmation of Exchange from the Fund