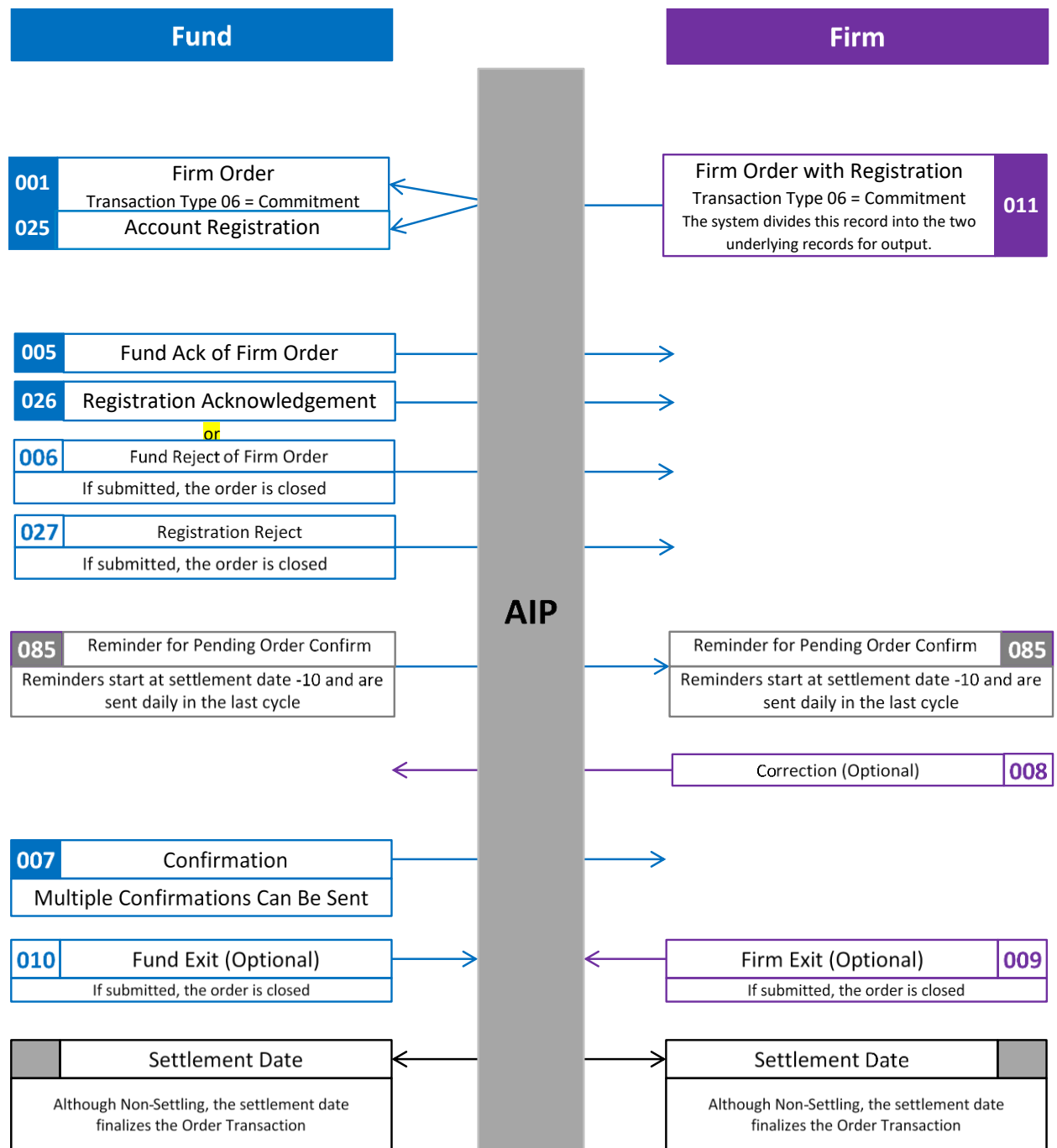


# ALTERNATIVE INVESTMENT PRODUCTS

## TRANSACTION FLOW

### FIRM ORIGINATED COMMITMENT ORDER WITH REGISTRATION (NON-SETTLING)



## **FIRM ORIGINATED COMMITMENT ORDER WITH REGISTRATION (NON-SETTLING)**

---

A Firm Originated Order with Registration is used for a commitment that is initiated by the Firm that does not include any money movement or settlement. Subsequent Commitment Orders, which are detailed in the second part of this document, can be sent as stand-alone orders but only after the registration already exists.

### **Transaction Flow Details for Firm Originated Order with Registration Transactions**

- The Firm submits a Firm Order with Registration (011)
  - All transactions must have a unique Control Number established by the Firm that will identify the trade.
  - The Firm must populate all of the required fields to minimize potential rejects.
  - The AIP system receives a Firm Order with Registration (011) and separates it into two records: Firm Order (001) and Account Registration (025).
  - **Note:** The Firm also has the option to submit 001 and 025 records separately, instead of the 011, which combines them into a single record for input.
- NSCC will validate the Firm Order for syntax and against the Security Announcement record to verify if there is a valid Subscription Offering for that NSCC Security Issue Number that was previously established on the AIP database by the Fund.
  - If the record is rejected by NSCC, it will be returned to the submitter with the appropriate NSCC Reject Reason Code(s) populated.
  - If accepted with errors, soft rejects will go to the Fund to inform them of a mismatch during the validation process.
  - If the record is accepted by NSCC, it will be forwarded to the intended recipient.
- Reminders for Pending Order Acknowledgement from Fund (083) will be transmitted beginning in the next day's last cycle for 15 AIP business days to both parties or until SD-2, whichever comes first
- 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

### **Fund Acknowledgement of Firm Order & Registration Acknowledgement**

- Based on best practices, Fund Acknowledgement of Firm Order (005) & Fund Registration Acknowledgement (026) is expected to be transmitted by the end of the next AIP business day.
- Upon receipt of the Fund Acknowledgement of Firm Order and Fund Registration Acknowledgement, AIP will send the records to the Firm in the next scheduled AIP output cycle.
  - **Note:** The Fund has the option to 'reject' the Order (006) and/or Registration (027); please see section below 'Important Information' below regarding rejects.
- If AIP does not receive the Fund Acknowledgement of Firm Order (005) and/or Registration Acknowledgement (026), AIP will send daily Reminders for the Pending

Order Acknowledgement (083) and Registration Acknowledgement (081) for the next 15 (AIP business days) to both the 'Originator' and the 'Recipient' until acknowledgement is received or settlement date minus 2 (SD-2) is reached. If the acknowledgement and/or Registration are not received by the C98 – End of Day Cycle on settlement date minus 1 (SD-1), AIP will convert the trade to a "closed" status.

- **Note:** The Reminder messages are created by AIP to notify both parties of trades 'requiring action'.
- Upon receipt of the Fund Acknowledgement of Firm Order (005) & Registration Acknowledgement (026), AIP will store the transaction in the database until the Fund confirms the Order transaction.  
**Optional:** A Correction (008) to update details of the Order can only be initiated by the Firm and can be sent anytime after Fund Acknowledgment through the cycle before C98
- Reminders for Pending Order Confirmation (085) will be transmitted to both parties starting at SD-10
- **Optional:** A Correction (008) to update details of the Order can only be initiated by the Firm
  - If the Firm submits a Correction to change any of the business fields and the Fund had previously submitted a Confirmation (007), AIP requires the Fund to re-submit a Fund Confirmation (007) to finalize the transaction
- The Fund Confirmation (007) is used to finalize the transaction and even though there is not settlement
  - The fund has the option to transmit a re-confirmation record if there are any changes to the original confirmation
  - C-Z = The reconfirmation values that must be populated by the Fund in the 'Reconfirmation Indicator' field
  - Space = First Confirmation or First Confirmation after a Correction
  - For the first Reconfirmation, the Indicator must begin with "C" and for each subsequent Reconfirmation the indicator must be greater than the previous reconfirmation indicator in sequential order
- **Optional:** A Fund Exit (010) or Firm Exit (009) can be initiated to cancel the Order and must be populated with the 'Control Number' of the original Order transaction
  - The Firm or Fund Exit must be sent by the C98 – End of Day Cycle on Settlement Date minus 1 (SD-1)
  - Once AIP receives the Firm or Fund Exit, the Order is converted to a 'Closed' status and no further action is allowed against the Order transaction
- If AIP does not receive Confirmation by the C98 – End of Day Cycle on Settlement Date minus 1 (SD-1), the trade will convert to a 'closed' status
- Settlement files will be triggered for non-settling transactions if the Settlement Date is populated and 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'

## **Important Information for Rejects**

### **Processing Rejects for an Order that is linked to a Registration**

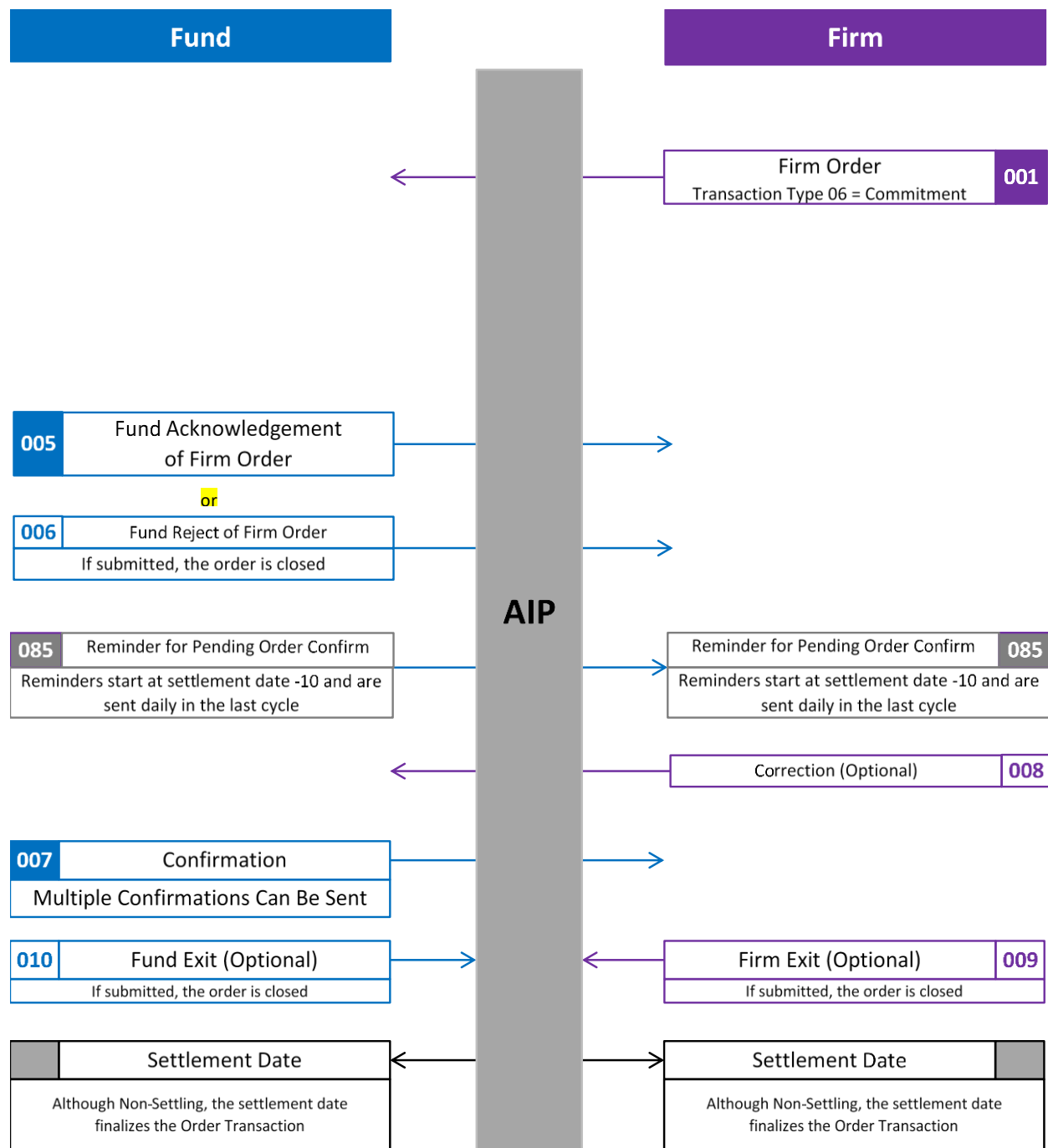
- If the Registration record is linked to an Order and the Order is rejected by the Fund, this will not reject the Registration record; the Registration record can still be processed
- If the Order is rejected by the Fund, AIP will close the Order and the Control Number of that Order cannot be used again
- A new Order with a new Control Number can be submitted, but it cannot be linked to the original registration since they will have different Control Numbers
- If the Registration was Acknowledged (not rejected) by the Fund, a new stand-alone Order can be sent and the Registration Indicator on the new Order must be populated with (0) = No Registration Required; alternatively a new Order and a new Registration with a new Control Numbers can be sent

### **Processing Rejects for a Registration that is linked to an Order**

- If the Order transaction is linked to a Registration and the Registration is rejected by the Fund, the Order transaction cannot complete the life cycle
- If the Order transaction is Acknowledged and the Fund rejects the Registration record, AIP will not allow the participant to re-transmit a Registration using the same Control Number to tie it back to the original Order
- AIP will validate if there is an existing Registration stored in our database with the same Control Number as the Order transaction and since it can't find one, AIP will reject the Order during the Confirmation Process and/or close the Order in the C98 on SD-1
- A new Order and Registration must be submitted with new, matching Control Numbers

## FIRM ORIGINATED COMMITMENT ORDER (NON-SETTLING)

Subsequent Commitment Orders can be sent as stand-alone Orders but only after the registration already exist.



### **Transaction Flow Details for Firm Originated Commitment Order Transactions**

- The Firm submits a Firm Order (001)
- Reminders for Pending Order Acknowledgement from Fund (083) will be transmitted beginning in the next day's last cycle for 15 AIP business days to both parties or until SD-2, whichever comes first
- 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
- The Fund submits a Fund Acknowledgement of Firm Order (005)
- **Optional:** Instead of an Acknowledgement, the Fund can submit a Fund Reject of Firm Order (006)
  - The Fund can only reject an Order that is not yet acknowledged
  - Once the Order is acknowledged by the Fund, it cannot be rejected
  - If the Fund rejects the Order transaction, the Order is 'Closed' and no further action can be taken against the transaction
- Reminders for Pending Order Confirmation (085) will be transmitted to both parties starting at SD-10
- **Optional:** A Correction (008) to update details of the Order can only be initiated by the Firm
  - If the Firm submits a Correction to change any of the business fields and the Fund had previously submitted a Confirmation (007), AIP requires the Fund to re-submit a Fund Confirmation (007) to finalize the transaction
- The Fund Confirmation (007) is used to finalize the transaction and this information will be used for settlement
  - The fund has the option to transmit a re-confirmation record if there are any changes to the original confirmation
  - C-Z = The reconfirmation values that must be populated by the Fund in the 'Reconfirmation Indicator' field
  - Space = First Confirmation or First Confirmation after a Correction
  - For the first Reconfirmation, the Indicator must begin with "C" and for each subsequent Reconfirmation the indicator must be greater than the previous reconfirmation indicator in sequential order
- **Optional:** A Fund Exit (010) or Firm Exit (009) can be initiated to cancel the Order and must be populated with the 'Control Number' of the original Order transaction
  - The Firm or Fund Exit must be sent by the C98 – End of Day Cycle on Settlement Date minus 1 (SD-1)
  - Once AIP receives the Firm or Fund Exit, the Order is converted to a 'Closed' status and no further action is allowed against the Order transaction
- If AIP does not receive Confirmation by the C98 – End of Day Cycle on Settlement Date minus 1 (SD-1), the trade will convert to a 'closed' status
- Settlement files will be triggered for non-settling transactions if the Settlement Date is populated and 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'