

The Depository Trust & Clearing Corporation

ACATS-FUNDSERV®

The ACATS-Fund/SERV® is a dynamic system that is becoming increasingly important to the mutual funds industry. Recently enhanced, it automates and standardizes transfers and re-registrations of the assets in a customer's mutual fund account. These transfers can be between broker/dealers or other distribution firms, or between firms and fund companies.

OVERVIEW

ACATS-Fund/SERV combines the benefits of two NSCC services. ACATS (the Customer Account Transfer Service) automates procedures for transferring assets. Fund/SERV® is the industry standard for processing mutual fund transactions through standardized formats and a centralized hub.

Both ACATS and Fund/SERV® are accessible via mainframe over DTCC's SMART connection or through DTCC WebDirect, a Web interface that gives participants direct access over the Internet to services provided by DTCC's subsidiaries.

WHO CAN USE THE SERVICE

Any interested financial organization that meets NSCC qualifications can use the service.

BENEFITS

- Improves customer service by facilitating faster, more accurate transfers of customer positions.
- Provides an automated facility for the transfer and re-registration of Fund/SERV-eligible mutual funds in a controlled, book-entry environment.
- Eliminates manual processing associated with fund re-registration.
- Automatically transmits to both delivering and receiving firms reports on the status of mutual fund registrations.
- Can reduce the potential risk and carrying costs associated with open fail liabilities.

HOW THE SERVICE WORKS

Customers generally initiate account transfers by submitting completed Transfer Initiation Forms (TIFs) to the new receiving firm. The new receiving firm enters the relevant transfer information into ACATS. Once the transfer information is entered into ACATS, NSCC assigns control numbers and sends control reports to both the delivering and receiving firms.

Delivering firms must submit asset details or reject the transfer. Assets details that are submitted by the delivering firm are reported by NSCC to the delivering and receiving firms. Receiving firms have one business day to accept or reject the account, or request that the delivering firm make adjustments. During this one-day period, delivering firms can add, delete or change an item. Receiving firms can delete mutual funds when they have no selling agreement with the fund. And reminder notices are provided for two days. ACATS-Fund/SERV is then used to communicate mutual fund asset transfer information to the appropriate fund.

For broker-to-broker transfers only:

On settlement date, NSCC automatically debits the delivering broker with the value of the assets being transferred and credits the receiving broker with the same amount. When the fund acknowledges, NSCC will credit the delivering broker with the value of those assets and debit a corresponding amount to the receiving broker. Throughout the process, transfers can be tracked through status reports to brokers and funds. (Note: Credits and debits are not posted to the deliverer or receiver if either party is a bank). Participant-specific defaults are available via the ACATS default registration form.

FOR MORE INFORMATION

Please contact your relationship manager or Mutual Fund Services at **212-855-8877**.