



THE DEPOSITORY TRUST & CLEARING CORPORATION

# ALTERNATIVE INVESTMENT PRODUCTS [ AIP ]

**DTCC**

Securing Today. Shaping Tomorrow.™



# YOU NEEDED IT, DTCC BUILT IT.

**TODAY'S** investors have an increasing appetite for a broad range of alternative investment options.

Add to the climate strict new regulatory requirements and it quickly becomes clear that there's an exceptional need for a streamlined, automated and centralized processing solution to propel the industry's alternative investments.

The risks and time associated with paper-based processing and fragmented settlement is not sustainable. Transparency, risk mitigation and operational excellence aren't just goals - they've become an absolute must.

## THAT'S WHY WE CREATED [ AIP ] A POWERFUL SOLUTION FOR AN URGENT GLOBAL NEED

AIP was built on a heritage of success. DTCC's strong tradition of bringing automation, risk management and cost reduction to the securities industry is unmatched. AIP is a cost effective, scalable system that advances operational risk mitigation at a time when it's never been more important.

AIP fully automates the exchange of all trade-related account information from subscription documentation through money settlement. It streamlines all processes associated with trade orders, subaccount document exchange, settlement and post-trade reporting.

Now you don't have to keep records on spreadsheets, send confidential client information by fax, or wait weeks for confirmation.

# FINALLY, A CENTRALIZED NETWORK WITH A SINGLE, STANDARD FORMAT

With AIP, broker/dealers, fund managers, administrators and custodians become part of a single community using a standard format – and one settlement channel – via DTCC, the largest post-trade financial

infrastructure organization in the world. Business partners follow the same message format for pre-order, order and post-order processing. Everyone benefits from an objective settlement mechanism that

speeds reconciliation. And everyone gains the transparency and accessibility of end-to-end audit trails.

## EXPERIENCE THE DIFFERENCE

AIP has been building momentum fast and gaining the attention of key industry leaders. Several hedge fund administrators and fund of fund executives have signaled their confidence in AIP by joining DTCC to form two Executive Advisory Boards focused on furthering AIP’s industry adoption. Board members recognize the value that AIP brings to the alternative investment industry. Join them, and experience all that AIP has to offer!

Here’s an overview of AIP’s key advantages:

**Fewer errors, and a lot less risk**

- Affords extensive operational risk management and controls
- Builds your customers’ confidence and trust with the privacy of our secure network
- Reduces mistakes that add risk due to excessive amounts of paperwork
- Boosts your investors’ confidence with access to automated, detailed, accurate position and valuation reports

- Handling your transactions through a reliable, self-healing network gives you a new level of business continuity
- Security Master ensures the investment is made into the correct fund, share class and series
- DTCC is the world’s largest post-trade infrastructure organization; its experience and expertise mean peace-of-mind

**Processing efficiencies slash your operational costs**

- Eliminates the burden of managing multiple settlement relationships by aggregating and centralizing transactions for single settlement via our straight-through process – which is significantly faster and less costly
- Frees your staff with automation that streamlines and speeds processing
- Cycle time and re-work are eliminated via AIP’s standardized formats
- Economies of scale and higher margins are created by mutualizing your operational costs

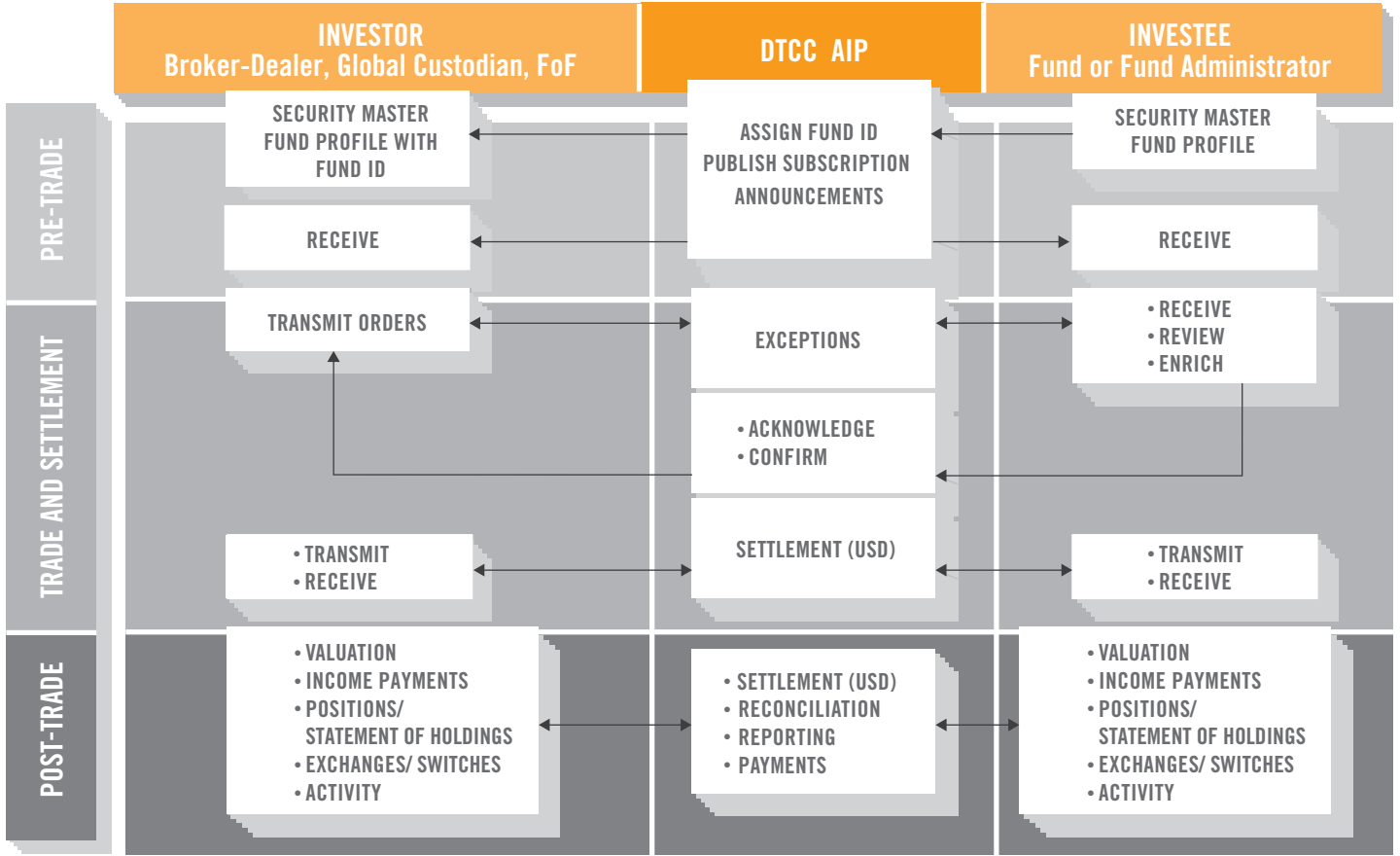
**The flexibility and freedom to grow**

- Scaling your business costs and increasing your distribution options fuels your ability to expand to new market segments
- Handling settlement reports in multiple currencies opens the door to new global opportunities

**Streamlined data analysis aids compliance**

- Information management and reconciliation are simpler, while assuring the transparency you want with the advantages of AIP’s data audit trail
- Using automated tools to create detailed data and trend analyses and compliance reviews lets you deliver much simpler management reports, faster
- Streamlines month & quarter-end client statement reporting

### [ GO WITH THE PROCESS FLOW — A LOOK AT HOW AIP SERVICES WORK ]



**Security Master** – lets the fund or their administrator establish the fund prospectus and offering memorandum information and liquidity terms denoting the appropriate fund, share class and series.

**Purchases and subscriptions** – investor funds or custodians transmit financial trade data and customer information to the investee funds for new and current accounts.

**Redemptions and tender offers** – allows investor funds, broker dealers, global

custodians or investee funds to initiate these transactions

**Exchange/Switches** – investor funds or custodians can request investment movement within the same fund family.

**Position and valuation reporting** – investee funds or their fund administrator can send position information or statement of account with account numbers, capital balances or share quantities monthly, weekly or daily for smoother reconciliation. Investee funds or their fund administrator can also generate actual

or estimated valuations – the net asset values – for individual securities within a fund family.

**Activity and distribution** – investee funds or their fund administrators can report financial and non-financial transactions. Investee funds can also transmit activity affecting account value and act as a periodic reconciliation along with position files.

# DRIVE YOUR BUSINESS FORWARD WITH AIP

## [ FUND MANAGER ADVANTAGES ]

### *Pre-trade*

- Provides end-to-end audit trail
- Helps broaden distribution opportunities and provides scalability
- Protects the privacy of your client data

### *Order processing*

- Enhances exception processing through automatic communication of document and order status
- Consolidates information in one file, saving you time and streamlining your process
- Lets you offer clients enhanced privacy and security

### *Investor position reporting*

- Helps you avoid valuation delays and reduce your cycle times
- Gives you better control of liquidity for late trade flexibility and shifts in strategy
- Frees you from reconciling activities in broker-controlled accounts
- Provides you with an audit trail for every account

### *Settlement*

- Eliminates the costs of multiple settlement relationships
- Boosts risk mitigation with debit and credit accounting alerts
- Reduces cycle times
- Lets the fund clearly demonstrate avoidance of comingled funds
- Improves compliance with data and reporting requirements
- Drives more timely reallocation with liquidity transparency

## [ FUND ADMINISTRATOR/ TRANSFER AGENT ADVANTAGES ]

### *Pre-trade*

- Ensures the privacy of your data
- Simplifies set up of accounts, security profiles and customer profiles

### *Order processing*

- Eliminates the need to manually establish new accounts
- Expedites commission payments

### *Investor activity reporting / Investor position reporting*

- Avoids valuation delays, and reduces your cycle times
- Tracks and organizes share classes, series, and side pockets to easily streamline reconciliation
- Provides an audit trail for every account
- Gives you automatic position reconciliation at regular intervals or on demand

### *Settlement*

- Eliminates the costs of multiple settlement relationships
- Boosts risk mitigation with debit and credit accounting alerts
- Reduces cycle times
- Improves compliance with data and reporting requirements
- Drives more timely reallocation with liquidity transparency

WE INVITE YOU TO FIND OUT MORE ABOUT  
HOW YOUR BUSINESS CAN BENEFIT  
FROM ALL THAT [AIP] BRINGS.

FOR MORE INFORMATION,  
CONTACT DTCC WEALTH MANAGEMENT SERVICES,  
212-855-8877



# GAIN INSTANT CONTROL WITH [AIP]

Alternative Investment Products (AIP) is a service offering of National Securities Clearing Corporation (NSCC), a wholly-owned DTCC subsidiary. This description is for informational purposes only. The Service is governed by applicable Rules, Procedures, and Service Guide for each DTCC subsidiary, which contain the full terms, conditions, and limitations applicable to this Service. We may provide you with additional information about our products and services from time to time. If at any time you wish to be removed from our distribution list, please send an email to [PrivacyOffice@dtcc.com](mailto:PrivacyOffice@dtcc.com).

# BREAK FREE FROM OUTDATED MANUAL PROCESSES. MOVE FORWARD WITH [ AIP ]

AIP IS A QUANTUM LEAP FORWARD IN TRANSPARENCY, ACCURACY AND INFORMATION ACCESS.  
WE INVITE YOU TO FIND OUT MORE AT [WWW.DTCC.COM](http://WWW.DTCC.COM)

## About DTCC

DTCC has operating facilities and data centers around the world and, through its subsidiaries, automates, centralizes, and standardizes the post-trade processing of financial transactions for thousands of institutions worldwide. With 40 years of experience, DTCC is the premier post-trade market infrastructure for the global financial services industry, simplifying the complexities of clearance, settlement, asset servicing, global data management and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, derivatives, money market instruments, syndicated loans, mutual funds, alternative investment products, and insurance transactions. In 2012, DTCC's subsidiaries processed securities transactions valued at approximately US\$1.6 quadrillion. Its depository provides custody and asset servicing for securities issues from 131 countries and territories valued at US\$37.2 trillion. DTCC's global trade repositories record more than US\$500 trillion in gross notional value of transactions made worldwide.

# DTCC

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