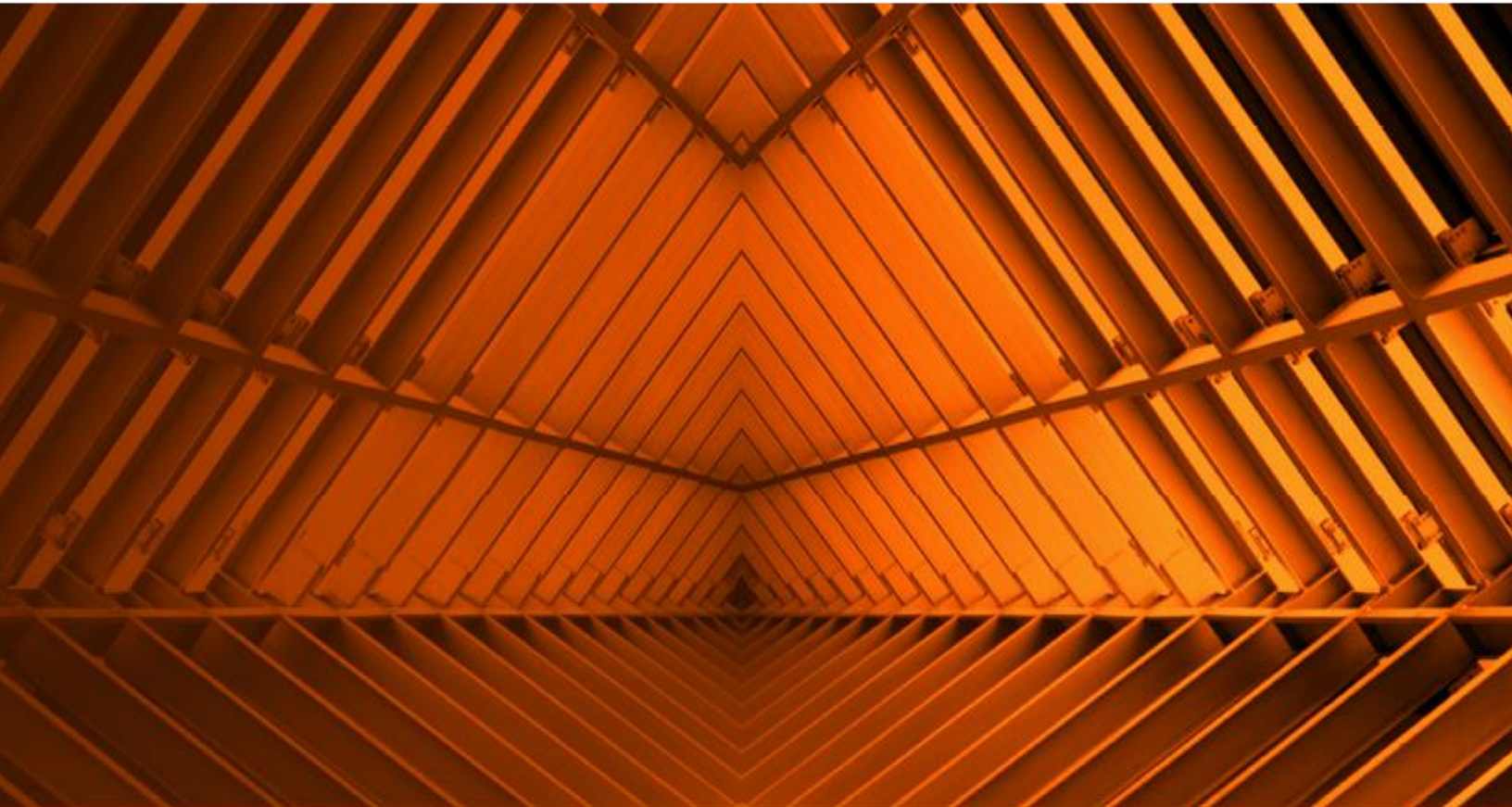


DTCC

ALTERNATIVE INVESTMENT PRODUCTS

BEST PRACTICE GUIDE – POST TRADE REPORTING EDITION

MAY 08, 2020



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INTRODUCTION

This guide is intended to document best practices that have been agreed upon by subcommittees and/or the AIP Roundtable committee. It is not intended to provide mandatory system requirements or explain how transactions work – the AIP Data Dictionary and Transactions Flows, respectively, provide detailed information on each.

This guide documents common, agreed upon and/or expected client usage of AIP transactions that are not system requirements. The information contained here should be taken into account when transactions and records are being implemented.

AIP documentation, including this guide, the Data Dictionary and the Transactions Flows can be found on <http://www.dtcc.com/aip>.

SECURITY GENERAL PROFILE

Best Practice for the Share Class Usage on the Security General Profile

The Fund 'Share Class' will be populated in the Share Class field on the Security General Profile

- For Example, the Share Class Field will only display the value 'A'
- The word 'Class' will not be included in the Share Class field
- The Share Class should be included in both the Security Issue Name and the Share Class field

Best Practice for the Set-up of the Dummy CUSIP Number

Unregistered - When the fund is 'unregistered', it does not have a valid CUSIP, therefore the Security Identifier should be established with the value (4 = Custom)

- This is to identify the fund has an unregistered dummy number
- A new NSCC Security Issue Number will be assigned for the unregistered fund

Registered CUSIP - When the fund is 'registered' and has a valid CUSIP number, the Security Identifier should be changed to (3 = CUSIP) and the Security Issue ID should be updated with the valid CUSIP number

- This is to identify that the fund has a valid registered CUSIP
- An updated Security General Profile record will be sent with the new Security Identifier and Security Issue ID
- Funds will also communicate the updated CUSIP to the firms outside of AIP to ensure they are aware of the change

SECURITY CONTACT

The following fields must be provided on the Contact record, even though the fields are 'optional':

Field	Value
Contact Name/Address Line 1 of Record 1 thru 5	Should only reflect the Contact Name
Address Line 1,2,3 of Record 1 thru 5	Should only reflect the Street Address
Contact City of Record 1 thru 5	Should reflect the City
Contact Zip/Postal Code of Record 1 thru 5	Should reflect the Zip Code
Contact Telephone Number of Record 1 thru 5	Should reflect the Telephone Number (no dashes i.e. 8134445555)
Contact Email address of Record 1 thru 5	Should reflect the Email address, if applicable

ACTIVITY & DISTRIBUTION

Important Fields

Field	Description
Fund/Firm Account Number Field	<ul style="list-style-type: none"> Firm Account number should always be populated Firms will accept and store Fund Account numbers if included in the record; both should be populated if available
Effective Date (Business Date) Field (<i>short term solution</i>)	<p>Preferred Methods:</p> <ul style="list-style-type: none"> Populate with the Trade Date Populate with the processing date, in which Trade Date will be listed in the “Original Trade Date/Payable Date for Adjustments” field <p>Example 1: A dividend adjustment should contain:</p> <ul style="list-style-type: none"> Payable Date Field: 01/30/2017 (Date the <u>adjustment</u> is eligible to be paid) Effective Date Field: 01/30/2017 (New Trade Date) Original Trade Date/Payable Date for Adjustment Field: 12/30/2016 (Date of the original trade/distribution) <p>Example 2: A dividend adjustment should contain:</p> <ul style="list-style-type: none"> Payable Date Field: 12/30/2017 (Date the <u>adjustment</u> is eligible to be paid) Effective Date Field: 12/30/2017 (Process Date) Original Trade Date/Payable Date for Adjustment Field: 12/30/2017 (Trade Date)
Payable Date Field	This field is determined by the Fund
Share Quantity Field	<p>Share Quantity should always be populated to include Capital Balance as \$1 per share with the exception for Cash Distributions or Cash Adjustments transactions (see table below for list of transactions)</p> <p>Example: Capital Bank Fund submitting Transaction Type = 01 Direct Purchase of 10000.00:</p> <ul style="list-style-type: none"> Share Quantity field: 10000.00 Money Amount field: 10000.00 Price per Share field: 1.0
Money Amount Field	<ul style="list-style-type: none"> Money Amount field should always be populated for Cash Distribution transactions MRO Users must be aware of adding the additional 00 after the implied decimal
Price per Share	<ul style="list-style-type: none"> Should be populated for Direct Purchases Capital Balance Funds should be populated as \$1 per share <p>Example: Capital Bank Fund submitting Transaction Type = 01 Direct Purchase of 10000.00:</p> <ul style="list-style-type: none"> Share Quantity field:10000.00 Money Amount field:10000.00

Field	Description
	<ul style="list-style-type: none"> • Price per Share field:1.00
Estimated or Actual Value Indicator	<ul style="list-style-type: none"> • Funds should send actual values vs. estimated values for transactions • If an estimated value is sent, should be populated with “1 = Estimated” • Records sent with this value blank will be assumed as “Actual”
Account Registration Name – Extended Field	<p>If this field is used, the account registration must start from the beginning (full account registration name) and entered in its entirety</p> <p><i>*Account Registration Name formatting is usually driven by what is sent by the firm*</i></p>
Related Control Number Field	When available this field should be populated for a Cancellations, and distribution adjustments/reversals, if available
SSN/EIN/TIN Number Field	Although not required, the investor SSN, TIN, or EIN should be populated as best practice
Record Date Field	Should be populated for distributions of funds with record dates
Adjustment Indicator Field	<ul style="list-style-type: none"> • Related control number should be provided if available • Adjustment Indicator field option “1 = Adjustment” should be populated for AIP distribution adjustments • Adjustment Indicator field option “2 = Reversal” should be populated for distribution cancellations
Dividend Reporting	Use Transaction Type “59 = Dividend Cash” for cash dividend distributions and 60 = Stock Dividend for dividends paid in shares

(Share & Money) Debit/Credit Indicator

The Activity & Distribution is used by Funds and Fund Administrators to report periodic reconciliation of the investors share and account balance to the Firms. This will ensure that both the Fund and Firms books are reflecting the most recent information for the investor’s statements.

Step 1: The Fund is responsible to send an Activity & Distribution record to report any financial or non- financial transactions at the investor level.

Step 2: The Fund will send the appropriate Activity Transaction Type to report a Distribution, Adjustment, Activity or Withholdings for the investor.

Step 3: The Fund will provide the appropriate Share Debit/Credit and/or Money Debit/Credit Indicator to reflect which party will be debited or credited for the transaction.

Note:

The Activity & Distribution transaction can be settling, which means monies will be debited and credited via AIP. If the transaction is ‘non-settling’, the monies will be settled outside of the AIP application.

Step 4: If the Fund is 'Unitized' the Share Debit/Credit Indicator will be populated

Share Debit/Credit Indicator

- 1 = Debit Firm/Credit Fund – Decrease SHARE to FIRM (Redemption, Reversals, Adjustments, Purchase Cancellation)
- 2 = Debit Fund/Credit Firm – Increase SHARE to FIRM (Purchase, Adjustments, Redemption Cancellation, Dividend Reinvestments)

Step 5: If the Fund is 'Capital Balance' the Money Debit/Credit Indicator will be populated

Money Debit/Credit Indicator

- 1 = Debit Firm/Credit Fund – Decrease MONEY to FIRM (Purchase, Reversals, Adjustments, Redemption Cancellation)
- 2 = Debit Fund/Credit Firm – Increase MONEY to FIRM (Redemption, Adjustments, Purchase Cancellation, Cash Dividends)

Note:

For Reinvested Distributions, both the Share Debit/Credit and Money Debit/Credit Indicator will be populated.

Step 6: Below is a list of various AIP Transaction Types and their descriptions which outlines what the Funds will populate in the Share Quantity, Money Amount, Share Debit/Credit and/or Money Debit/Credit Indicator fields, when transmitting the Activity & Distribution record to the Firms. The chart is separated based on if the fund is Capital Balance (Non-Unitized) or Unitized.

Capital Balance Funds – Debit/Credit Indicators

Adjustments					
Transaction Description	AIP Transaction Types	Share Quantity	Money Amount	Share Debit/Credit Indicator	Money Debit/Credit Indicator
Increase Div Reinvest	29	Yes	Yes	2	2
Decrease Div Reinvest	29	Yes	Yes	1	1
Increase Div Cash	59	No	Yes	spaces	2
Decrease Div Cash	59	No	Yes	spaces	1
Increase LTG Reinvest	55	Yes	Yes	2	2

Adjustments					
Decrease LTG Reinvest	55	Yes	Yes	1	1
Increase LTG Cash	56	No	Yes	spaces	2
Decrease LTG Cash	56	No	Yes	spaces	1
Increase STG Reinvest	57	Yes	Yes	2	2
Decrease STG Reinvest	57	Yes	Yes	1	1
Increase STG Cash	58	No	Yes	spaces	2
Decrease STG Cash	58	No	Yes	spaces	1

Activity (non-distribution)					
Transaction Description	AIP Transaction Types	Share Quantity	Money Amount	Share Debit/Credit Indicator	Money Debit/Credit Indicator
Reinvested Div	29	Yes	Yes	2	2
Cash Dividend	59	No	Yes	Blank	2
Redemption	02	Yes	Yes	1	2
Cancel Redemption	25	Yes	Yes	2	1
Purchase	01	Yes	Yes	2	1
Cancel Purchase	24	Yes	Yes	1	2
Exchange In	01	Yes	Yes	2	1
Exchange Out	02	Yes	Yes	1	2
Cancel Exchange In	24	Yes	Yes	1	2
Cancel Exchange Out	25	Yes	Yes	2	1
Non-Taxable Exchange Purchase	23	Yes	Yes	2	1
Non-Taxable Exchange Redeem	02	Yes	Yes	1	2

Activity (non-distribution)					
Cancel Non-Taxable Exchange Purch	24	Yes	Yes	1	2
Cancel Non-Taxable Exch Redeem	25	Yes	Yes	2	1

Withholding					
Transaction Description	AIP Transaction Types	Share Quantity	Money Amount	Share Debit/Credit Indicator	Money Debit/Credit Indicator
Increase Dividend w/h	59, 60	Yes	Yes	2	2
Decrease Dividend w/h	29, 55, 57	Yes	Yes	1	1

Unitized Funds – Debit/Credit Indicators

Adjustments					
Transaction Description	AIP Transaction Types	Share Quantity	Money Amount	Share Debit/Credit Indicator	Money Debit/Credit Indicator
Increase Div Reinvest	29	Yes	Yes	2	2
Decrease Div Reinvest	29	Yes	Yes	1	1
Increase Div Cash	59	No	Yes	spaces	2
Decrease Div Cash	59	No	Yes	spaces	1
Increase LTG Reinvest	55	Yes	Yes	2	2
Decrease LTG Reinvest	55	Yes	Yes	1	1
Increase LTG Cash	56	No	Yes	spaces	2
Decrease LTG Cash	56	No	Yes	spaces	1
Increase STG Reinvest	57	Yes	Yes	2	2

Adjustments					
Decrease STG Reinvest	57	Yes	Yes	1	1
Increase STG Cash	58	No	Yes	spaces	2
Decrease STG Cash	58	No	Yes	spaces	1
Increase Stock Div	60	Yes	No	2	spaces
Decrease Stock Div	60	Yes	No	1	spaces

Activity (non-distribution)					
Transaction Description	AIP Transaction Types	Share Quantity	Money Amount	Share Debit/Credit Indicator	Money Debit/Credit Indicator
Reinvested Div	29	Yes	Yes	2	2
Cash Dividend	59	No	Yes	Blank	2
Redemption	02	Yes	Yes	1	2
Cancel Redemption	25	Yes	Yes	2	1
Purchase	01	Yes	Yes	2	1
Cancel Purchase	24	Yes	Yes	1	2
Exchange In	01	Yes	Yes	2	1
Exchange Out	02	Yes	Yes	1	2
Cancel Exchange In	24	Yes	Yes	1	2
Cancel Exchange Out	25	Yes	Yes	2	1
Non-Taxable Exchange Purchase	23	Yes	Yes	2	1
Non-Taxable Exchange Redeem	02	Yes	Yes	1	2
Cancel Non-Taxable Exchange Purch	24	Yes	Yes	1	2

Activity (non-distribution)					
Cancel Non-Taxable Exch Redeem	25	Yes	Yes	2	1

Withholding					
Transaction Description	AIP Transaction Types	Share Quantity	Money Amount	Share Debit/Credit Indicator	Money Debit/Credit Indicator
Increase Dividend w/h	59, 60	Yes	Yes	2	2
Decrease Dividend w/h	29, 55, 57	Yes	Yes	1	1

Withholding Reporting

Note: *The Best Practices below are for firm withholding only*

Reinvestment and Backup Withholding

- Reinvestments with Withholding will be processed utilizing two separate transactions
 - **Transaction Type 29 = Dividend Reinvestment** would be used to report a reinvested dividend transaction with no changes to the existing process today
 - **Transaction Type 63 = Withholding for Reinvested Accounts** would be used when the 29 = Dividend Reinvestment or other reinvest transaction has a withholding component and would be linked by the *Related Control Number* field (required)
 - » The transaction type can be used to report withholding amounts for Transaction Types 29 = Dividend Reinvestment, 55 = STG Reinvest, 57 LTG Reinvest
 - The following fields will be required on Transaction Type = 63 Withholding for Reinvested Accounts:
 - » **Backup Withholding Indicator**
 - » **Backup Withholding Amount**
 - » **Related Control Number**
 - The process should be the same for settling and non-settling firms
- Total Distribution field can be included which will reflect the total taxable amount of the transaction

POSITION

Field	Description
DOL Enhancement Fields	The following fields are optional but should be provided information if available: <ul style="list-style-type: none"> • Account Open Date • Account Type • Account Representative/Advisor Number • Account Representative/Advisor Name • Branch ID Number
Negative Balance Reporting	Negative Position Balances are not allowed in AIP
NAV Effective	Should be populated if not utilizing the valuation record with last reported NAV Date
NAV Field	Should be populated if not utilizing the valuation record with last reported NAV
Fund/Firm Account Number Field	Firm Account number should always be populated Firms will accept and store Fund Account numbers if included in the record; both should be populated if available
Closing Share Balance Field	Should always be populated for both Capital Balance and Unitized funds
Closing Money Amount Field	Should be populated for Capital Balance funds
Invested Value Field	If populated, should be populated with the total contribution amount
Account Registration Name – Extended Field	When populated should start the name from the beginning
SSN/TIN/EIN Number Field	Although not required, the investor SSN, TIN, or EIN should be populated as best practice

FOR MORE INFORMATION

Visit us on the web at:

www.dtcc.com/aip