



Important Notice
National Securities Clearing Corporation

A#:	9298
P&S:	8871
Date:	May 16, 2023
To:	ALL AIP MEMBERS
From:	WEALTH MANAGEMENT SERVICES – ALTERNATIVE INVESTMENT PRODUCT SERVICES
Attention:	ALTERNATIVE INVESTMENT RELATIONS ALTERNATIVE INVESTMENT OPERATIONS ALTERNATIVE INVESTMENT CUSTODY
Subject:	AIP ENHANCEMENTS 2023

Effective **Friday, September 15, 2023** National Securities Clearing Corporation (NSCC) will implement enhancements to the Alternative Investment Product Services (“AIP”) into Production. AIP is scheduled to migrate the new coding and fields into Production on Thursday, September 14, 2023 **after** the 7:00pm (ET) End of Day Processing Cycle.

Below is a comprehensive description of the enhancements that will be incorporated into this release. The updated AIP Industry Enhancement Document and Data Dictionary 21.0 will be posted to the AIP website on or about June 7, 2023. A link will be provided to the Industry Enhancement Document and Data Dictionary 21.0 that identifies the impacted records, fields, and values as part of this release.

In addition to the AIP enhancements, the industry implementation of the new Backup Withholding process will be effective on **Monday, April 8, 2024**. This change will impact how Reinvested and Cash Distributions with Withholding are processed, therefore both Funds and Firms should be prepared to report and receive these distributions, respectively, using the new process.

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AIP Enhancement Summary (Mainframe, Web and Portal Users)

1. Activity & Distribution Enhancements

Add New 'Optional Conditional' field to the Activity & Distribution record

- Total Commitment Amount
 - Required for Transaction Type 72 = Call Event – Client Debit

Add New 'Optional' fields to the Activity & Distribution record layouts

- Fulfilled Commitment Amount
- Remaining Commitment Amount
- Fund Assessed Fee Amount

2. Account Registration/Maintenance Enhancements

Add New 'Optional Conditional' field to the Account Registration/Maintenance record

- Delivery of Fund Notification
 - Required for Record Type 025 – Account Registration
 - 0 = Physical
 - 1 = Email Address

Add New 'Optional' field to the Account Registration/Maintenance record

- TPA Investor ID

Add New 'Optional Conditional' field to the Account Registration/Maintenance record

- TPA Company
 - Required if the TPA Investor ID field is populated

3. Order with Registration Enhancements

Add New 'Required' field to the Order w/Registration record

- Delivery of Fund Notification
 - 0 = Physical
 - 1 = Email Address

Add New 'Optional' field to the Order w/Registration record

- TPA Investor ID

Add New 'Optional Conditional' field to the Order w/Registration record

- TPA Company
 - Required if the TPA Investor ID field is populated

4. Order Confirmation/Correction Enhancements

Add New 'Optional Conditional' field to the Order Confirmation-Correction record

- Total Commitment Amount
 - Required for the following Transaction Types:
 - 05 = Capital Call
 - 06 = Commitment

Add New 'Optional' fields to the Order Confirmation-Correction record

- Fulfilled Commitment Amount
- Remaining Commitment Amount

5. Backup Withholding Enhancements & Best Practices

The alternative investment industry implementation of the Backup Withholding process will be effective on **Monday, April 8, 2024**.

This change will impact how Reinvested and Cash Distributions with Withholding are processed, which is shown below:

Reinvested Distributions with Withholding when the Firm is the Withholding Agent would be processed as two separate transactions in the same cycle:

- Transaction #1
 - **Transaction Type 29 = Dividend Reinvestment** would be used to report a reinvested dividend transaction with withholding (non-settling)
 - The following fields should be populated
 - » Backup Withholding Indicator
 - » Backup Withholding Amount
 - » Total Distribution Amount (will reflect the total taxable amount of the transaction)
- Transaction #2
 - **Transaction Type 63 = Withholding for Reinvested Accounts** would be used to report the withholding component and would be linked to Transaction Type 29 = Dividend Reinvestment by the Related Control Number (can be settling or non-settling)
 - The following fields will be required
 - » Backup Withholding Indicator
 - » Backup Withholding Amount
 - » Related Control Number

Reinvested Distributions with Withholding when the Fund is the Withholding Agent would be processed as one non-settling transaction:

- **Transaction Type 29 = Dividend Reinvestment** would be used to report a reinvested dividend transaction with withholding
- The following fields should be populated
 - » Backup Withholding Indicator
 - » Backup Withholding Amount
 - » Total Distribution Amount (will reflect the total taxable amount of the transaction)

Cash Distributions with Withholding when the Firm or Fund is the Withholding Agent would be processed as one settling or non-settling transaction:

- **Transaction Type 59 = Dividend Cash** would be used to report a cash dividend transaction with withholding
- The following fields should be populated
 - » Backup Withholding Indicator
 - » Backup Withholding Amount
 - » Total Distribution Amount (will reflect the total taxable amount of the transaction)

6. Firm-Fund and NSCC Reject Reason Codes

- New Reject Codes in **Red**
- Updated descriptions in **Green**

Firm-Fund Reject/Exit Codes	
Reject/Exit Codes	New Description
0378	Total Commitment Amount missing/invalid
0466	Delivery of Fund Notifications missing/invalid
0467	TPA Investor ID invalid
0468	TPA Company missing/invalid
0469	Fund Assessed Fee Amount invalid
NSCC Reject Reason Codes	
NSCC Reject Code	New Description
0378	Total Commitment Amount missing/invalid
0466	Delivery of Fund Notifications missing/invalid
0467	TPA Investor ID invalid
0468	TPA Company missing/invalid
0469	Fund Assessed Fee Amount invalid

Testing

Effective Friday, August 4, 2023 participants can begin testing these AIP Enhancements in the first AIP cycle of the day at 9:00am (ET).

Participants are encouraged to test and must contact AIP Product Management before testing begins for proper setup in the PSE region. AIP Product Management should be contacted at least three (3) days prior to testing.

Documentation

The updated AIP Industry Document & Data Dictionary 21.0 (Record Layouts) will be available on or about June 7, 2023 on DTCC's Wealth Management Services website located under the PSE Enhancements Section of the AIP website <http://www.dtcc.com/aip>. In addition, all impacted records, fields, and values are highlighted in 'red' in Data Dictionary 21.0 for your review.

The record and field format information provided within this Important Notice is for informational purposes only and does not constitute the final Record Layouts. NSCC reserves the right to make additional changes to the Record Layouts prior to implementation.

Questions and comments regarding this Important Notice may be directed to Michelle McLean at 212-855-2443.

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