Custody Services - Operational Analyst Competency Model Report

Fund Accounting & Custody Services Training and Development

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**PROJECT INTRODUCTION:**

**Executive Summary:**

A competency model was performed to examine the skills and competencies that are important in the operations of Custody Services. The goal of the project was to gather data on each of Custody Service’s functional units and the analysts jobs within each unit. This information has provided a business framework in which a competency development strategy will be developed for the operations analysts of Custody Services.

Custody Services consists of several small functional units with distinct business purposes. Each group has very different responsibilities and performs very different tasks. As a result the procedures used from one group to the next are extremely dissimilar. The combination of small functional groups and disparate operational procedures presents a significant training and competency development challenge for Custody Services. In this situation it is difficult and expensive to create formal training that teaches all Custody Services’ analysts the step by step procedures of performing their jobs.

While there are little similarities between the procedure performed by each functional group, there are significant consistencies in needed generic skills. Generic skills refer to competencies that can be applied across many different jobs. Some examples of generic skills include organization skills and basic communication skills. Across all of the functional units that participated in this project, analytical (problem solving), interpersonal, and communications skills are required new hire competencies.

The combination of dissimilar procedures and similar generic competency produces a much different situation than that found in Fund Accounting organization. In the Fund Accounting organization, the need for disciplined accounting principles has produced jobs that are highly procedural and rules driven. These procedures are highly consistent across functional units in Fund Account. The fundamental difference in job characteristics between Fund Accounting and Custody Services groups is demonstrated in this matrix.

**Procedure Consistency Vs. Problem Solving**

![Procedure Consistency Vs. Problem Solving Diagram]

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It is easier to justify a Fund Accounting new hire training development initiative that teaches analysts the step by step procedures of their jobs. This training can comprehensively prepare Fund Accounting new hires to perform the step by step procedures of the fund accountant job.

The development of new hire procedure training for the Custody Services organization would require a different curriculum for each functional unit. For example, the Cash Management unit would require different training than the Domestic Trading Operations unit. And Domestic Trading’s training would need to be a completely different curriculum from that delivered to Securities Lending. Because the work performed in each functional unit is fundamentally different, Custody Services may not be able to provide formal and comprehensive procedure level training due to inhibitably high training development and delivery cost. These high costs would be required to address the competency development needs of the disparate functional units.

Therefore, the conclusions for addressing the training and competency development needs of operations analysts in Custody Services organization are as follows:

- The new hire training model being implemented in the Fund Accounting organization will not fit the needs of the Custody Services group.
- It is important that analysts hired into the Custody Services’ operations have higher level generic competencies in the areas of interpersonal skills, written and verbal communication skills, and analytical and problem solving skills.
- Being successful in a role that demands high level analytical and problem solving skills, requires a comprehensive understanding of the functional units in the custody business as well as the interactions and dependencies with groups outside of Custody Services. Without a conceptual understanding of how work gets done in Custody Services and other related groups (i.e. Trading Desk, Fund Accounting, custodian banks, etc.) it would be very difficult to analyze and then resolve operational issues. The opportunity for New hire training in the Custody Services organization is to provide comprehensive training on the operations of the custody industry in general, and the workflows of Custody Services in detail.
- In a situation where groups are small in numbers and procedures are dissimilar between groups, procedure training is most economically provided on the job. A structured mentoring program for each functional unit in the Custody Services organization would provide the step by step training needed by new hires to do their jobs.
Competency Model Scope:

Custody organization is divided into several functional units. Unlike the units in the Fund Accounting organization where there are significant similarities in the procedures performed in each group, the work performed by each functional unit in Custody is very dissimilar. For example the diverse work includes managing the cash flow of the funds, settling trades, reconciling position breaks, and lending securities to brokers, arranging bank loans for overdrawn funds, resolving settlement issues, processing FICASH investments, settling foreign currency trades, adding reference files to the FOCAS System, canceling and re-booking trades, resolving income collection issues, processing trades of complex securities, etc.

Below is a list of the functional units that took part in this project.

- Domestic & Canadian Trade Settlement
- Cash Management
- Domestic & Canadian Trade Settlement
- Complex Securities Processing
- Foreign Trade Settlement
- Securities Lending
- Position Reconciliation & Income Collection

Information was gathered from these functional units, and profiles were created of the work performed in each group. You will find these profiles in the pages that follow. Each profile includes a description of the unit’s responsibilities and expected accomplishments, a list of stakeholders who depend on the Custody unit, high level work flows, system use, brief hiring profiles, and a job skill development map. These sections are described below.

**Unit Responsibilities and Expected Accomplishments:**

The basic responsibilities and major accomplishments produced by the functional unit is detailed in this section. A brief statement of the basic function(s) of the group is followed by a list of the outputs (accomplishments) produced by the group. Accomplishments, more than behaviors and procedures, are where the value can be found in an organization’s work. Identification of accomplishments in each Custody functional unit manifests the real value that the group produces on a daily basis for and its stakeholders.

As a training strategy is developed for the Custody organization it should focus on building the behaviors (or competencies) that lead to the production of accomplishments expected by company senior management and other custody stakeholders.
**UNIT STAKEHOLDERS:**

Stakeholders are people inside and outside of the Custody Services organization who have an interest in how analysts perform their jobs. Stakeholders can be customers of the services provided by the Custody organization. They can be more like partners. In some cases the Custody organization is a customer of a stakeholder.

The importance in identifying major stakeholders is to facilitate an understanding of all of the people and groups who are effected by the work performed by the functional units in Custody. Identifying stakeholders provides insights into the relationships between Custody and other groups. It also provides information about the dependencies that exist between Custody’s functional units and its stakeholders.

**UNIT WORK FLOW DIAGRAMS:**

High level work-flows were developed which map each of the major procedures performed by a group. Documenting work flows provided the following benefits:

- Provided an understanding of the inputs and expected outputs for each department in the Custody Services organization.
- Identified the links between functional units and Custody stakeholders.
- Provided an overview of the reliance on the major Custody systems (i.e. AS400, Custody Mainframes, FOCAS, etc.) and how they fit within the context of work flows.
- Established a business level context for examining operations analysts needed skills and competencies.

Work flow data will be invaluable when planning the conceptual portion of training for Custody employees that address employees knowledge about the workings of the Custody Services organization. This instruction will be critical to building generic basic problem resolution skills. Operations analyst in Custody Services require a high degree of problem solving ability. For example, problem solving skills are critical for position reconciliation, cash management, corporate actions, exceptions trade processing, resolving settlement problems so that trades are settled by T-3, income collection, etc.

**UNIT SYSTEMS UTILIZATION:**

Systems are important tools that Analysts must master to do their jobs. There are numerous systems utilized in Custody Services. Many departments have one or two primary systems that require high expertise (i.e. Intra-day System, R-base, Affirmation System, etc.) and several others that required a detailed working knowledge (i.e. FOCAS, Custodian Bank’s System, Trading System, Oasys, etc.)

This section defines the systems that each Analyst must utilize on the job. This data will be translated into systems training requirement for new hire Custodian Services training.
Hiring Profile:

People are a critical part of the operations in the Custody Services organization. In each functional unit, managers were asked what they look for when hiring new employees into the unit. The Hiring Profile section of each unit’s profile captures this data.

Job Skill Development Map:

Competency models will be documented in the form of Job Skill Development Maps. The purpose of these maps is to document the basic skills needed to be a proficient operations analyst in each functional unit of Custody Services. The maps are constructed as a matrix which identifies the time frame in which each skill must be mastered to be considered a contributing member to a functional unit.

The basic skills are divided into four categories that are listed and defined below.

Job Specific Skills - Provides a list of the process and system skills that must be developed during the first 12+ months in an operations analyst job.

Custody Business - The jobs of operations analysts in Custody Services require simple to complex problem solving skills. The more advanced problem solving requires a deep conceptual understanding of the custody industry in general, and Custody Services organization in detail.

Business - This section addresses the analysts need to understand the businesses that their company manages. It includes knowledge about mutual funds, the mutual fund industry, and the mutual fund industry.

Generic Skills - These are the basic professional skills that individuals bring to any job. These skills span from analytical, to organization, to basic computer skills.

Summary:

Each of the functional units that participated in this project are profiled as described above and in the preceding pages. What follows are the profiles for each unit. Below is a list of these units in the order in which they appear in the pages that follow.

1. Domestic and Canadian Trade Operations
2. Cash Management Operations
3. Complex Securities Processing
4. Foreign Trade Operations
5. Securities Lending Operations
6. Income Collection
7. Position Reconciliation
DOMESTIC AND CANADIAN TRADING OPERATIONS:

Unit Responsibilities & Expected Accomplishments: Domestic & Canadian Trade Operations

This department facilitates the process of ensuring that domestic and Canadian trades are settled by settlement day. This requires a detailed understanding of the processes performed by other groups including the Trading Desk and the custodian banks. This knowledge provides the ability to apply pressure on the right leverage points outside of the organization to get work done appropriately and ensure that trades settle when they are supposed to.

The critical major accomplishments produced by analysts in this department include the following:

- Domestic Trades are settled by custodian banks on settlement day.
- Canadian Trades are settled by custodian banks on settlement day.
- Currency Trades are settled in time to permit Canadian security trades to settle on settlement day.
- Intra-Day transmissions occur in 15 minute intervals during day, or appropriate action is taken to ensure that data is transmitted.
- Failed trades are resolved and settled by the custodian bank.
- Trade related position breaks are resolved.
- Buy-ins are processed and company remains whole in the process.
- Exchanges in kind are processed appropriately.

Unit Stakeholders: Domestic and Canadian Trade Operations

The operations analyst’s job in the Domestic and Canadian Trading organization is like that of a liaison. The nature of the job requires interactions with many people outside of the Custody Services Organization. The value that they add is in the coordination of the efforts of other groups to ensure that trades settle on settlement day and are accounted for properly.

There are several people and organizations that are primary stakeholders to this group of operations analysts. The list of stakeholders appears below.

- Trading Desk - Depend on trades being settled according to their instruction.
- Currency Trading Desk - Depends on being informed on a timely and accurate basis of trades that require the exchange of Canadian and US dollars.
- Brokers - Depend on trades being settled on settlement date.
- Custodian Banks - Depend on accurate trade data so that trades can be settled on the appropriate day.
- Fund Accounting - Depend on accurate information so that securities held by a fund are accurately valued and fund shares are accurately priced each day.
Unit Work Flow Diagrams: Domestic and Canadian Trade Operations

**PROCESSING OF CUSTODIAN AFFIRMED DOMESTIC TRADES:**

**Trading Desk:**
- Open a shell order in the Trading System with desired price, number of shares, and settlement date.
- Execute trade. Change trade status to EX (Executed). Trade System sends trade to FACS Custody Main Frame.

**Broker:**
- Makes offer to purchase or sell securities.
- Executes trade. Sends confirmation to custodian bank via DTC.

**DTC:**
- DTC ID System

**Custody Main Frame-Intra-Day System**

**Custody Main Frame Affirmation System**

**Domestic Trade Operations:**

- Store trade history. Trade completed.

**Custodian Bank:**
- Automatically pull down broker confirmations from DTC ID System.
- Match trade information from Trading Desk to confirmation sent by broker. Affirm trades and update affirmation file.
- Transmit detailed affirm file to the Affirmation System.
- Transmit ONLY affirmed and un-affirmed confirmation status to broker.
- Settle matched trades.

**PROCESS COMPLETE.**
PROCESSING DOMESTIC SETTLEMENTS EXCEPTIONS:

**Trading Desk:**
Trader makes deal to sell/buy securities in the market. Trade is given “TR” Status in the Trading System.

For Details See “Custodian Affirmed Trades.”

**Broker:**
Executes trade. Sends confirmation to custodian bank via DTC.

For Details See “Custodian Affirmed Trades.”

**DTC:**
Executes trade. Sends confirmation to custodian bank via DTC.

**Custodian Bank:**
Affirm trades. Match trade information from Trade Desk to confirmation sent by broker.

Transmit detailed affirm file to Affirmation System. Send ONLY affirmed and un-affirmed confirmation notice to broker.

Settle matched trades.

For Details See “Custodian Affirmed Trades.”

**Domestic Trade Operations:**
- Identify non-affirmed trades on the Affirmation Report sent by the custodian.
- Research the trade to determine why the trade did not confirm.
- Affirm by 5PM T+1. Possible resolutions include:
  - User confirmed
  - Broker issues new confirm
  - Trade Desk re-transmits trade information

PROCESS COMPLETE.
**RESOLVING DOMESTIC SETTLEMENT ISSUES:**

**Domestic Trade Operations:**

*Goal: Acting as facilitator between the Trade Desk and broker, resolve the settlement issue so that trade is delivered by deadline.*

**Custodian Bank:**

- Notify Domestic Trade Operations of trade settlement problem on settlement day.
- Deliver/receive securities before end of settlement day.
- Research the trade to determine why the trade did not settle.
- Work with broker, custodian, and Trade Desk to resolve issue on settlement day.

**PROCESS COMPLETE.**
**Canadian Trade Processing:**

**Trading Desk:**
- Open a shell order in the Trading System specifying desired price, number of shares, and settlement date.
- Change status to PN (Pending) in the Trading System when trade is agreed upon.

**Broker:**
- Make offer to purchase securities.
- Send confirm to Canadian Trade Operations via FAX or Oasis System.

**Trading System**

**Canadian Trade Operations:**
- Telex the trade using the trading system.
- Generate FTL Report that lists all Canadian trades. This occurs at the end of day 0.
- At the beginning of day -1 use the TL Report and confirm trades. Compare trades in Trading System to broker confirmations (FAX or Oasis.)

- Non Confirmed
  - Call broker.

- Confirmed

**Currency Trading Desk:**
- Trade US Dollars for Canadian Dollars for settlement of securities trade.

**Custodian Bank:**
- Settle the currency trade.
- Settle the security trade.

**PROCESS COMPLETE.**
Unit Systems Utilization: Domestic and Canadian Trade Operations

It is critical for job success that analysts master the following systems:
- AS400/Trading System
- Custody Main Frame
- Intra-Day System
- Affirmation System
- Bank Systems
- Oasys Global System

Unit Hiring Profile: Domestic and Canadian Trade Operations

In the department there are 12 Analysts. One and a half perform tasks related to Canadian trade settlement, and the rest are dedicated to domestic trade settlement. When hiring people into the department the following are important skill considerations:
- 1 to 2 years experience.
- Organized.
- Deadline focused.
- Extremely good communications skills.
- Candidates with fund accounting experience are preferred.

Unit Job Skill Development Map: Domestic and Canadian Trade Settlement

**JOB SPECIFIC SKILLS:** - Skills to be developed by structured on the job training.

<table>
<thead>
<tr>
<th>Process Domestic Trades.</th>
<th>0-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
<th>+12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Canadian Trades.</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process Currency Trades needed for Settlement of Canadian Trades.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitor Intra-Day System Transmissions.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resolve Failed Trades.</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resolve Position Breaks.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process Buy-ins.</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Process Exchanges in Kind.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>AS400</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodian Mainframe</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intra-Day System</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affirmation System</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodian Bank Systems</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oasys Global System</td>
<td>X</td>
<td></td>
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</tr>
</tbody>
</table>
**CUSTODY BUSINESS:** - Knowledge provided through formal new hire training.

<table>
<thead>
<tr>
<th>Role of Custodian Banks</th>
<th>0-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
<th>+12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Trade Settlement</td>
<td>X</td>
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<td></td>
</tr>
<tr>
<td>Foreign Trade Settlement</td>
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<td>X</td>
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</tr>
<tr>
<td>Income Collection</td>
<td></td>
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<td>X</td>
<td></td>
</tr>
<tr>
<td>Corporate Actions</td>
<td></td>
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<td>X</td>
<td></td>
</tr>
<tr>
<td>Securities Lending</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Cash Management</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**COMPANY’S BUSINESS:** - Knowledge provided through formal new hire training.

<table>
<thead>
<tr>
<th>Mutual Fund Basics</th>
<th>0-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
<th>+12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company’s Business</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual Fund Industry</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**GENERIC SKILLS:** - Skills developed through on the job experience, mentoring and professional development training programs.

<table>
<thead>
<tr>
<th>Analytical Ability</th>
<th>0-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
<th>+12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Solving</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sound Judgment</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Effective Organization Skills</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective Time Management</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Effective in a Deadline Oriented Environment</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective Project Management Skills</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong Interpersonal Skills</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>Verbal and Written Communication</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highly Motivated</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Basic PC &amp; Systems Skills</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
CASH MANAGEMENT AND TRADE PROCESSING OPERATIONS:

Responsibilities and Expected Accomplishments:

This group is responsible for the management of the funds’ cash flows through its cash management group. It also provides services, through the trade processing unit, that support the settlement of trades on behalf of The company’s mutual funds. The tasks that are performed daily by this group fall into several different areas of responsibility. They break down as follows:

- **Processing Cash Available for Overnight FICASH Investment.** This activity includes calculating the available cash in each fund. The group also coordinates the process for approving and releasing cash to the Repo and Muni Trading Desks for FICASH investment in the overnight markets.

- **Processing Bank Loans.** Coordinating activities with the Treasurer’s Office, Custodian Banks, Fund Accounting, Lending Banks, and others to acquire bank loans for funds that are overdrawn by $1 million or more.

- **Feeding FMR’s Investable Cash System.** Providing this service makes data regarding the investable cash available to fund management and to the trading desk.

- **Processing Trades that are Unsuccessfully Transmitted to FOCAS.** This is the process of identifying and resolving trades that were not transmitted from the Trading System to FOCAS System in the overnight cycle. This process includes informing Fund Accounting and the Trading Desk of inaccurate on-line position information.

- **Adding a Reference File to FOCAS.** Making changes and additions to reference files on the FOCAS system so that current day transactions and accounting activities are accurate.

- **Approving New Reference Files.** Researching new reference file data and approving reference files so that trades in new securities can be processed with accurate data for valuing the security.

- **Canceling and Re-booking Trades with Inaccurate Reference Files.** Involves researching reference file inaccuracies from trades that occurred in the past. Identifying the most appropriate process for canceling and re-booking the trade so that reference files are corrected and the securities involved are accurately valued.

Because of the diversity of responsibilities in this group, there are several major accomplishments that are produced on a daily basis. These include:

- The cash available for each fund, by custodian bank, is estimated by 8 AM and communicated to Repo Trading Desk and Muni Trading Desk.

- Cash available is approved and released by 8:30 AM for muni funds, and by 11 AM for equity and fixed income funds.

- Bank loans are approved and processed for mutual funds that are overdrawn.

- Trades that fail to be transmitted to the FOCAS system in the overnight cycle are identified and resolved.

- Fund Accounting and Trading Desk are informed of positions that are inaccurate in the Trading System and the FOCAS System.
Reference files are added to the FOCAS system so that securities held by a fund will be accurately valued in the current days accounting processes.

Reference files are approved in the Trading System so that trades in new securities can be accurately processed.

Past trades are canceled and re-booked when inaccurate reference files cause problems valuing a security held by a fund.

Identification of Department Stakeholders:

The analysts job in the Cash Management Unit is a mix of performing some tasks and facilitating the completion of others. Because of the diversity of tasks performed by this group, most stakeholders rely on these analysts for more than one service. Below is a list of stakeholders and the dependencies that each has on the Cash Management Unit.

**Fund Management’s Dependencies:**
- The total cash available for each fund is invested in FICASH.
- Bank loans are processed when funds are overdrawn by $1 million or more.
- Investable Cash System

**Muni Trading Desk’s Dependencies:**
- They receive accurate cash availability numbers in time to make there best deals in the overnight markets.

**Repo Trading Desk’s Dependencies:**
- They receive accurate cash availability numbers in time to make there best deals in the overnight markets.

**Trading Desk’s Dependencies:**
- Receive correct position information for trades that were not transmitted from the Trading System to FOCAS in the overnight cycle.
- Directions for canceling and re-booking trades that were not transmitted from the Trading System to FOCAS in the overnight cycle.
- Reference file approval so that trades on new securities can be processed.

**Custodian Banks’ Dependencies:**
- Receive accurate instructions for receiving or sending wires for FICASH investments and bank loans for overdrawn funds.

**Treasurer’s Office Dependencies:**
- Know which funds are overdrawn.
- Have information needed for approving bank loans for overdrawn funds.

**Fund Accounting Organization’s Dependencies:**
- Bank loan data for booking to general ledger.
- New or updated FOCAS system reference files to support current day accounting activities.
- Receive correct position information for trades that were not transmitted from the Trading System to FOCAS in the overnight cycle.
Cancellation and re-booking of trades that occurred in the past, in order to correct inaccurate reference files that cause securities held by a fund to be incorrectly valued.
Unit Work Flow Diagrams  Cash Management Unit:

**PROCESSING CASH AVAILABLE FOR OVERNIGHT FICASH INVESTMENTS:**

**Custodian Bank:**
- Send blotter feed and cash available feed to Cash Group

**Company’s PG Group:**
- Transmit purchase, redemption, and dividend payment data from AC to Cash Management Unit.

**Custody Cash Management:**
- Receive custodian, PG, and FOCAS data feeds.
- Send projected available cash to Repo Trading Desk by 8AM.
- Reconcile opening balances (company’s vs. custodian’s).
- Reconcile current day’s settlement numbers (custodian, Trade Desk, and brokers.)
- Reconcile CASH maturities.
- Project cash available numbers.
- Approve cash projections (manager).
- Print cash sheets to Muni Trade Desk by 8:30AM.
- Release cash from equity & fixed income funds to Trading System by 11AM.
- Send long summary cash report to custodian banks.
- Post CASH adjustments.

**Muni Trading Desk:**
- Search for best deals for overnight investments.
- Plan specific trades using projected cash availability.
- Execute overnight investments.

**Repo Trading Desk:**
- Search for best rates/deals for CASH overnight investments.
- Plan specific trades using projected cash availability.
- Execute FICASH overnight investments.

**CAS (Margin Movements, Settlement Data, CASH Maturity)**
PROCESSING BANK LOANS FOR OVERDRAWN FUNDS:

**Custody Cash Management:**

Determine which funds require a bank loan. *(Funds overdrawn by $+1M.)*

Identify best available interest rate from rate sheet. *(Fund must have a contract with bank.)*

Contact bank with specifics of required loan and lock in rate.

Complete loan paper work.


**Lending Bank:**

Prepare loan.

**Fund Accounting:**

Book bank loan to general ledger.

**Custodian Bank:**

Prepare to accept wire from lending bank.

**Treasurer's Office:**

Review and approve bank loan.

Send paper work to lending bank.

Accept cash from lending bank.

**Process Complete:**

Identify best available interest rate from rate sheet. *(Fund must have a contract with bank.)*

Process loan & transfer cash to custodian.

Produce daily loan report *(Reports rates, funds with loans, and overdrawn funds without loans.)*

Review and approve bank loan.

*(Funds Overdrawn $15M May Borrow from Other Fund - IFL)*
PROCESSING TRADES THAT ARE UNSUCCESSFULLY TRANSMITTED FROM AS400 TO FOCAS:

**Custody Trade Processing:**
- Review the FOCAS and IS System Report on kicked trades at 8AM.
- Inform Fund Accounting and Trade Desk by 9:30AM. *(Do NOT inform trade desk for F.A. entry issue.)*

**Trading Desk:**
- Correct position inaccuracy resulting from kicked trade.

**Fund Accounting:**
- Account for trade that was NOT accepted by FOCUS.

**Reference File Problem**
- Correct File on the FOCAS System so that it matches the Reference File on the Trading System.

**Other Problem**
- Research the kicked trade to determine how to resolve.

**Good Trades**
- Enter trade into FOCAS manually through the “SUS” Screen. *(Won’t be seen until after nightly cycle.)*

**Bad Trades**
- Send back to trade desk for cancel and rebook.

**PROCESS COMPLETE.**
Adding a Reference File in the FOCAS System:

Trading Desk:

Data administrator contacts trade processing group when Reference File must be added to FOCAS System on current day. *(When can’t wait for nightly cycle to update reference file.)*

Custody Trade Processing:

Print Trading System Reference File screens.

Add Reference File data directly into the FOCAS System.

The new Reference File in the FOCAS System will be overwritten by the Reference File in the Trading System during the nightly cycle.

Process Complete.
**APPROVING REFERENCE FILES:**

**Trading Desk:**
- Trade Desk wants to trade on a new or changed security.
- Call Cash Management Unit with request for reference file approval.

**Custody Trade Processing:**
- Check Trading System periodically for trades on new/changed securities.
- Check Reference File fields for completeness.
- Check Bloomberg for data accuracy.
- Approve in Trading System by inputting a “Y” in accounting approval field. In the comments field input “Approved” with the Date and your Initials.

**PROCESS COMPLETE.**
CANCELLING AND RE-BOOKING TRades WITH INACCURATE REFERENCE FILES:

**Custody Trade Processing:**
- Formulate a process for completing the cancels and rebooks of past trades.
- Process the cancels and rebooks. (One to three day process.)

**Fund Accounting:**
- Informs Cash Management Unit of reference file inaccuracy that effects past trades.
- Provide evidence of inaccuracy.

**Custody Income Collection:**
- Informs Cash Management Unit of Reference File inaccuracy that effects past trades.
- Provide evidence of inaccuracy.

**If process exceeds one day, notify Trading Desk daily using the Position Discrepancy Report until the position is corrected.**

**Notify Fund Accounting so that positions can be adjusted.**

**PROCESS COMPLETE.**
Description of Systems Utilization:

Like most other jobs in the Custody Organization, system skills are a vital part of an analyst’s repertoire. The systems that must be mastered by the analysts in Cash Management Operations include:

- Cash System (SUN System)
- Trading System (AS400)
- Custodian Main Frame
- FOCAS
- Bloomberg

Cash Management Operation Analysts Profile:

There are 6 Analysts in the Cash Management group. Most are assigned to working with a specific custodian bank. The profile that is pursued when hiring an analyst into the group includes the following:

- Company experience.
- Fund accounting experience would be helpful.
- Direct experience with the Trading System (AS400).
- Previous experience working in the cash function at a custodian bank.
- Previous exposure to the settlement process.
- Ability to facilitate the completion of work through different people or groups.

Job Skill Development Map: Cash Management

<table>
<thead>
<tr>
<th>JOB SPECIFIC SKILLS</th>
<th>0-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
<th>+12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Cash Available for FICASH Investment.</td>
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<tr>
<td>Process Bank Loans for Funds.</td>
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<tr>
<td>Process Trades that Fail to be Transmitted to FOCAS.</td>
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<tr>
<td>Add Reference Files to FOCAS.</td>
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<td>X</td>
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<tr>
<td>Approve New Reference Files.</td>
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</tr>
<tr>
<td>Cancel and Re-book Trades with Inaccurate Reference Files.</td>
<td></td>
<td>X</td>
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<tr>
<td>Cash System</td>
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<td>AS400</td>
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<tr>
<td>Custodian Mainframe</td>
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<td>FOCAS</td>
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<td>Bloomberg</td>
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</tbody>
</table>
**CUSTODY BUSINESS:**  - Knowledge provided through formal new hire training.

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<tr>
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<tr>
<td>Domestic Trade Settlement</td>
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<tr>
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<tr>
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</table>

**COMPANY’S BUSINESS:**  - Knowledge provided through formal new hire training.

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<tr>
<th>Mutual Fund Basics</th>
<th>0-3 Months</th>
<th>3-6 Months</th>
<th>6-12 Months</th>
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<td>Company’s Business</td>
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<td>Mutual Fund Industry</td>
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**GENERIC SKILLS:**  - Skills developed through on the job experience, mentoring and professional development training programs.

<table>
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<tr>
<th>Analytical Ability</th>
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<td>Basic PC &amp; Systems Skills</td>
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</tbody>
</table>
**COMPLEX SECURITIES PROCESSING:**

**Unit Responsibilities and Expected Accomplishments: Complex Securities Processing**

This group is responsible for overseeing the completion of trades of complex securities. This is a critical function for completing trades and establishing positions accurately for complex securities. Complex securities are securities that are not easily processed through normal trade processing operations in Custody Services. Examples include unit splits, private placements, bank debt, etc. This is critical for ensuring that future cash streams from the security are defined properly for valuation purposes.

The objective of this group is to ensure that trades in complex securities are settled in a timely manner and accounted for accurately.

**Unit Stakeholders: Complex Securities Processing**

Several groups depend on the Complex Securities Processing functional unit. Below is a list of stakeholders and the dependencies that each has on the analysts who work in the Complex Securities Processing unit.

**Company’s Fund Managers and Trade Desk:**
- Depend on the accurate and timely settlement of trades in complex securities.
- Depends on the accurate accounting of complex securities bought and sold on behalf of a fund.

**Fund Accounting:**
- Depend on clear and accurate information for correctly valuing complex securities for the period of time that it is held by a fund.
- Relies on notification of cash distributions and payments.

**Domestic Settlements:**
- Rely on clear instructions for processing trades of complex securities.

**Custodian Banks:**
- Rely on clear instructions for settling trades of complex securities.
Unit Work Flow Diagrams: Complex Securities Processing

**PROCESSING COMPLEX SECURITIES:**

**Trading Desk:**
- Complete term sheet. FAX it to the Complex Securities Unit in Custody.
- Trader must enter trade into the trading system before settlement date.

**Broker:**
- Makes offer to purchase/sell securities.
- Executes trade. Sends confirmation to custodian bank via DTC.

**DTC:**
- DTC ID System
- Automatically pulls down broker confirmations from DTC ID system.

**Custodian Bank:**
- Settle trade.

**Custody Complex Securities: Group**
- Review term sheet faxed from the trade desk.
- Write memo for custodian bank with instructions for settling the trade.
- Distribute memo & term sheet to custodian bank (via. FAX), Fund Accounting and Cash Group.

**Custody Cash Group:**
- Check for potential cash adjustments.

**Fund Accounting:**
- Verify blotter amount for settlement of complex security.

**AS400**

**PROCESS COMPLETE.**
**PROCESSING COMPLEX SECURITIES MANUALLY:**

**Trading Desk:**
- Complete manual trading ticket. FAX it to the Complex Securities Group in Custody.
- Trader must enter trade into the Trading System before settlement date.

**Custody Complex Securities:**
- Review the manual trade ticket faxed from Trade Desk.
- Inform Fund Accounting of the trade. Pass fax on to Domestic Settlements Group. Track until trade is entered into Trading System.

**Custodian Bank:**
- Makes offer to purchase securities.
- Transmits broker confirmation to Domestic Settlements Group.

**Broker:**
- Makes offer to purchase securities.
- Executes trade. Sends confirmation to custodian bank via DTC.

**DTC:**
- Settle trade.

**DTC ID System:**
- AS400

**Fund Accounting:**
- Uses information for valuing the security now owned by the fund.

**Custody Domestic Settlements Group:**
- Match trade information from Trading Desk with broker confirmation. Affirm the trade.
- Notify bank that trade is good and should be settled.

**PROCESS COMPLETE.**
Unit Systems Utilization: Complex Securities Processing

In the Complex Securities Processing group, system skills are important. The systems that Operation Analysts in this group must master include the following:

- Trading System/AS400 (Equity Order and Fixed Income)
- FOCAS - Look up, Search Mate, F09 function (history of a security)
- Custodian Banks’ mainframe systems
- Intraday System
- Position Reconciliation System
- Cash System
- Bloomberg (for looking up CUSIPS, pool numbers, tic symbols, etc.)
- MS Windows
- MS Word
- MS Excel

Unit Hiring Profile: Complex Securities Processing

Two analysts work in the Complex Securities Processing organization. At the time of hire, analysts should have a basic understanding of securities (i.e. stocks, bonds, interest payments, etc.) To be successful in this department, analysts must have well developed problem solving and people skills as well as a strong conceptual understanding of the custody business. With experience in the department, analysts develop an in-depth understanding of complex securities (i.e. unit splits, private placement, bank debt, bank debt settlement, etc.)

When hiring a new person into the group, the background and skills that are desirable include:

- Company experience. Custody or Fund Accounting experience would be helpful.
- Extremely detail oriented.
- Communication skills, both verbal and written, are important qualifications.
- Motivated to do good work.
- Quickly masters new skills.
Unit Job Skill Development Map: Complex Securities Processing

**JOB SPECIFIC SKILLS:** - Skills to be developed by structured on the job training.

<table>
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<tr>
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<th>0-3 Months</th>
<th>3-6 Months</th>
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</thead>
<tbody>
<tr>
<td>Review Term Sheet from Trade Desk for Complex Security Trade.</td>
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<tr>
<td>Determine Best Procedure for Processing the Complex Security.</td>
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<tr>
<td>Write Complex Security Trade Instructions for Custodian Bank.</td>
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<td>Process Trades Manually</td>
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**COMPANY’S BUSINESS:** - Knowledge provided through formal new hire training.

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</table>
FOREIGN TRADE OPERATIONS:

Unit Responsibilities and Expected Accomplishments: Foreign Trade Operations

Settling foreign securities trades in overseas markets can be a challenging task. In many developed countries there is some consistency in the settlement process that makes foreign securities trading highly manageable. However, there are many markets around the world that are new and or have a history of instability. In some of these markets, seemingly arbitrary regulations and sudden rule changes make it difficult to settle trades accurately and in a timely fashion.

Operations analysts in the Foreign Trade Operations functional units must remain as current in the latest regulations and rules in the markets in which they settle trades. Also contributing to the challenge, is the fact that there are many more layers and complexities to foreign trade settlement than some other tasks performed in the Custody Services organization.

Like many of their counterparts in other Custody Services functional units, the analysts in the Foreign Trade units must have a solid understanding of the operations of other Custody Services and non-Custody Services groups. Specifically, they must know who plays a role in the settlement of foreign security trades and what the role is that each party plays in the process. There are several major accomplishments that are produced by this group of analysts. These include:

- Trades are confirmed manually (does not include trades that are confirmed through the Oasys Global system).
- Trades are Telexed to the Foreign Exchange Trading Desk to arrange the currency trade necessary to settle the security trade. (TLX status.)
- Trades are executed after the currency trades are executed. (EX status.)
- Settlement issues are resolved so that trades settle on time.

Unit Stakeholders: Foreign Trade Operations

The operations analyst’s job in the Foreign Trading organization is like that of a liaison. The nature of the job requires interactions with many people inside and outside of the Custody Services Organization. The value that they add is in the coordination of the efforts of other groups to ensure that trades settle on settlement day and are accounted for properly.

The list of stakeholders appears below.

- Company’s Trading Desk - Depend on trades being settled timely & accurately.
- Company’s Currency Trading Desk - Depends on being informed on a timely basis of trades that require a currency transaction or contract.
- Brokers - Depend on trades being settled on settlement date.
- Custodian Banks and Sub-Custodians - Depend on accurate trade data so that trades can be setup and settled on the appropriate day.
- Fund Accounting - Depend on accurate information so that securities held by a fund are accurately valued and fund shares are accurately priced each day.
Unit Work Flow Diagrams: Foreign Trade Operations

PROCESSING TRADES IN FOREIGN SECURITIES:

Trading Desk:
- Book trade on AS400. Trade is in Open Status.
- Enter trade as Pending Status in the Trading System.
- Transmit trade date to Oasys Global System.

Broker:
- Respond to Trading Desk regarding purchase or sale.
- Transmit fund level trade confirmations to Oasys Global System (or Telex/FAX to FACS Custody for manual confirm.)

Oasys Global
Matches Confirms

Foreign Exchange Trading:
- Pool trades requiring the same currency exchange and make the currency trade.
- Enter the provider, exchange rate, etc. into Trading System Screen FXL.
- Confirm the FX trade.
- AS400 down loads FX trade to Custody Main Frame and FOCAS Systems.

Custody Main Frame
- Custody Main Frame transmits trade to appropriate custodian.

Custody Foreign Trade Operation:
- Match the Telex/FAX to the AS400 screen to confirm the trade.
- TLX the trade to initiate the currency exchange needed to settle the trade.
- Trade is executed (EX Status) after currency trade is executed.
- AS400 down loads securities trade to Custody Main Frame and FOCAS Systems.

(Work Flow Continued On Next Page.)
PROCESSING TRADES IN FOREIGN SECURITIES: (Continued from previous page)

**Custody Trade Operations:**
- AS400 down loads securities trade to Custody Main Frame and FOCAS Systems.

**Foreign Exchange Trading:**
- AS400 down loads FX trade to Custody Main Frame and FOCAS Systems.

**Broker:**
- Send securities trade confirmation to sub custodian.

**Custody Main Frame:**
- Confirm the currency trade.
- Match confirmation from FX with trade instructions from Custody Foreign Trade Group.
- Transmit trade to sub-custodian.

**Custodian Bank:**
- Confirm and settle the securities trade.

**Sub Custodian Bank:**
- Notify custodian of settlement.
- Settle the currency trade.

**PROCESS COMPLETE.**
Unit Systems Utilization: Foreign Trade Operations

Like all other functional units in Custody Services, system skills are a vital part of the operations analysts’ jobs in the Foreign Trading Units. The systems that must be mastered by these analysts include:

- AS400 (Trading System)
- Custody Main Frame
- Oasys Global
- Crossmar (FX Match)
- Alert
- Bloomberg (Research)
- Reuters Terminal (for spot trading and for foreign exchange information)
- MS Excel
- MS Mail
- MS Word
- MS Windows

Unit Hiring Profile: Foreign Trade Operations

To be successful in the Foreign Trade functional units, analysts should have prior experience. When hiring a new person into the group, the background and skills that are desirable include:

- Two years experience, preferably in a custodian bank. Other acceptable experience may include another mutual fund company, Fund Accounting, or a brokerage representative (like Company’s retail representatives.)
- Extremely detail oriented. Knows how to follow up on loose ends.
- Developed problem solving skills.
- Excellent written and verbal communications skills.
- Knows how to be a team player.
- Knows how to be successful in a fast moving environment.
### Job Skill Development Map: Foreign Trade Operations

**JOB SPECIFIC SKILLS:** Skills to be developed by structured on the job training.

<table>
<thead>
<tr>
<th>Skill</th>
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SEcurities LENDING OPERATIONS:

Unit Responsibilities and Expected Accomplishments: Securities Lending Operations

The work-flows that follow manifest the work performed by operations analysts in the Securities Lending Operations unit. This group is responsible for lending individual securities that are held by a fund to brokers or other institutions. During the period of the loan, the fund permits the broker or institution to hold the security. In exchange, the fund’s custodian bank receives collateral in the amount of 102% of the value of the borrowed securities. This collateral amount is then invested in the overnight markets with the other available cash in the fund.

There are several major accomplishments that are produced by this group of analysts. These include:

- Securities are loaned to borrowing agent.
- Loaned individual securities are delivered to borrowing brokers.
- Collateral in the amount of 102% of the value of the loaned security is received by the custodian bank from the borrowing broker.
- Collateral is checked daily against the market value of the borrowed security to ensure that the collateral remains at 102% of the value of the security.
- Custodian bank and borrowing broker is notified when the value of the security increases which in turn requires an increase in the collateral held in place of the loaned security.
- Securities are collected from borrowing agent when fund management requests or when agent returns the securities.

Unit Stakeholders:

There are several groups that depend on the Operations Analysts in the Securities Lending and Income Collection organization. Below is a list of stakeholders and the dependencies that each has on the Securities Lending and Income Collection analysts.

Company’s NFSC Organization:

- Processing of security loans to industry brokers.
- Appropriate collateralization of loaned securities.
- Accurate and timely recalling of loaned securities
- Process of buying-in the borrowing broker when securities are not returned to custodian bank within three days of a recall.

Company’s Fund Managers:

- Appropriate collateralization of loaned securities.
- Rely on accurate and timely return of recalled securities.
- Depend on the process of buying-in the borrowing broker when securities are not returned to custodian bank within three days of a recall.
Custodian Banks:
- Clear and accurate instructions for delivering loaned securities to the borrowing broker, and receiving collateral in the amount of 102% of the value if the loaned security.
- Accurate instructions for maintaining proper collateralization of the security loan.
- Instructions for returning collateral to the broker and receiving returned securities at the conclusion of the loan.

Borrowing Broker:
- Accurate processing of new security loans.
- Accurate and timely processing of broker initiated return of securities and returned collateral.
- Instructions for returning the securities when recalled by the fund.
**Unit Work Flow Diagrams: Securities Lending Operations**

**LENDING SECURITIES TO AN OUTSIDE BROKER:**

**Broker:**
- Calls SC with inquire into borrowing a specific security.

**Custody Securities Lending Group:**
- Determine if securities are held in a fund that permits lending.
  - **If No**
    - Inform SC that security is NOT available.
  - **If Yes**
    - Inform SC that security is available. Include the number of shares that are available to lend.
    - Create instructions for custodian bank. (i.e. Receive “X” dollars and deliver “Y” shares to the broker.
    - Monitor daily to ensure that collateral is equal to 102% of the value of the loaned securities.

**NFSC:**
- Determine if company is holding the security.
- Contact Custody Securities Lending Group to determine if securities are available for lending.
- Finalize deal with broker.
- Send all loan information to Custody Securities Lending Group.
- If additional shares of the security are available, SC may search for another broker to lend to.

**PROCESS COMPLETE.**
ENSURING PROPER SECURITY LOAN COLLATERALIZATION:

Custody
Securities Lending Group:

- Monitor the market value of the loaned security. The fund must always hold at least 102% of the market value of the security as collateral.

- When the market value of the security increases, calculate the change necessary to increase collateral to maintain the 102% requirement. *(Note: Broker initiates a decrease in collateral when the market value drops.)*

- Notify custodian bank of the required change in collateral.

Broker:

- Sends cash to custodian to increase collateral.

Custodian Bank:

- Send charge to the broker to increase collateral.

PROCESS COMPLETE.
RETURNING BORROWED SECURITIES:

Broker:

Calls in a return of the borrowed securities.

Custodian Bank:

Receives securities and returns collateral to broker.

Custody Securities Lending Group:

In preparation to receive loaned securities:
- Verify share amount
- Verify CUSIP numbers
- Verify collateral dollar amount

Instruct custodian bank to receive securities and send verified collateral dollar amount to broker.

PROCESS COMPLETE.
RECALLING LOANED SECURITIES:

**Custody Securities Lending Group:**

- Analyst verifies that the number of positions on loan do NOT exceed the number of positions held by the fund. If the number of loaned positions is greater, the analyst initiates a recall.

  - Determines loan(s) to recall.

  - Issue a recall of the loaned security to the borrowing broker.

  - Instructs custodian bank to receive securities and return collateral to broker.

**Broker:**

- Broker returns borrowed security to custodian bank.

**Custodian Bank:**

- Custodian bank returns collateral to broker.

PROCESS COMPLETE.

NOTE: If Broker does NOT return the securities within three days of The company’s recall, the rebate drops to zero and the broker is susceptible to being bought in. The company always remains whole in this process.
Unit Systems Utilization: Securities Lending Operations

System skills are a vital part of the operations analysts’ jobs in the Securities Lending group. The systems that must be mastered by these analysts include:

**SECURITIES LENDING:**
- Microsoft Windows and Associated Applications (i.e. Card File, Calendar, etc.)
- Microsoft Excel
- FOCAS
- Custody mainframe
- AS400
- Microsoft Word
- FIS (for collateral loan report)

Unit Hiring Profile: Securities Lending Operations

**SECURITIES LENDING:** Three analysts work in this area. To be successful in this department, analysts must have well developed conceptual, problem solving and people skills. When hiring a new person into the group, the background and skills that are desirable include:
- Company experience.
- Extremely detail oriented (much of the securities lending process is complex and is performed manually.)
- Relationships are extremely important in the securities lending market place. The people skills needed to develop and maintain these relationships are critical.
- Strong conceptualizing and problem solving skills are need. Many challenges arise for which there is no defined procedure or rules. This is not a “step by step” kind of job.
- Good system skills are necessary.
Unit Job Skill Development Map: Securities Lending Operations

**JOB SPECIFIC SKILLS:** - Skills to be developed by structured on the job training.

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<td>Process Required Changes in Collateralization.</td>
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<td>Process Returned Securities</td>
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<td>Recall Loaned Securities</td>
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INCOME COLLECTION:

Unit Responsibilities and Expected Accomplishments: Income Collection

The operations analysts in this group are responsible for ensuring that all expected income from a security is collected for the funds. These analysts are responsible for the process of diagnosing why an expected income stream from a fixed income security has not been received. Once a problem is diagnosed, the analysts from this group work with fund accounting, trading desk, paying agent, and others to rectify the error.

There are a couple of major accomplishments that are produced by this group of analysts. These include:

- Over due fixed income receivables are researched and causes are identified.
- The process of correcting overdue receivable is facilitated by income collection operations analysts until rectified.
- R-base weekly report is created listing all open receivables that are more than 5 days old.

Unit Stakeholders: Income Collection

There are several groups that depend on the operations analysts in the Income Collection unit. Below is a list of stakeholders and the dependencies that each have on the Income Collection operations analysts.

Company Fund Accounting Dependencies:

- Resolutions to income stream issues that make it difficult to properly value a fixed income security held by a fund.

Company Fund Management:

- Funds receive all of the income streams expected as a result of the trading activities of fund managers.
Unit Work Flow Diagrams: Income Collection Unit

**Tracking Interest Collection Issues (Monday & Tuesday Process):**

**Fund Accounting:**
- Update fixed income receivables.

**FOCAS System**

**Custody Interest Collection Group:**
- **R-base System**
- Create R-base Weekly Report of all open receivables 5 days old or more.
- Review report data. Research new items.
- Delete resolved issues from R-base.
- Update fixed income receivables.

**PROCESS COMPLETE.**
Detailed researching of interest collection issues:

**Custody Interest Collection Group:**

- Detailed research of over due fixed income receivables is an unstructured process. Any and all of the activities below may be required to resolve interest collection issues.

- Meet with fund accounting.
- Cancel and rebook.
- Contact trading desk for clarification.
- Use Bloomberg information service to research defaulted companies.
- Contact paying agent.
Unit Systems Utilization: Income Collection

System skills are a vital part of the operations analysts’ jobs in the and Interest Collection group. The systems that must be mastered by these analysts include:

**INCOME COLLECTION:**
- Custodian Banks’ Systems
- AS400
- FOCAS
- Bloomberg
- R-base Application
- Custody Mainframe
- Microsoft Word
- Microsoft Excel

Unit Hiring Profile: Income Collection

There are two analysts working in the Interest Collection unit. Interest Collection Analysts require high level problem solving and people relations skills. The skills and abilities looked for in new recruits include:
- Company experience.
- Fund accounting experience preferred.
- Excellent verbal and written communications skills.
- Good diagnostic and problem solving skills.
Unit Job Skill Development Map: Interest Collection

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<td>Update Open Receivables in R-Base</td>
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POSITION RECONCILIATION:

Unit Responsibilities and Expected Accomplishments: Position Reconciliation

Operation analysts in this group ensure that all position breaks are identified and rectified. Position breaks can occur when the company’s share numbers for a fund do not match the custodian bank’s share numbers. Position Reconciliation analysts work with several groups to ensure that position breaks are rectified quickly.

The major accomplishments produced by this group of analysts on a daily basis include:

- Daily exceptions reports are produced and distributed to other Custody and Fund Accounting groups.
- Weekly reports of position breaks outstanding for 5 or more days are produced and distributed internally and to other organizations. These groups use the reports to rectify position breaks related to their operational areas.
- Position breaks are researched to determine the cause.
- Activities are coordinated with appropriate other Company and custodian bank representatives to resolve position breaks.
- The company and custodian CUSIP numbers are linked to resolve position breaks. CUSIP numbers will not match when The company’s CUSIP numbering scheme different from the custodian bank’s. This is an issue only for securities that do not have a industry standard CUSIP numbers.
- Outstanding position breaks are monitored until resolved.

Unit Stakeholders: Position Reconciliation

Custodian Banks and other Company organizations rely on the analysts in the Position Reconciliation unit. Here is a list of some of the stakeholders that depend on these analysts.

Fund Accounting Dependencies:

- Position breaks can cause problems correctly valuing securities held by a fund. Fund accounting is dependent on know when position breaks occur and when they are resolved.

Custodian Banks:

- Need to know when there is a discrepancy between their share numbers and The company’s. They rely on Position Reconciliation unit analysts to work with them to rectify breaks.
Unit Work Flow Diagrams: Position Reconciliation

RESOLVING POSITION BREAKS:

CL Funds:
- Transmit pre-pricing positions to Position Reconciliation System.

Fund Accounting:
- Transmit pre-pricing positions, open trades, and open capital changes.

Custodian Bank:
- Transmits CUSIP numbers and cross reference information.

FOCAS
- Custody Main Frame
- Positions are created by the Custody Main Frame.
- CUSIP numbers are cross referenced by Custody Main Frame.
- Position breaks are identified.

Research position breaks to determine cause: (i.e. Corp Actions, Inaccurate Buys/Sells, Accounting Unsettled Trades, Inaccurate Paydowns, Etc).

Identify the appropriate fund accounting or custodian group to resolve the position break.

Assign to appropriate group to rectify. Provide detailed reports and any other appropriate backup.

Monitor until position break is resolved.

PROCESS COMPLETE.
LINKING CUSIP NUMBERS:

Custody Position Reconciliation:

Review individual securities on the Daily Exception Report to find position breaks that appear to be the same security.

Research position breaks to determine if company’s and custodian bank’s CUSIP Numbers refer to the same securities. Collect data from AS400, FOCAS, Custodian Bank System, etc.

If research indicates that CUSIP Numbers refer to the same securities, write a rationale to the Position Resolution Group supervisor for approval to link the CUSIP Numbers.

With manager approval, link the CUSIP Numbers in the Position Resolution System.

PROCESS COMPLETE.
Unit Systems Utilization: Position Reconciliation

Like all other Analysts in the Custody Service organization, system skills are vital for Position Reconciliation analysts. The systems that must be mastered by these analysts include:

**POSITION RECONCILIATION:**
- Custody Mainframe - Specifically, the Position Reconciliation and Trade Delivery applications.
- Custodian Banks’ Systems
- AS400
- FOCAS
- Bloomberg
- Microsoft Word
- Microsoft Excel

Unit Hiring Profile: Position Reconciliation

There are seven Position Reconciliation Analysts. They are assigned to work with specific custodians and the mutual funds for which the bank provides custodian services. Position Reconciliation analysts require high level problem solving and people relations skills. The skills and abilities looked for in new recruits include:

- Excellent problem solving skills.
- Ability to quickly master systems.
- Some other company or custodian bank experience.
- Excellent verbal and written communication
- Good interaction skills.
## Unit Job Skill Development Map: Position Reconciliation

**JOB SPECIFIC SKILLS:** - Skills to be developed by structured on the job training.

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