

Custody Services - Operational Analyst Competency Model Report

Fund Accounting & Custody Services Training and
Development

C O N T E N T S:

PROJECT INTRODUCTION:..... 2
 EXECUTIVE SUMMARY:..... 2
 COMPETENCY MODEL SCOPE:..... 4
 SUMMARY:..... 6

DOMESTIC AND CANADIAN TRADING OPERATIONS: 7

CASH MANAGEMENT AND TRADE PROCESSING OPERATIONS: 14

COMPLEX SECURITIES PROCESSING: 25

FOREIGN TRADE OPERATIONS: 31

SECURITIES LENDING OPERATIONS: 37

INCOME COLLECTION:..... 46

POSITION RECONCILIATION: 52

Fund Accounting and Custody Services Training and Development

PROJECT INTRODUCTION:

Executive Summary:

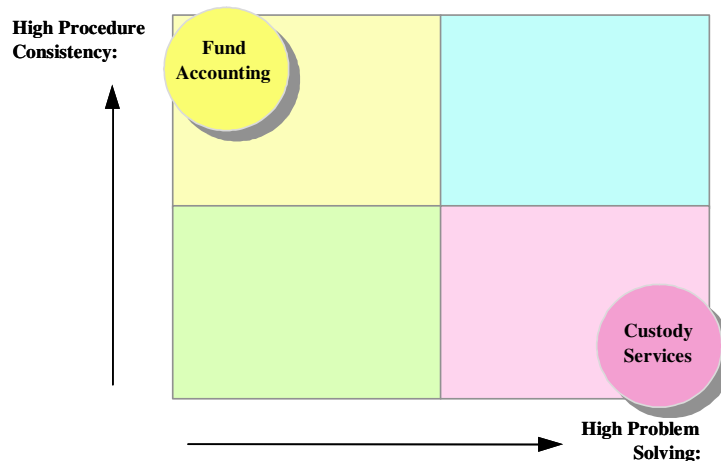
A competency model was performed to examine the skills and competencies that are important in the operations of Custody Services. The goal of the project was to gather data on each of Custody Service's functional units and the analysts jobs within each unit. This information has provided a business frame work 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



Fund Accounting and Custody Services Training and Development

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 prohibitively 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 work-flows 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.

Fund Accounting and Custody Services Training and Development

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.

Fund Accounting and Custody Services Training and Development

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 analysts 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 follow is 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

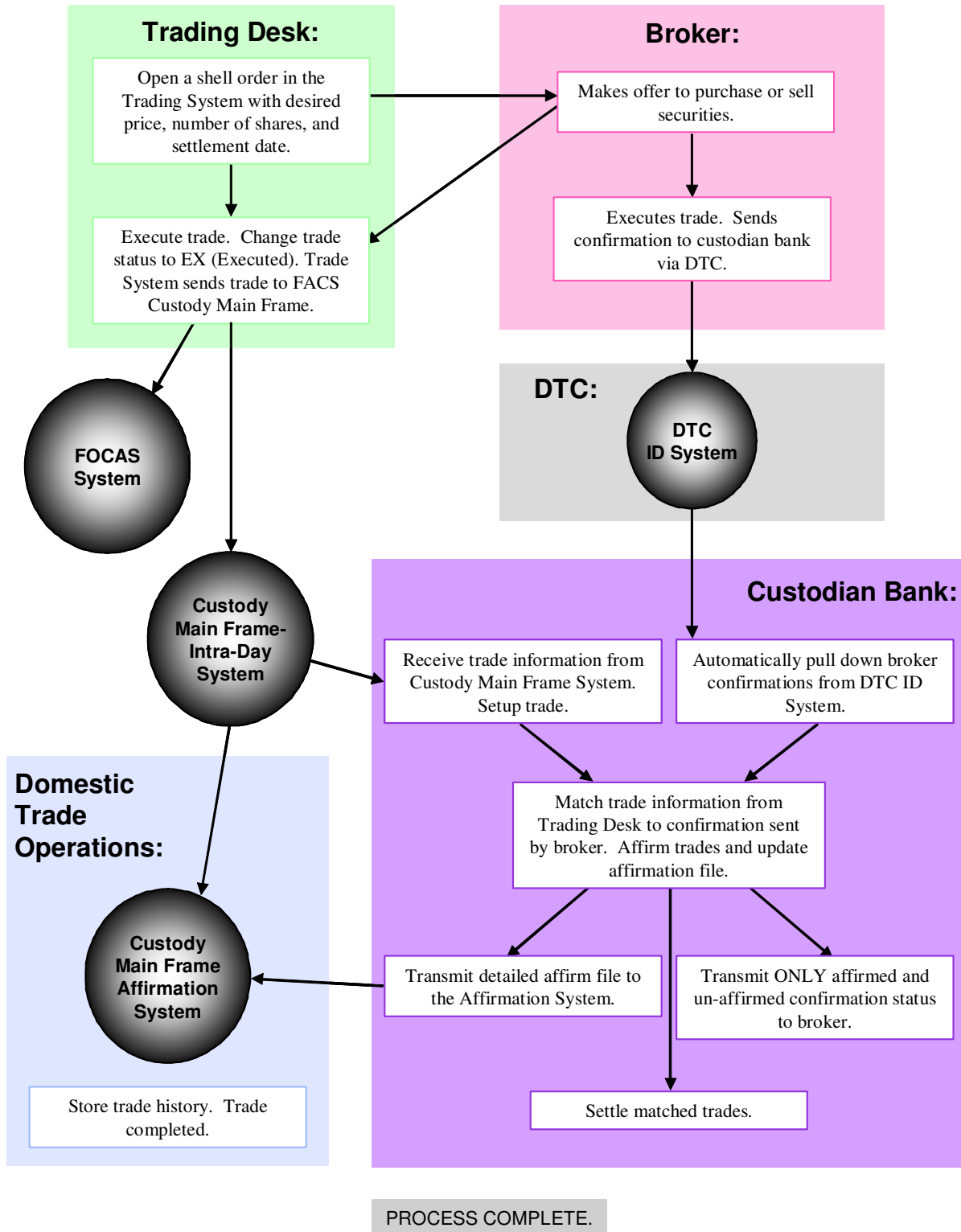
The operations analyst's job in the Domestic and Canadian Trading organization is like that of a liaison. The nature of the job requires interactions with many people outside of the Custody Services Organization. The value that they add is in the coordination of the efforts of other groups to ensure 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.

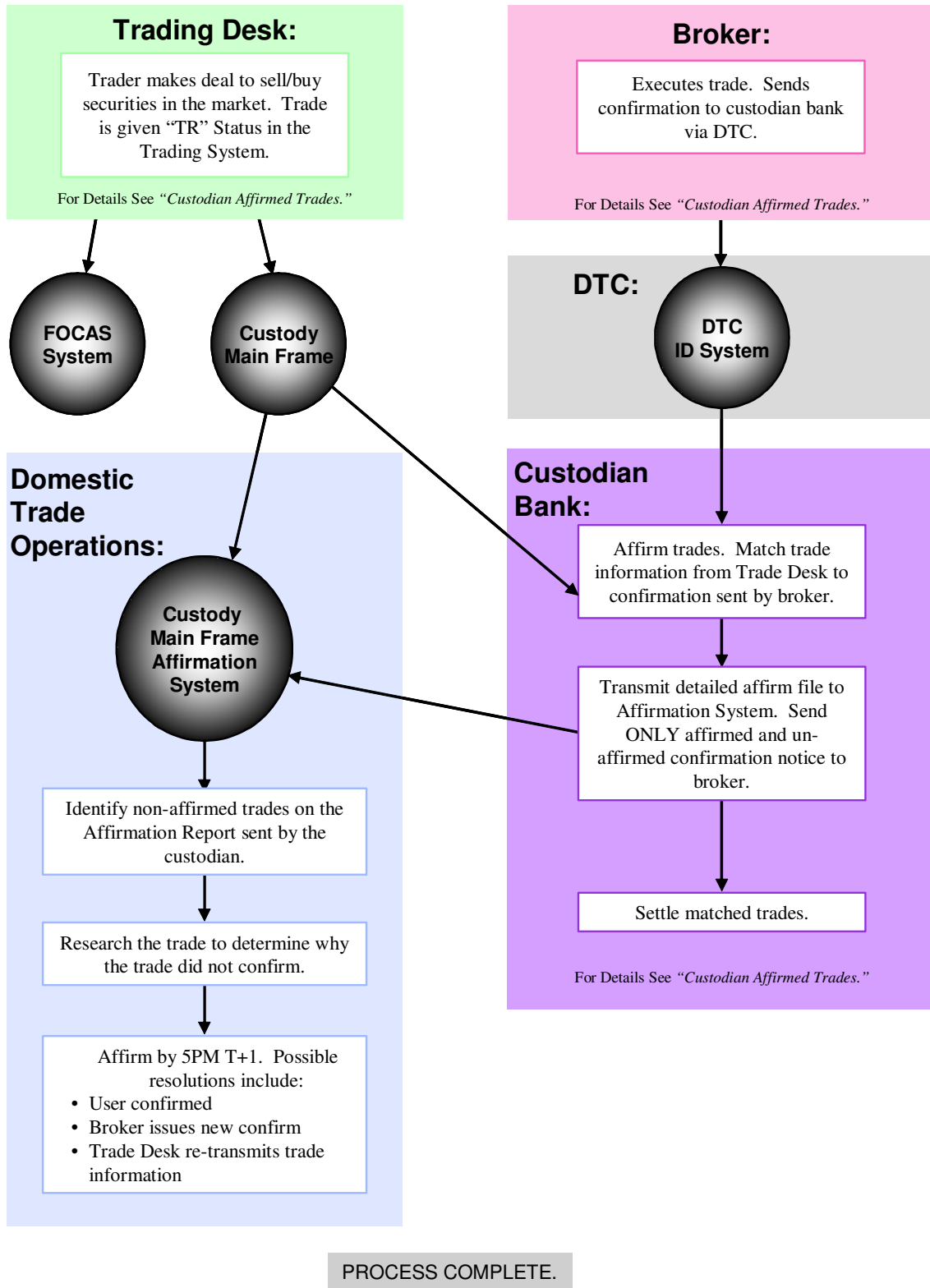
- Trading Desk - Depend on trades being settled according to their instruction.
- Currency Trading Desk - Depends on being informed on a timely and accurate basis of trades that require the exchange of Canadian and US dollars.
- Brokers - Depend on trades being settled on settlement date.
- Custodian 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

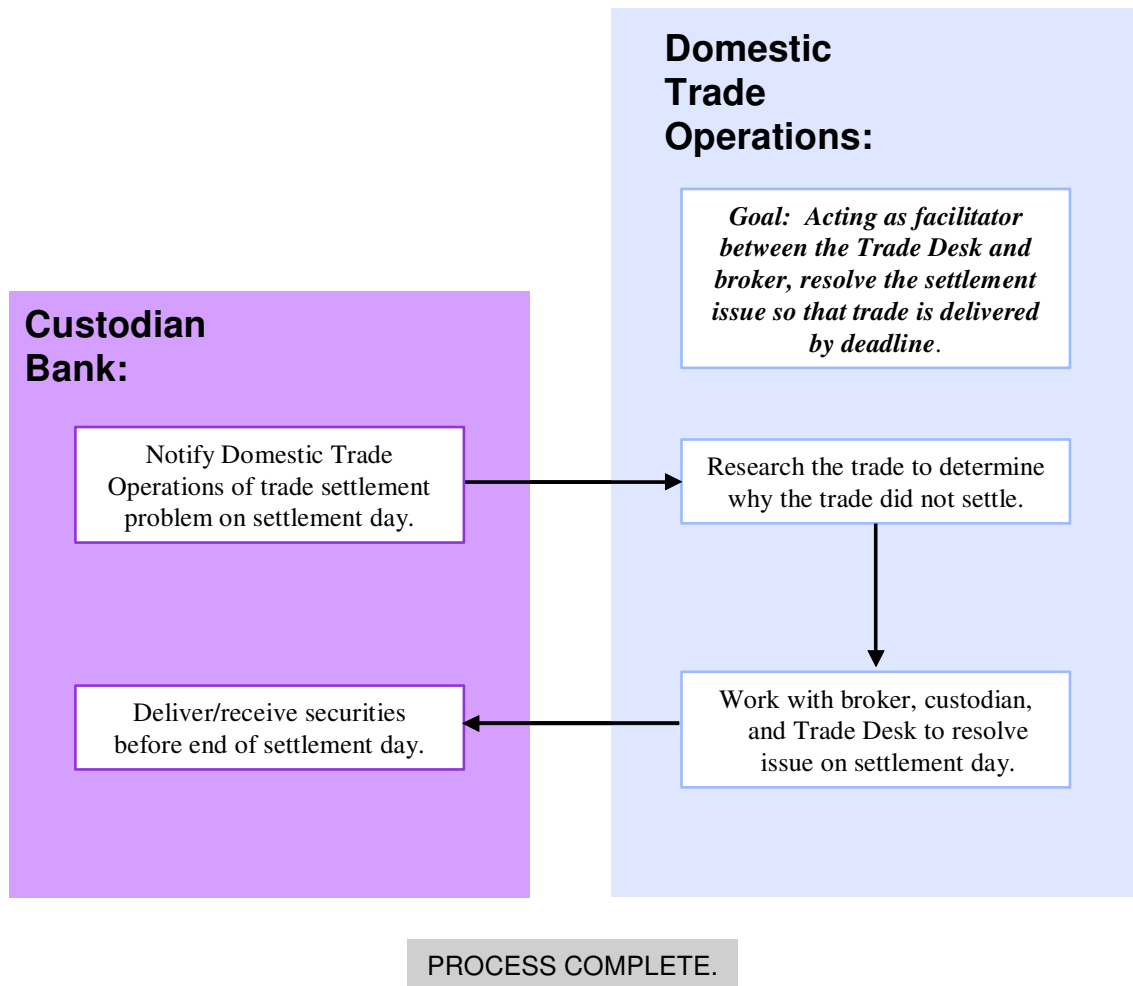
PROCESSING OF CUSTODIAN AFFIRMED DOMESTIC TRADES:



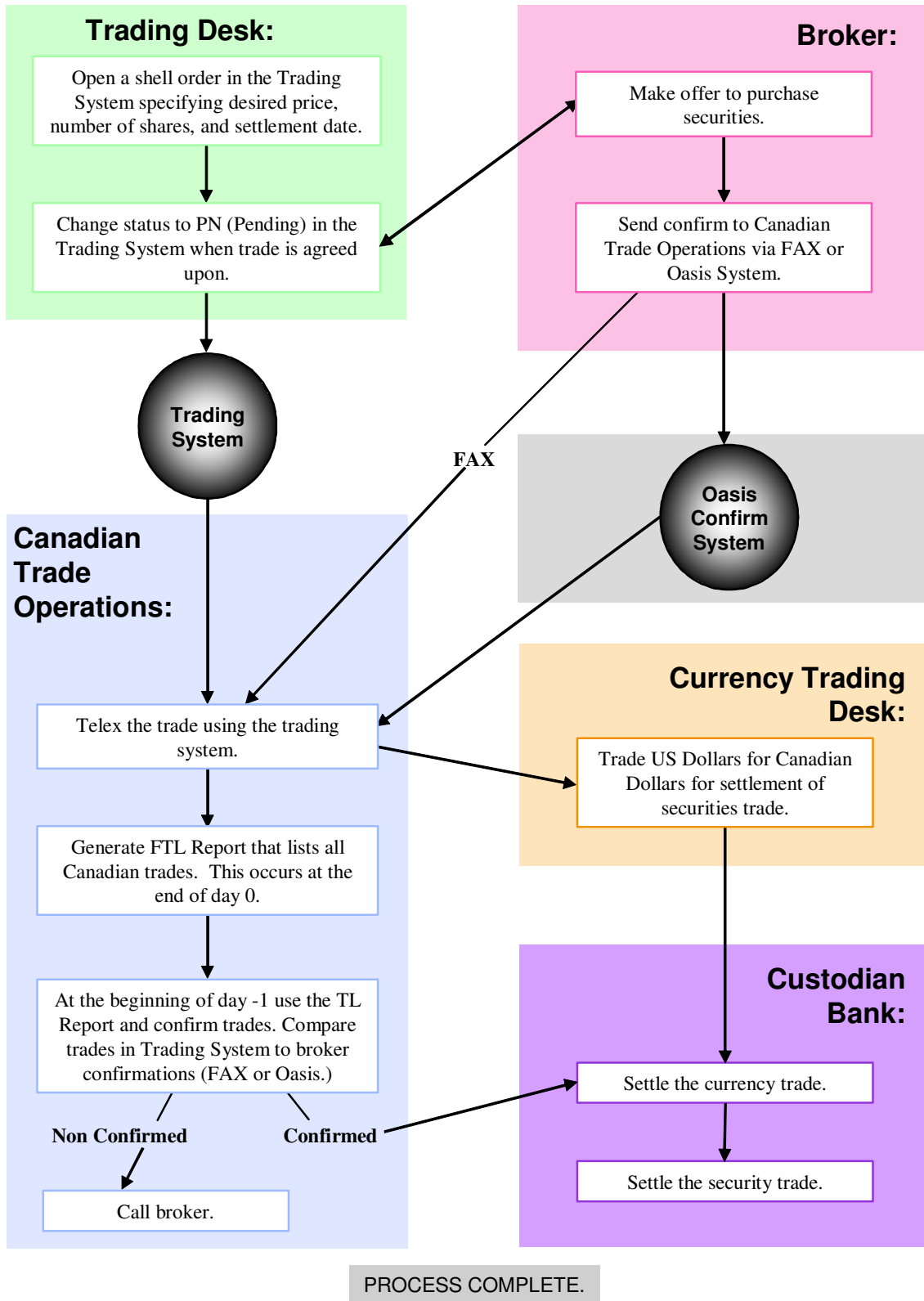
PROCESSING DOMESTIC SETTLEMENTS EXCEPTIONS:



RESOLVING DOMESTIC SETTLEMENT ISSUES:



CANADIAN TRADE PROCESSING:



Fund Accounting and Custody Services Training and Development

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.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Process Domestic Trades.	X			
Process Canadian Trades.	X			
Process Currency Trades needed for Settlement of Canadian Trades.		X		
Monitor Intra-Day System Transmissions.		X		
Resolve Failed Trades.	X			
Resolve Position Breaks.		X		
Process Buy-ins.		X		
Process Exchanges in Kind.			X	
AS400	X			
Custodian Mainframe	X			
Intra-Day System	X			
Affirmation System	X			
Custodian Bank Systems	X			
Oasys Global System	X			

Fund Accounting and Custody Services Training and Development

CUSTODY BUSINESS: - Knowledge provided through formal new hire training.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Role of Custodian Banks	X			
Domestic Trade Settlement	X			
Foreign Trade Settlement	X			
Income Collection	X			
Corporate Actions		X		
Securities Lending		X		
Cash Management	X			

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Mutual Fund Basics	X			
Company's Business	X			
Mutual Fund Industry		X		

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Analytical Ability		X		
Problem Solving		X		
Sound Judgment			X	
Effective Organization Skills		X		
Effective Time Management	X			
Effective in a Deadline Oriented Environment	X			
Effective Project Management Skills				X
Strong Interpersonal Skills		X		
Verbal and Written Communication	X			
Highly Motivated	X			
Basic PC & Systems Skills	X			

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.

Fund Accounting and Custody Services Training and Development

- 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:

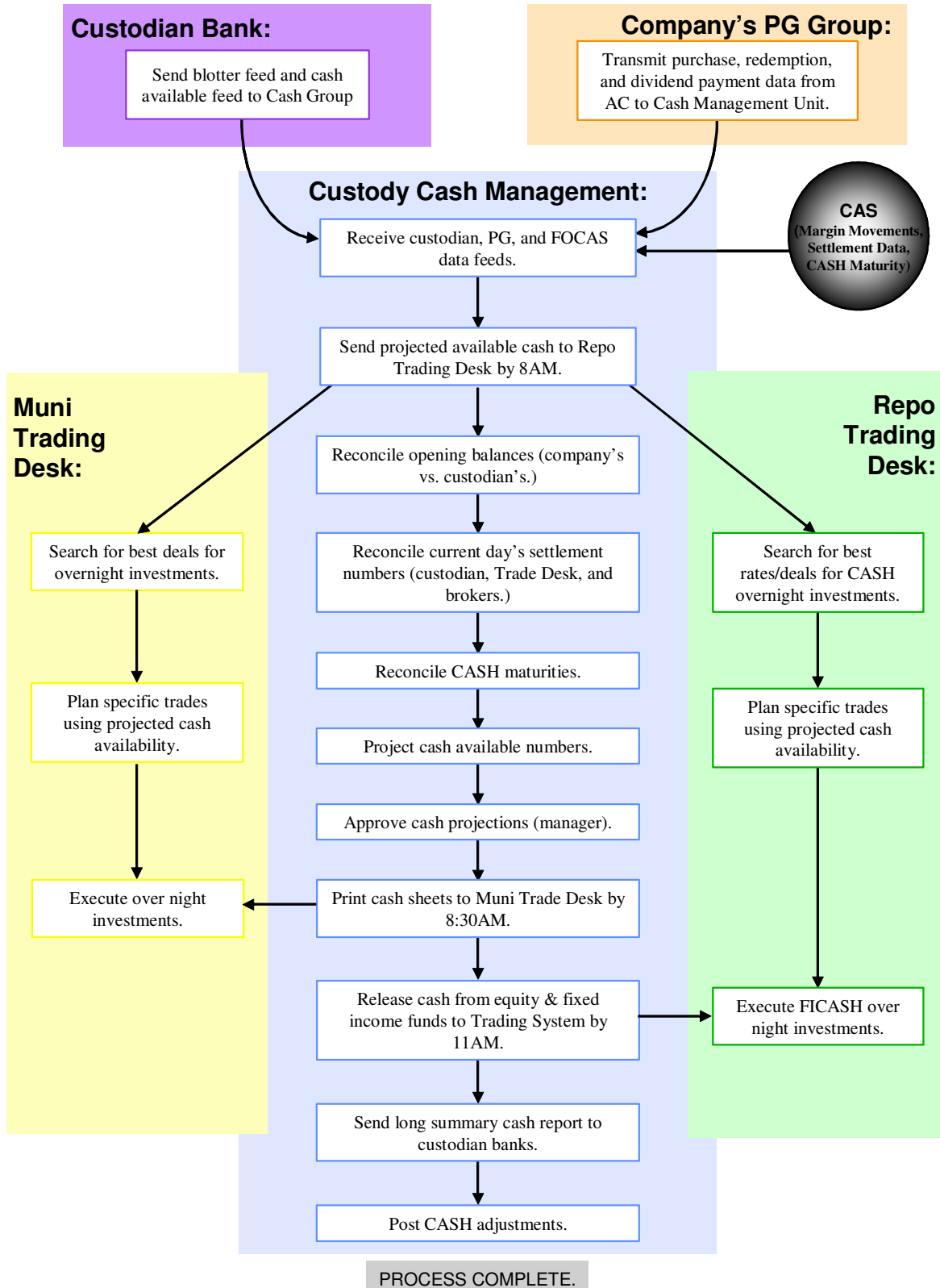
- Bank loan data for booking to general ledger.
- New or updated FOCAS system reference files to support current day accounting activities.
- Receive correct position information for trades that were not transmitted from the Trading System to FOCAS in the overnight cycle.

Fund Accounting and Custody Services Training and Development

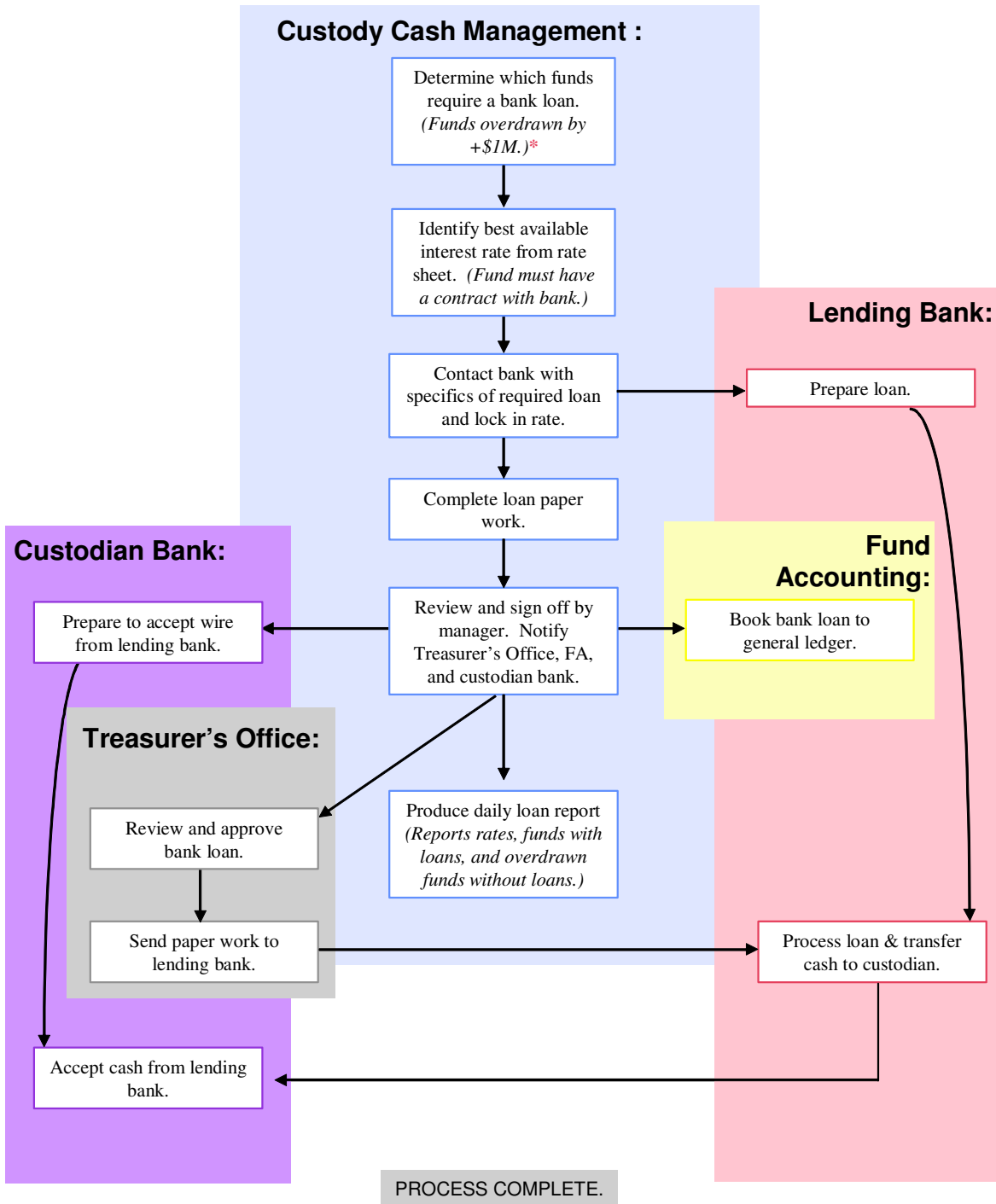
- Cancellation and re-booking of trades that occurred in the past, in order to correct inaccurate reference files that cause securities held by a fund to be incorrectly valued.

Unit Work Flow Diagrams Cash Management Unit:

PROCESSING CASH AVAILABLE FOR OVERNIGHT FICASH INVESTMENTS:

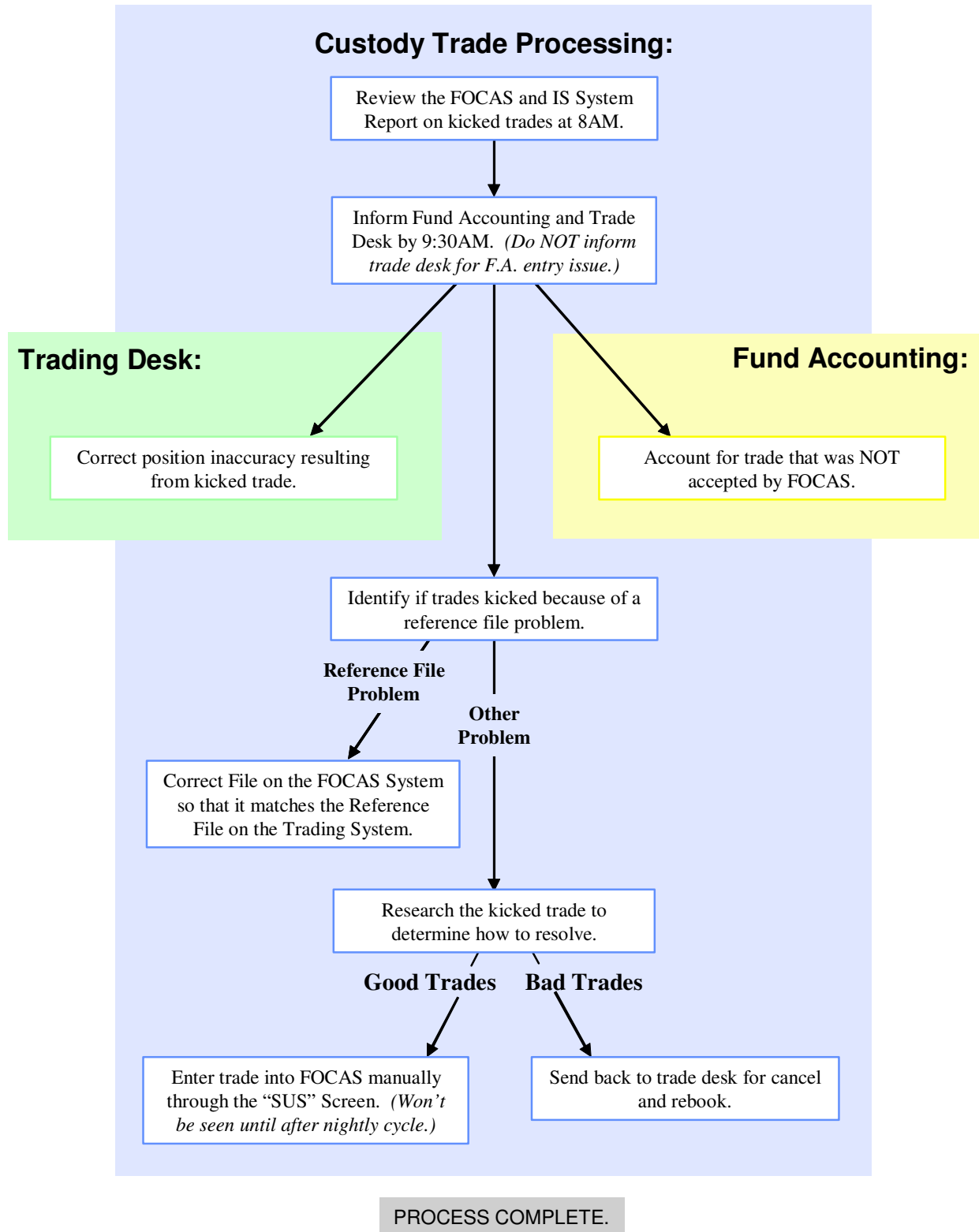


PROCESSING BANK LOANS FOR OVERDRAWN FUNDS:

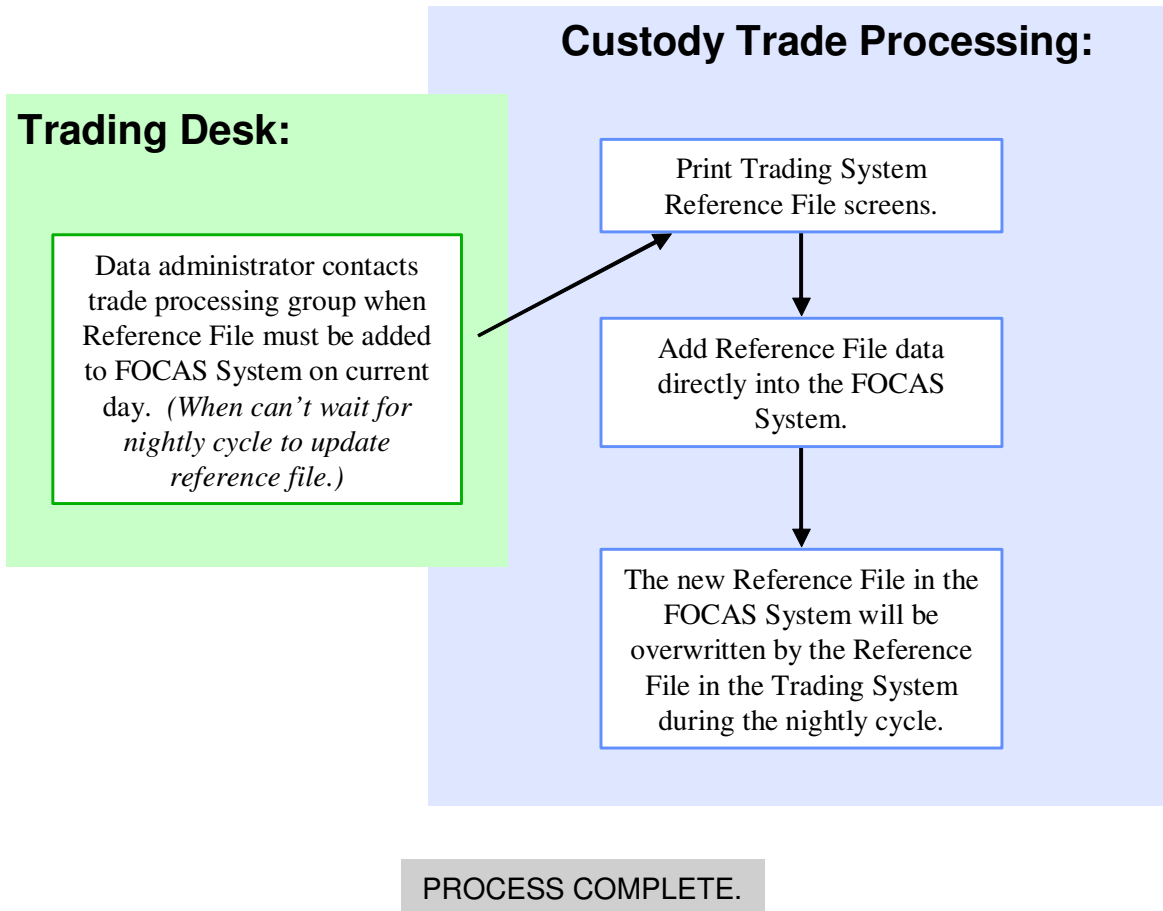


(* Funds Overdrawn \$15M May Borrow from Other Fund - IFL)

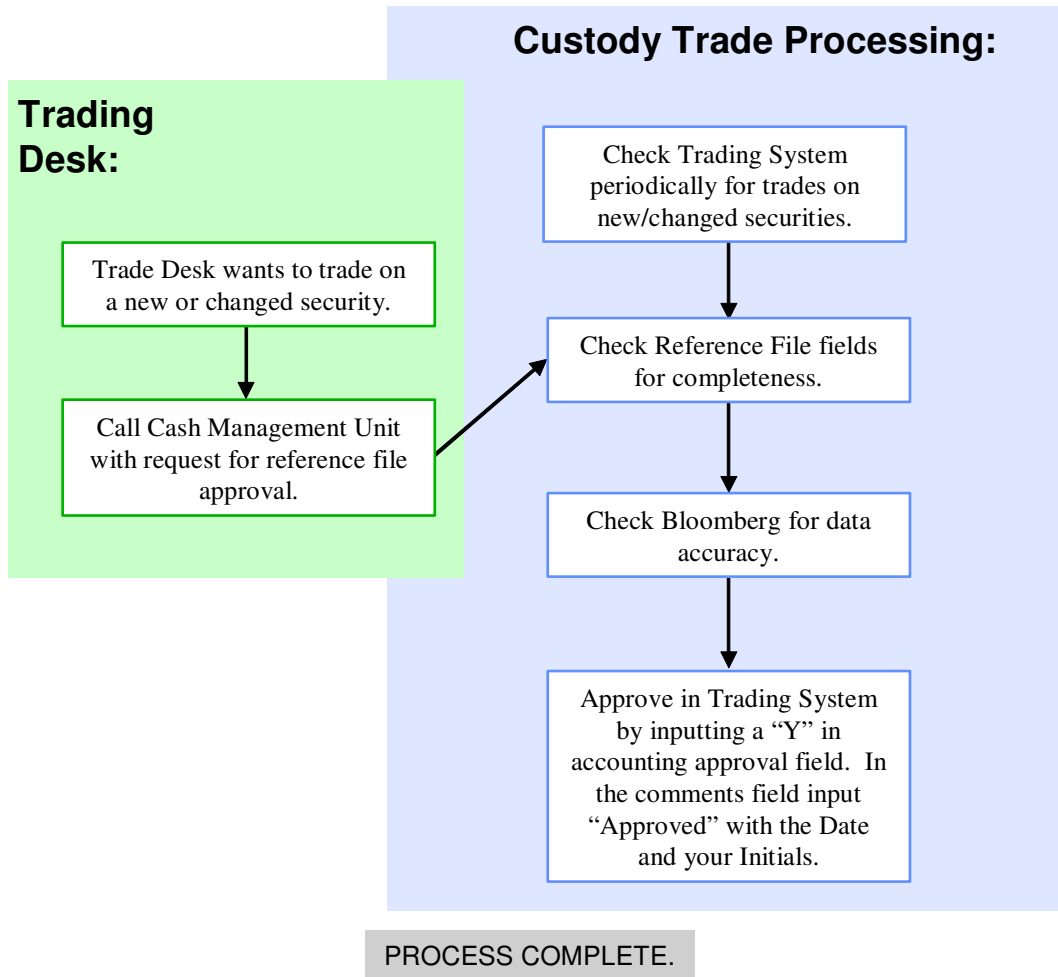
PROCESSING TRADES THAT ARE UNSUCCESSFULLY TRANSMITTED FROM AS400 TO FOCAS:



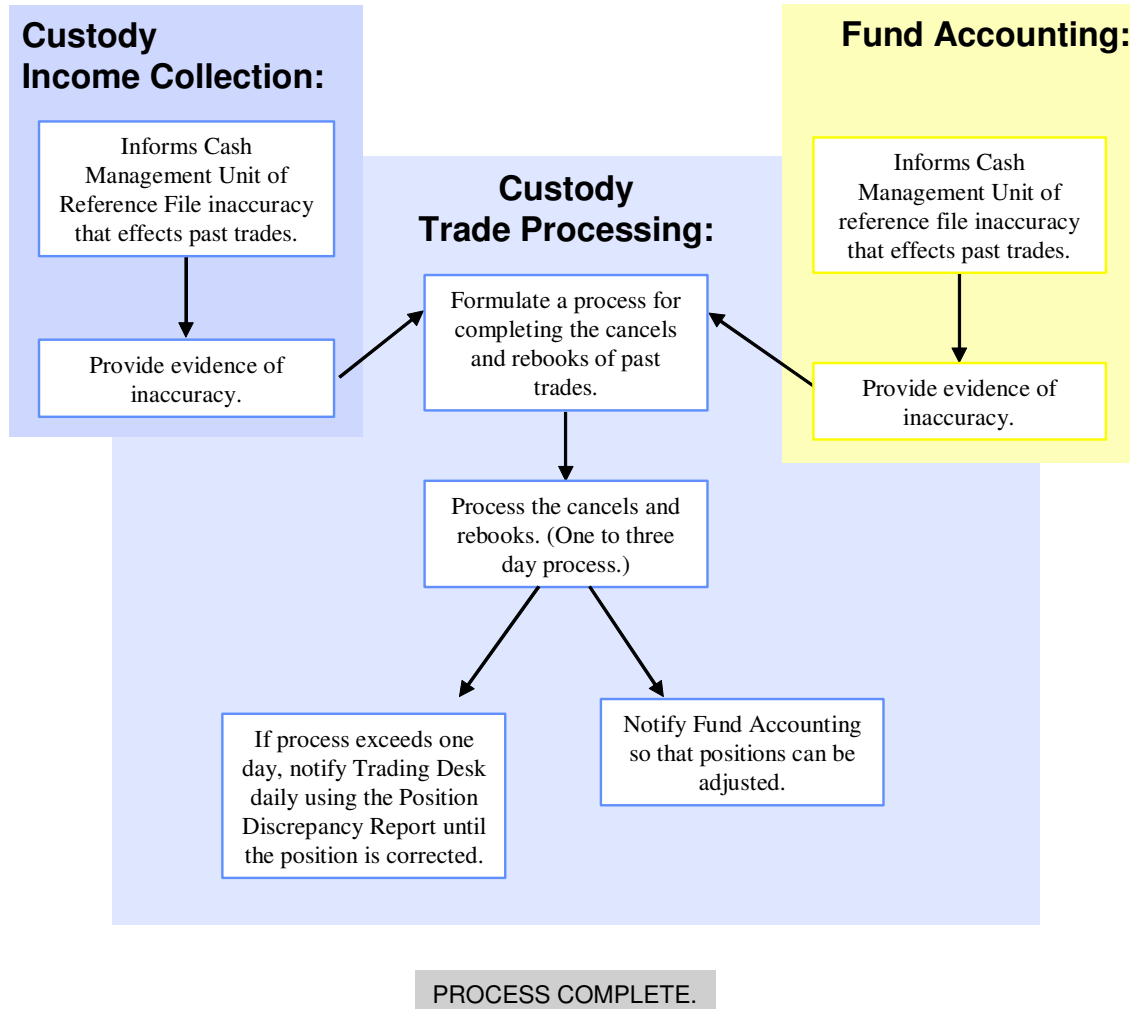
ADDING A REFERENCE FILE IN THE FOCAS SYSTEM:



APPROVING REFERENCE FILES:



CANCELING AND RE-BOOKING TRADES WITH INACCURATE REFERENCE FILES:



Fund Accounting and Custody Services Training and Development

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

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Process Cash Available for FICASH Investment.	X			
Process Bank Loans for Funds.		X		
Process Trades that Fail to be Transmitted to FOCAS.	X			
Add Reference Files to FOCAS.		X		
Approve New Reference Files.	X			
Cancel and Re-book Trades with Inaccurate Reference Files.		X		
Cash System	X			
AS400	X			
Custodian Mainframe		X		
FOCAS		X		
Bloomberg		X		

Fund Accounting and Custody Services Training and Development

CUSTODY BUSINESS: - Knowledge provided through formal new hire training.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Role of Custodian Banks	X			
Domestic Trade Settlement		X		
Foreign Trade Settlement		X		
Income Collection			X	
Corporate Actions			X	
Securities Lending			X	
Cash Management		X		

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Mutual Fund Basics	X			
Company's Business		X		
Mutual Fund Industry			X	

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Analytical Ability		X		
Problem Solving	X			
Sound Judgment	X			
Effective Organization Skills		X		
Effective Time Management			X	
Effective in a Deadline Oriented Environment	X			
Effective Project Management Skills				X
Strong Interpersonal Skills			X	
Verbal and Written Communication		X		
Highly Motivated		X		
Basic PC & Systems Skills	X			

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:

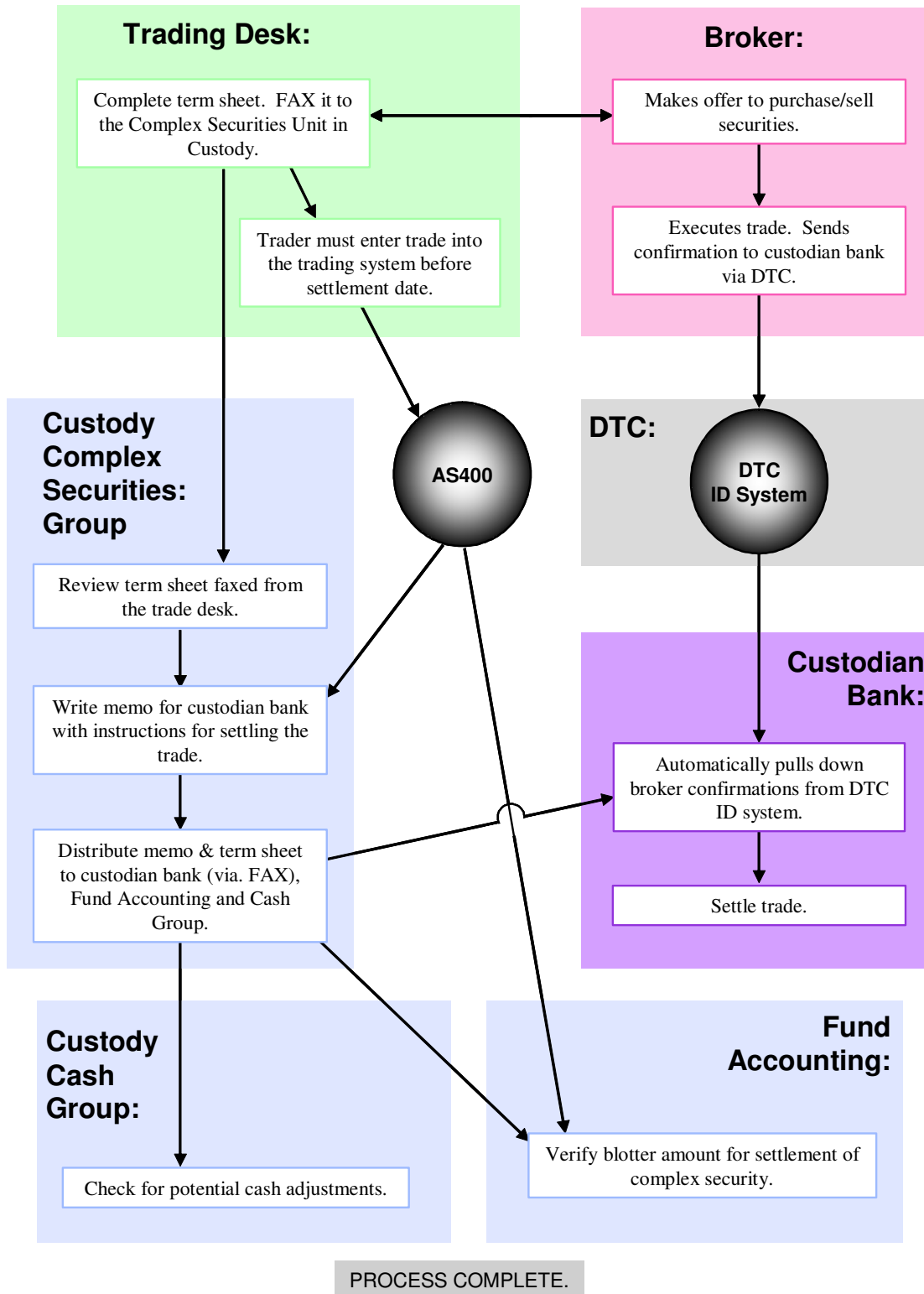
- Rely on clear instructions for processing trades of complex securities.

Custodian Banks:

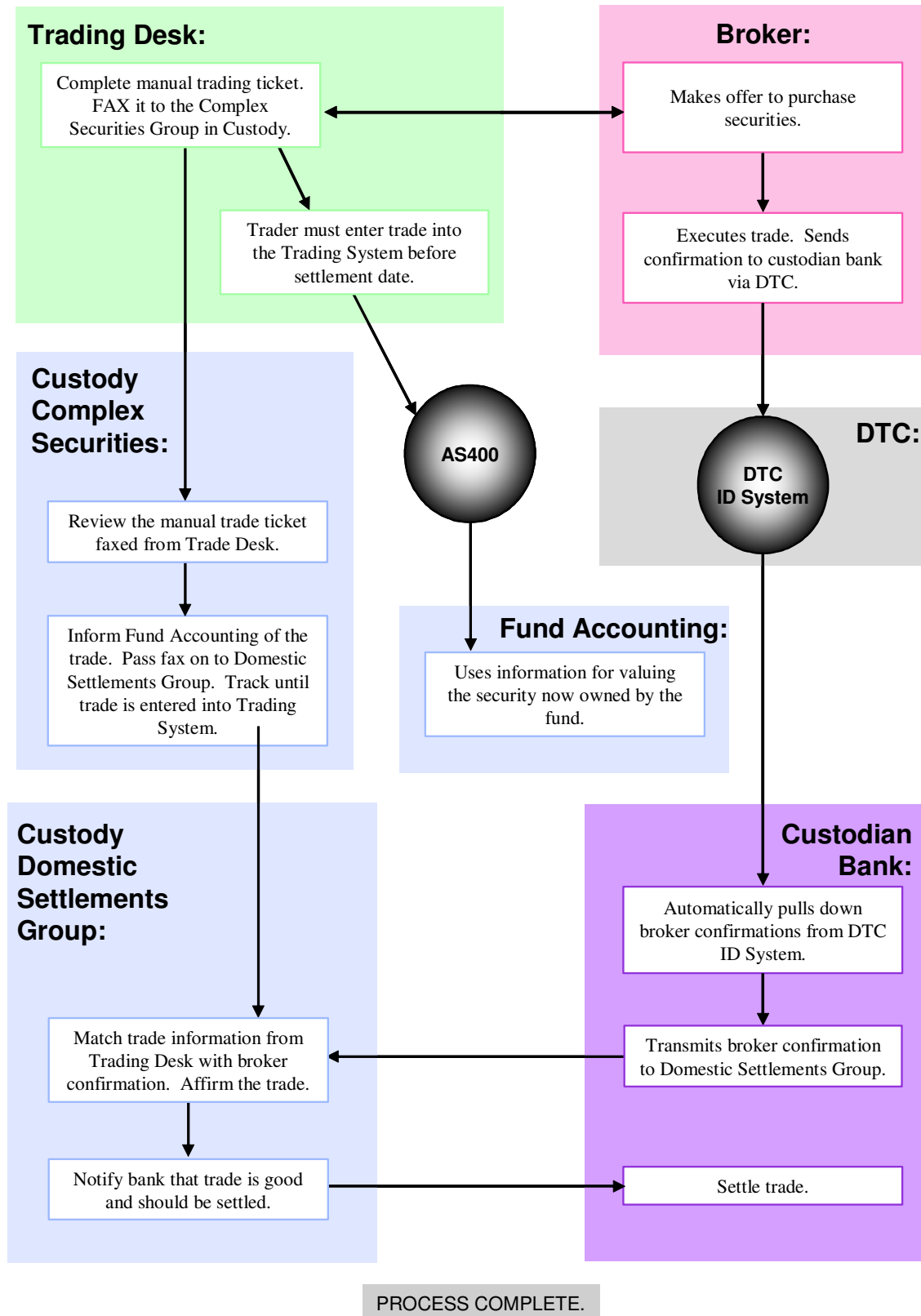
- Rely on clear instructions for settling trades of complex securities.

Unit Work Flow Diagrams: Complex Securities Processing

PROCESSING COMPLEX SECURITIES:



PROCESSING COMPLEX SECURITIES MANUALLY:



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.

Fund Accounting and Custody Services Training and Development

Unit Job Skill Development Map: Complex Securities Processing

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Review Term Sheet from Trade Desk for Complex Security Trade.		X		
Determine Best Procedure for Processing the Complex Security.				X
Write Complex Security Trade Instructions for Custodian Bank.			X	
Process Trades Manually	X			
AS400	X			
FOCAS	X			
Intraday System		X		
Position Reconciliation		X		
Cash System		X		
Custodian Bank Systems		X		
Bloomberg	X			
MS Windows	X			
MS Word	X			
MS Excel	X			

CUSTODY BUSINESS: - Knowledge provided through formal new hire training.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Role of Custodian Banks		X		
Domestic Trade Settlement	X			
Foreign Trade Settlement			X	
Income Collection		X		
Corporate Actions		X		
Securities Lending			X	
Cash Management	X			

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Mutual Fund Basics		X		
Company's Business	X			
Mutual Fund Industry			X	

Fund Accounting and Custody Services Training and Development

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Analytical Ability		X		
Problem Solving		X		
Sound Judgment	X			
Effective Organization Skills		X		
Effective Time Management		X		
Effective in a Deadline Oriented Environment		X		
Effective Project Management Skills				X
Strong Interpersonal Skills	X			
Verbal and Written Communication			X	
Highly Motivated	X			
Basic PC & Systems Skills	X			

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 counter parts 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

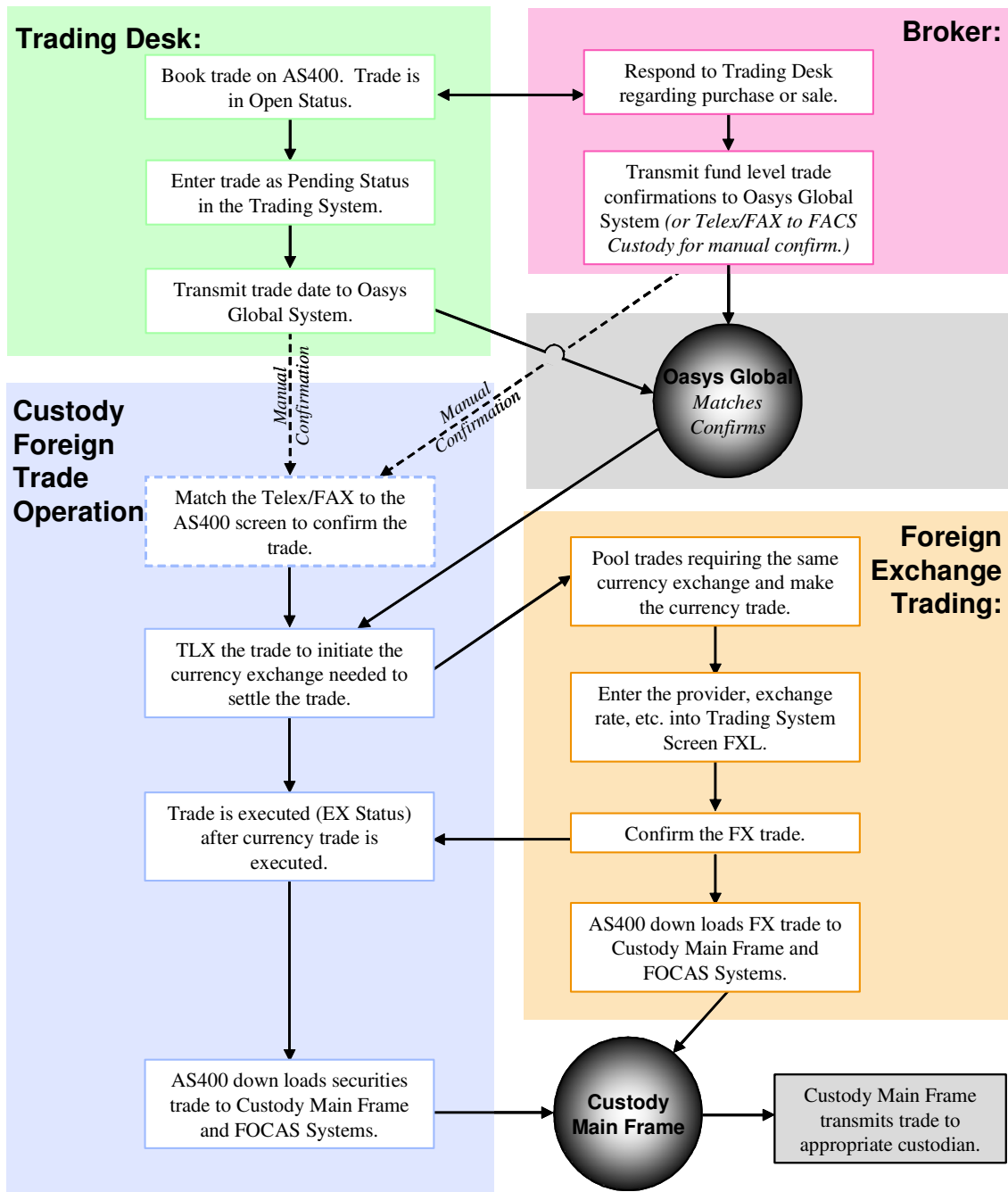
The operations analyst's job in the Foreign Trading organization is like that of a liaison. The nature of the job requires interactions with many people inside and outside of the Custody Services Organization. The value that they add is in the coordination of the efforts of other groups to ensure that 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.

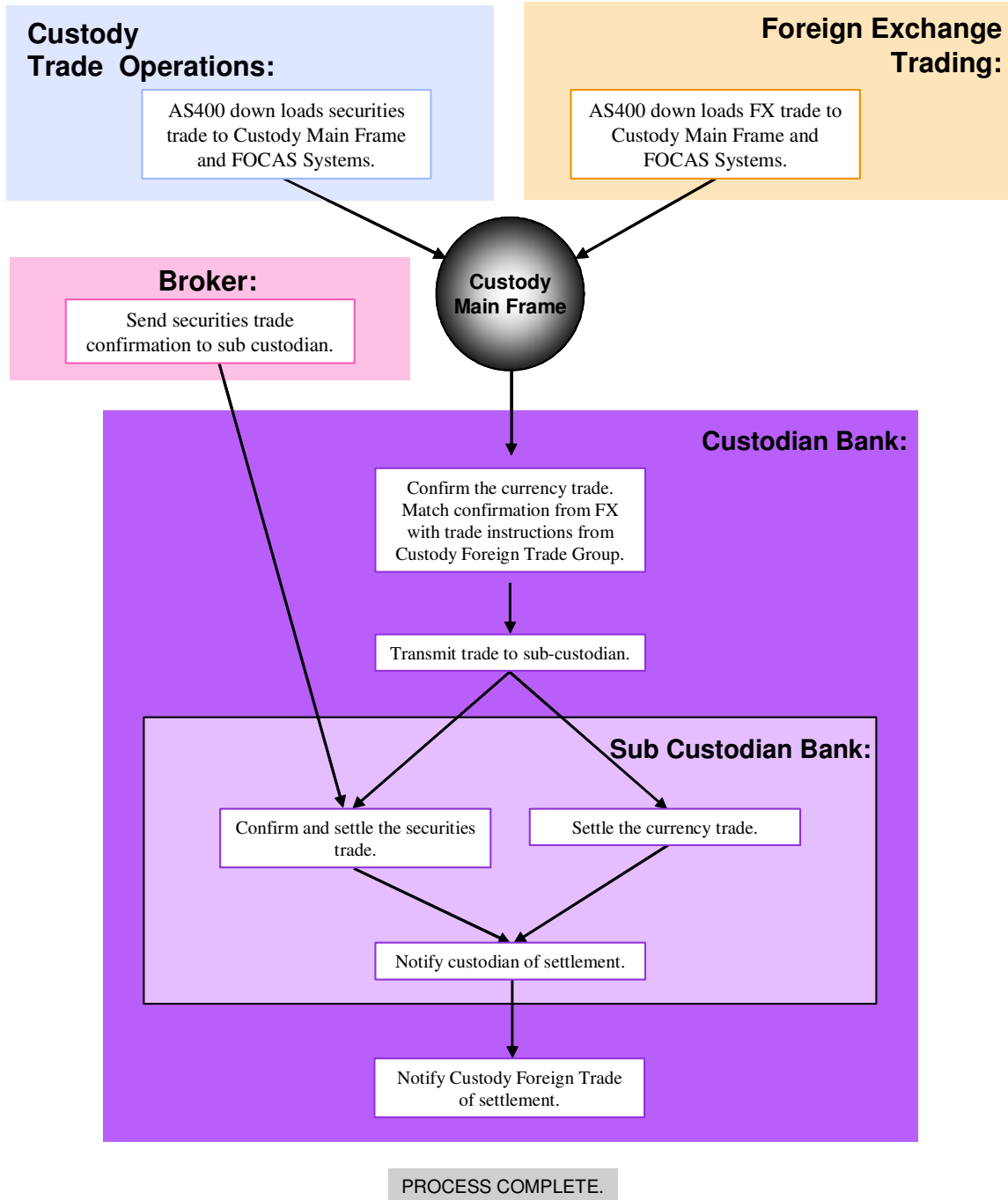
Unit Work Flow Diagrams: Foreign Trade Operations

PROCESSING TRADES IN FOREIGN SECURITIES:



(Work Flow Continued On Next Page.)

PROCESSING TRADES IN FOREIGN SECURITIES: (Continued from previous page)



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.

Fund Accounting and Custody Services Training and Development

Job Skill Development Map: Foreign Trade Operations

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Perform Manual Trade Confirmations.	X			
TLX Trades To Foreign Exchange Desk To Initiate Currency Trade.	X			
Resolve Settlement Issues In Specific Foreign Market.	X			
AS400 Trading System	X			
Custody Main Frame	X	X		
Crossmar	X			
Oasys Global		X		
Alert		X		
Bloomberg	X			
MS Excel	X			
MS Mail	X			
MS Word	X			
MS Windows	X			
Reuters Terminal	X			

CUSTODY BUSINESS: - Knowledge provided through formal new hire training.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Role of Custodian Banks	X			
Domestic Trade Settlement	X			
Foreign Trade Settlement	X			
Income Collection	X			
Corporate Actions	X			
Securities Lending		X		
Cash Management		X		

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Mutual Fund Basics	X			
Company's Business	X			
Mutual Fund Industry	X			

Fund Accounting and Custody Services Training and Development

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Analytical Ability	X			
Problem Solving		X		
Sound Judgment	X			
Effective Organization Skills	X			
Effective Time Management	X			
Effective in a Deadline Oriented Environment		X		
Effective Project Management Skills			X	X
Strong Interpersonal Skills	X			
Verbal and Written Communication	X			
Highly Motivated	X			
Basic PC & Systems Skills	X			

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.

Fund Accounting and Custody Services Training and Development

Custodian Banks:

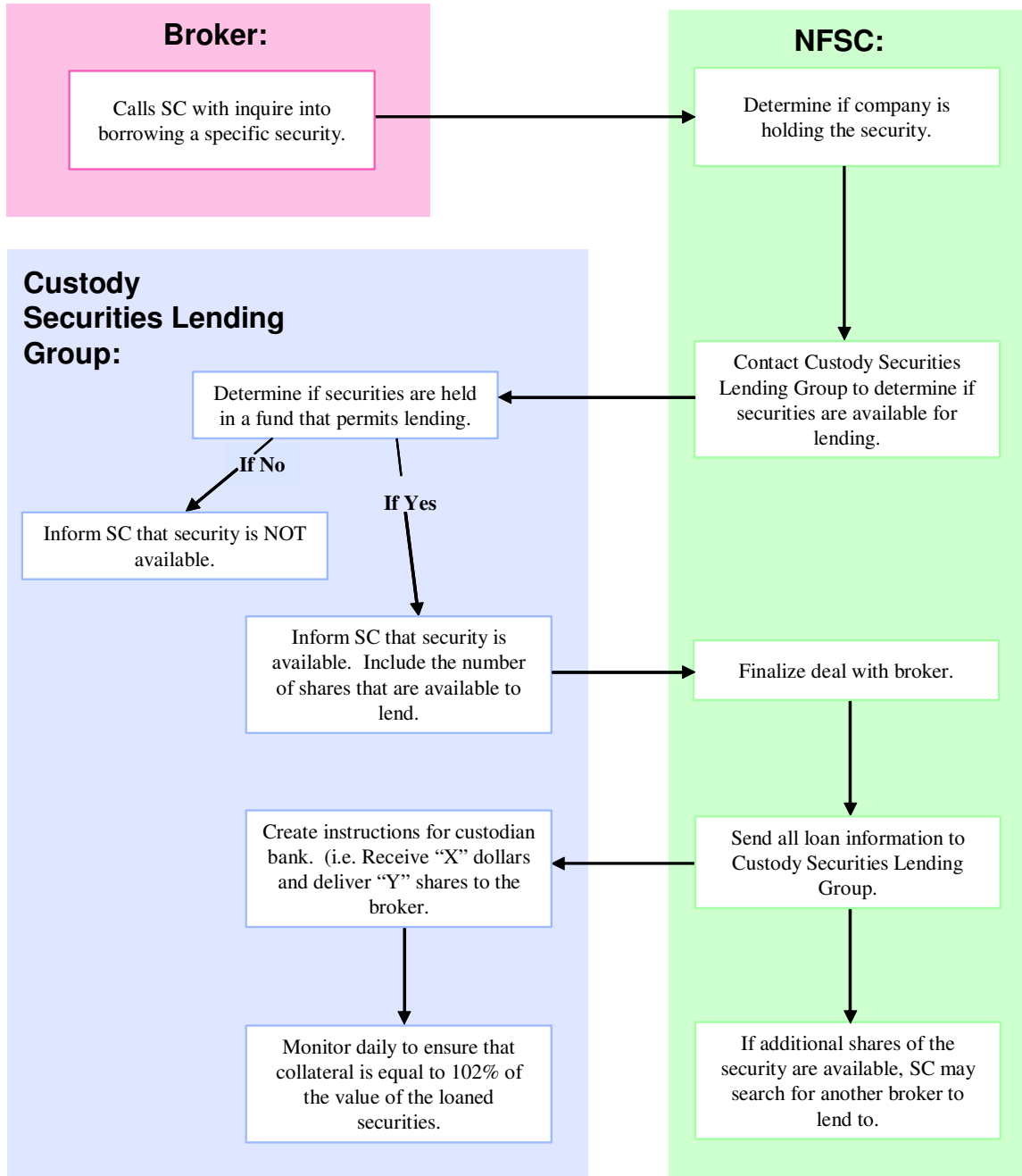
- Clear and accurate instructions for delivering loaned securities to the borrowing broker, and receiving collateral in the amount of 102% of the value if the loaned security.
- Accurate instructions for maintaining proper collateralization of the security loan.
- Instructions for returning collateral 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.

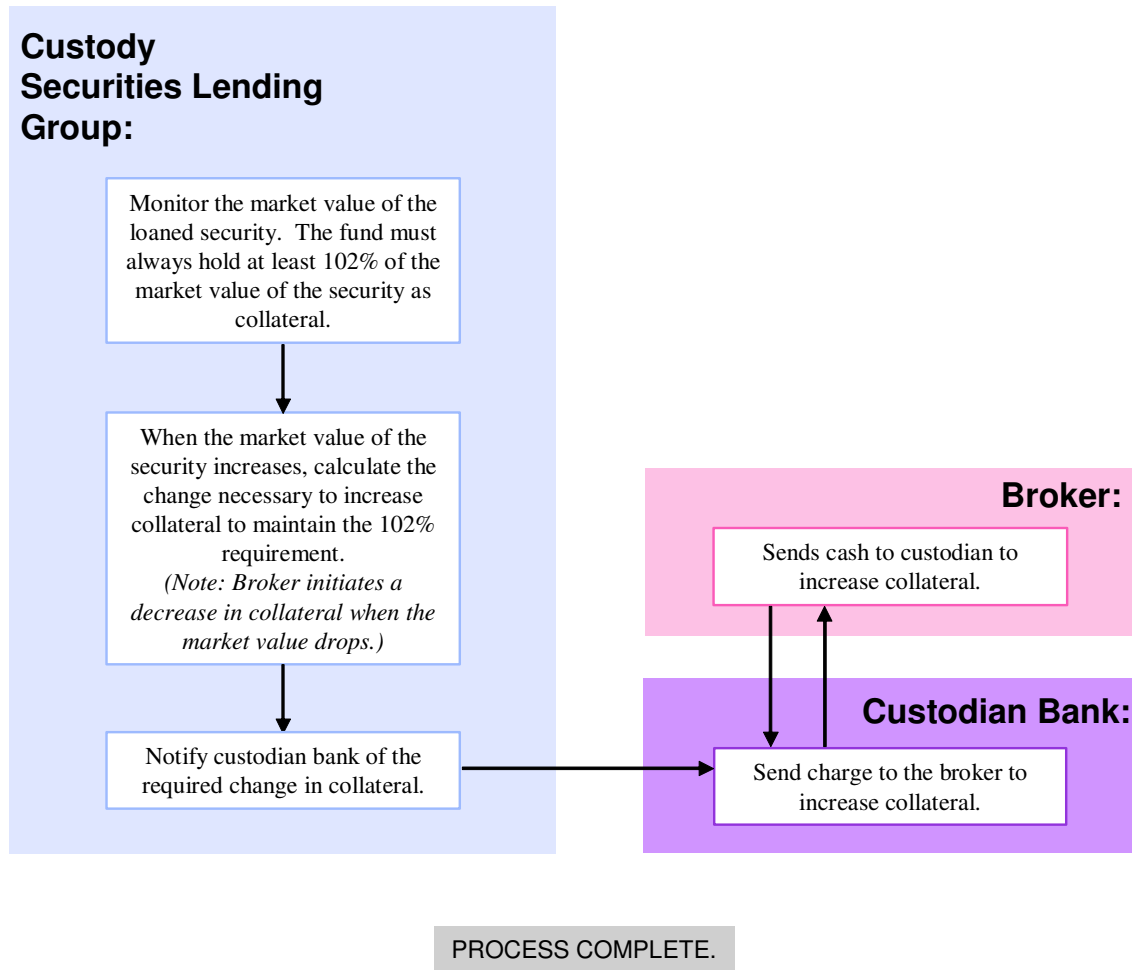
Unit Work Flow Diagrams: Securities Lending Operations

LENDING SECURITIES TO AN OUTSIDE BROKER:

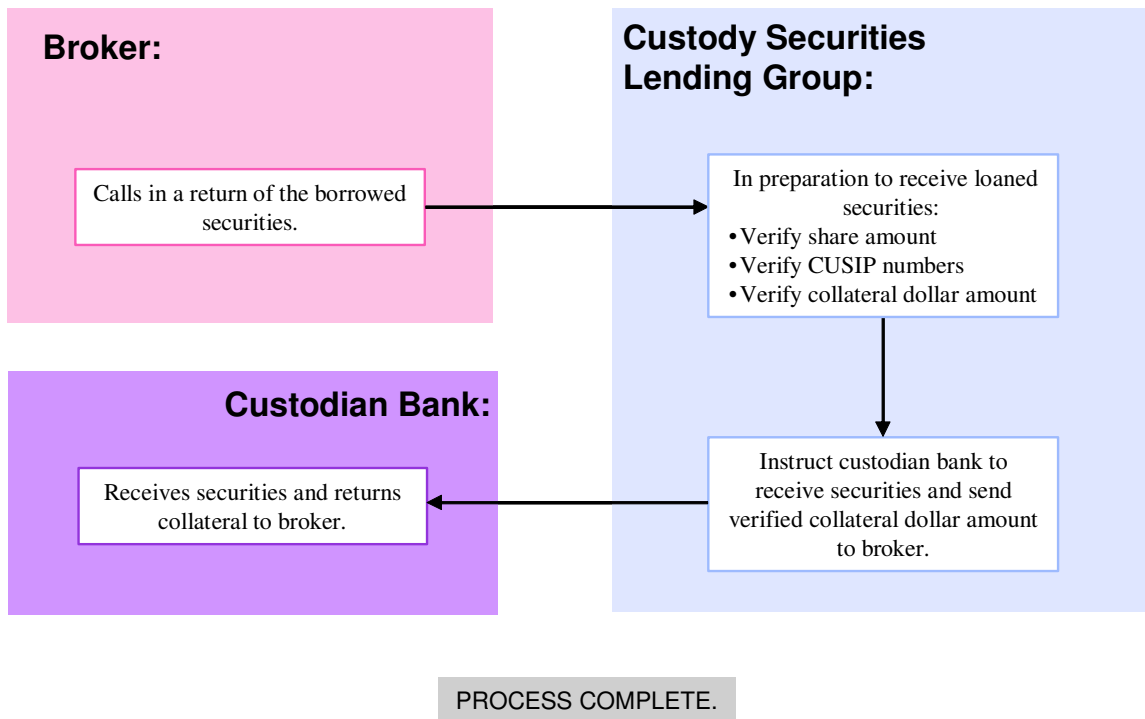


PROCESS COMPLETE.

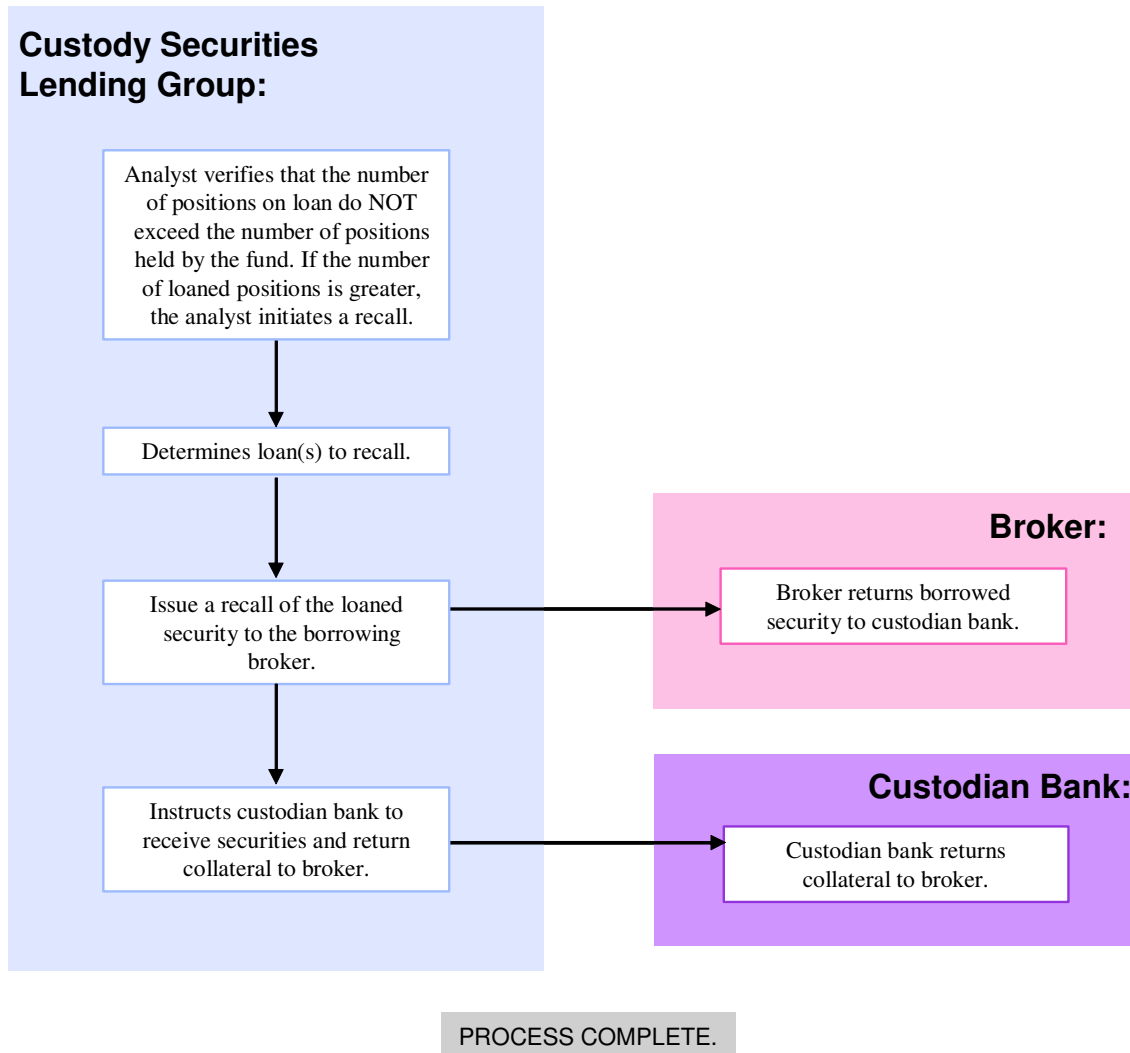
ENSURING PROPER SECURITY LOAN COLLATERALIZATION:



RETURNING BORROWED SECURITIES:



RECALLING LOANED SECURITIES:



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.

Fund Accounting and Custody Services Training and Development

Unit Job Skill Development Map: Securities Lending Operations

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Determine if Securities are Available for Lending	X			
Create Security Lending Instructions for Custodian Bank.	X			
Monitor Loans Daily for Proper Collateralization.	X			
Process Required Changes in Collateralization.	X			
Process Returned Securities	X			
Recall Loaned Securities			X	
FOCAS			X	
Custody Mainframe			X	
AS400			X	
FIS (for Collateral Loan Report.)				X
MS Word				X
MS Excel	X			
MS Windows and Associated Applications	X			

CUSTODY BUSINESS: - Knowledge provided through formal new hire training.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Role of Custodian Banks	X			
Domestic Trade Settlement		X		
Foreign Trade Settlement				X
Income Collection				X
Corporate Actions		X		
Securities Lending	X			
Cash Management		X		

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Mutual Fund Basics	X			
Company's Business	X			
Mutual Fund Industry				X

Fund Accounting and Custody Services Training and Development

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Analytical Ability			X	
Problem Solving			X	
Sound Judgment			X	
Effective Organization Skills			X	
Effective Time Management		X		
Effective in a Deadline Oriented Environment	X			
Effective Project Management Skills				X
Strong Interpersonal Skills	X			
Verbal and Written Communication		X		
Highly Motivated	X			
Basic PC & Systems Skills	X			

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:

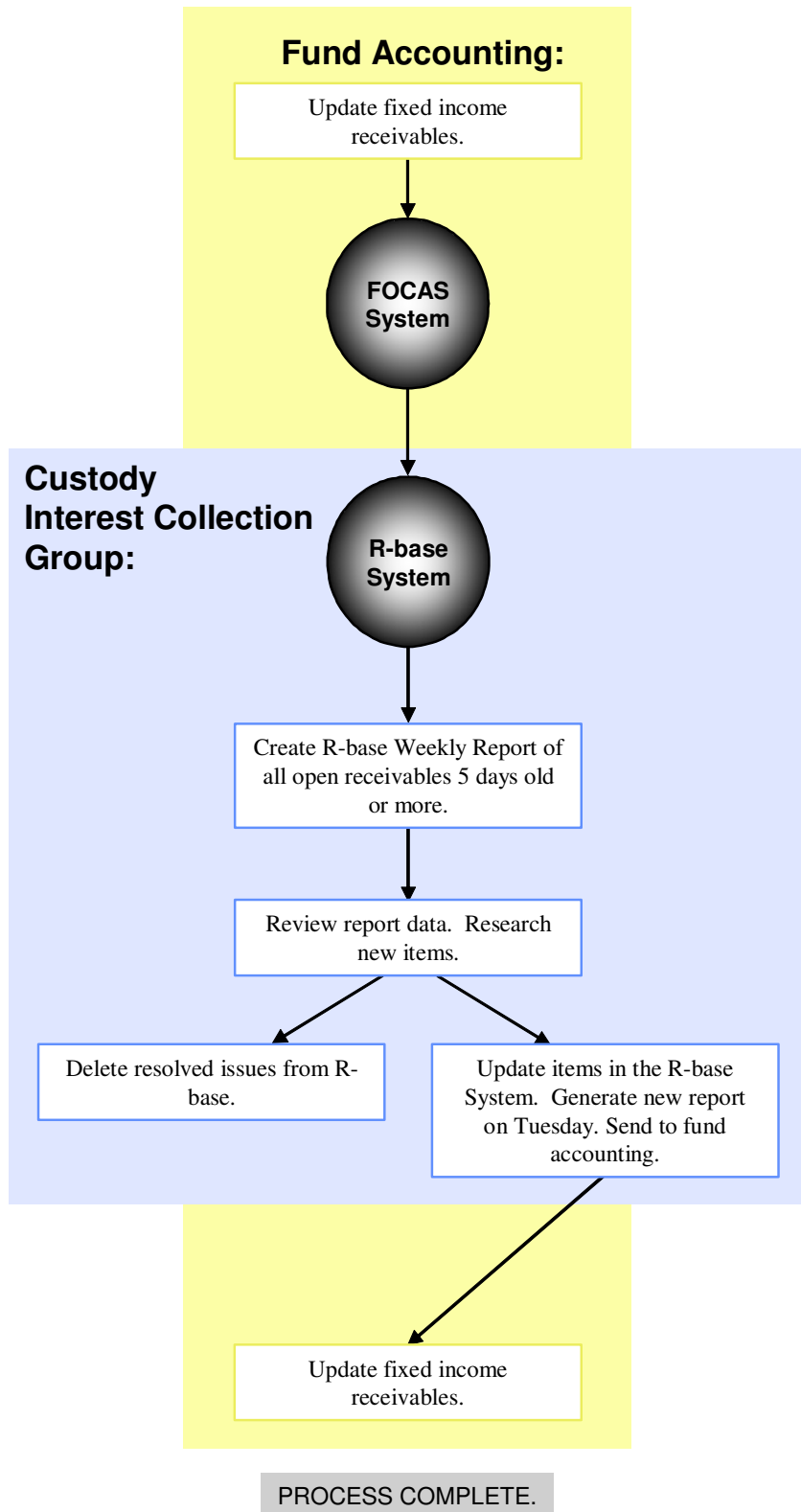
- Resolutions to income stream issues that make it difficult to properly value a fixed income security held by a fund.

Company Fund Management:

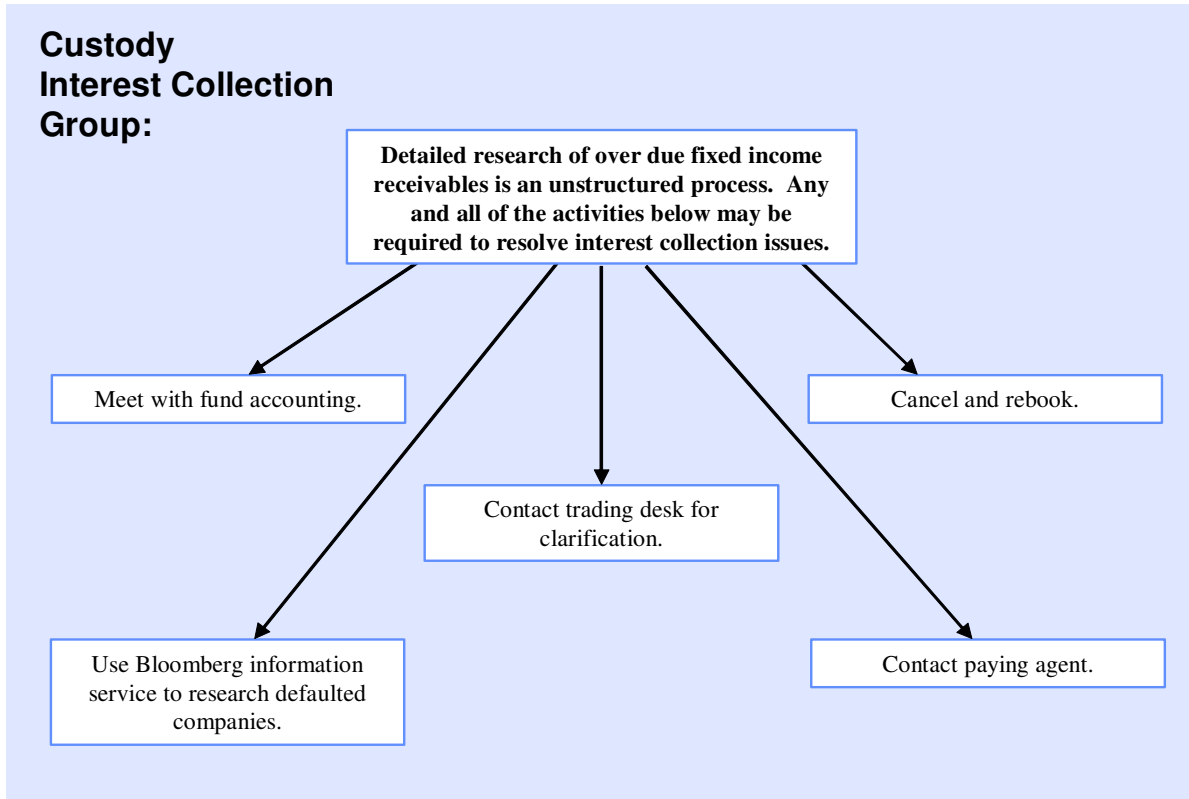
- Funds receive all of the income streams expected as a result of the trading activities of fund managers.

Unit Work Flow Diagrams: Income Collection Unit

TRACKING INTEREST COLLECTION ISSUES (MONDAY & TUESDAY PROCESS):



DETAILED RESEARCHING OF INTEREST COLLECTION ISSUES:



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.

Fund Accounting and Custody Services Training and Development

Unit Job Skill Development Map: Interest Collection

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Create R-Base Weekly Report	X			
Update Open Receivables in R-Base.	X			
Perform Detailed Research on Open Receivables.	X			
Custody Main Frame	X			
R-Base Application	X			
AS400	X			
FOCAS	X			
Custodian Bank's Systems	X			
Bloomberg	X			
MS Word	X			
MS Excel	X			

CUSTODY BUSINESS: - Knowledge provided through formal new hire training.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Role of Custodian Banks	X			
Domestic Trade Settlement		X		
Foreign Trade Settlement		X		
Income Collection	X			
Corporate Actions		X		
Securities Lending		X		
Cash Management		X		

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Mutual Fund Basics	X			
Company's Business	X			
Mutual Fund Industry	X			

Fund Accounting and Custody Services Training and Development

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Analytical Ability	X			
Problem Solving		X		
Sound Judgment		X		
Effective Organization Skills	X			
Effective Time Management	X			
Effective in a Deadline Oriented Environment		X		
Effective Project Management Skills				X
Strong Interpersonal Skills		X		
Verbal and Written Communication	X			
Highly Motivated	X			
Basic PC & Systems Skills	X			

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:

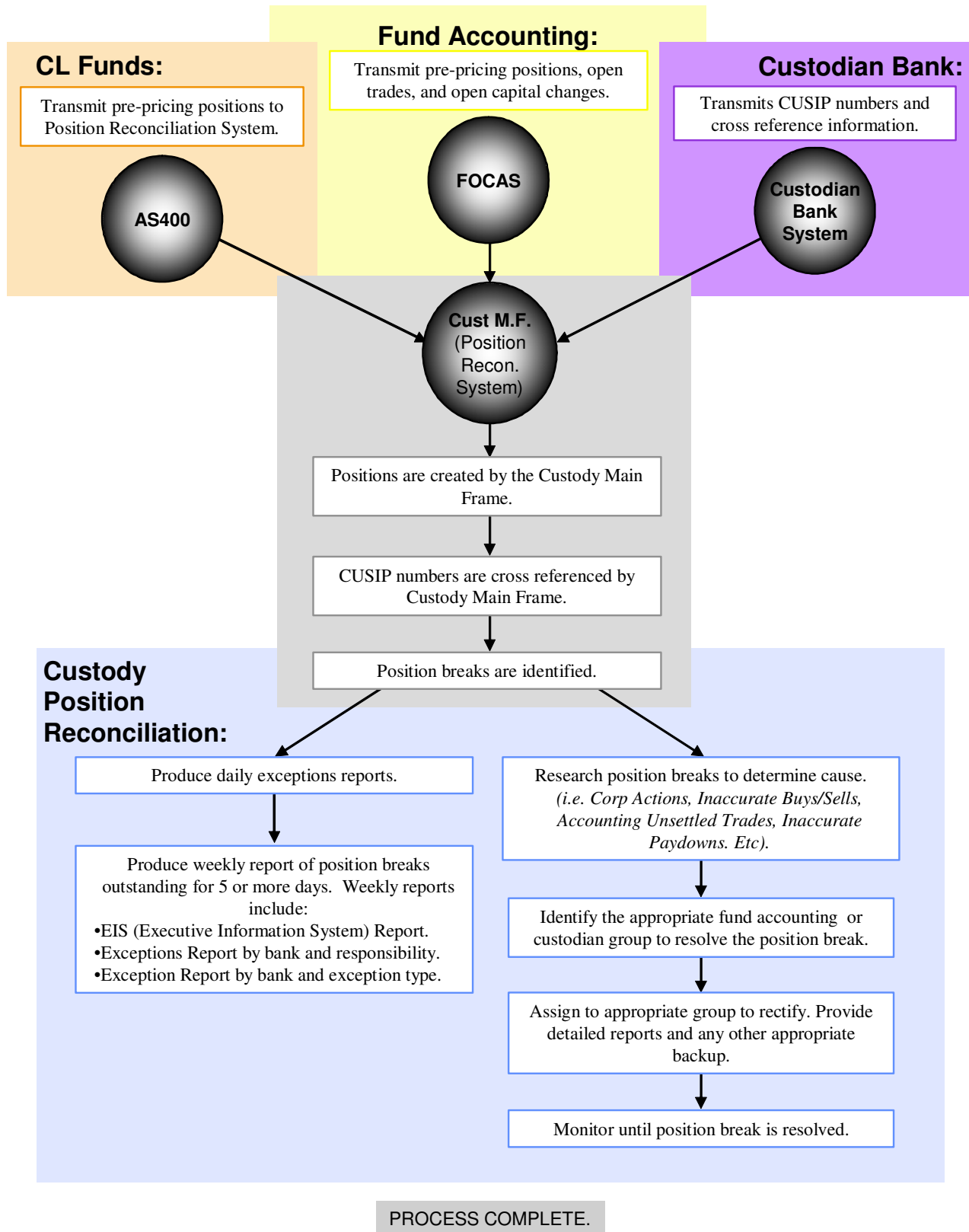
- Position breaks can cause problems correctly valuing securities held by a fund. Fund accounting is dependent on know when position breaks occur and when they are resolved.

Custodian Banks:

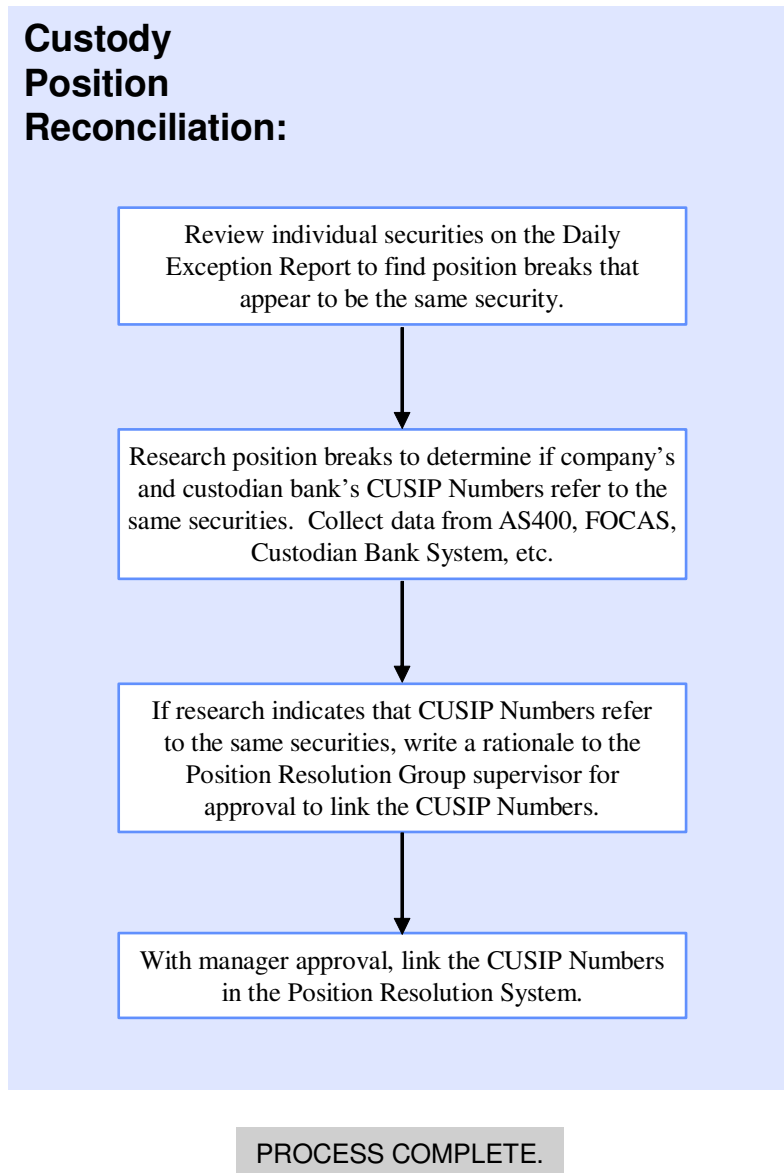
- Need to know when there is a discrepancy between their share numbers and The company's. They rely on Position Reconciliation unit analysts to work with them to rectify breaks.

Unit Work Flow Diagrams: Position Reconciliation

RESOLVING POSITION BREAKS:



LINKING CUSIP NUMBERS:



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.

Fund Accounting and Custody Services Training and Development

Unit Job Skill Development Map: Position Reconciliation

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Produce Daily Exception Report	X			
Produce Weekly Position break Report		X		
Diagnose Position Breaks	X			
Resolve Position Breaks with Appropriate Groups	X			
Link CUSIP Numbers	X			
Custody Main Frame	X			
Custodian Bank's Systems	X			
AS400	X			
FOCAS	X			
Bloomberg	X			
MS Word	X			
MS Excel	X			

CUSTODY BUSINESS: - Knowledge provided through formal new hire training.

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Role of Custodian Banks	X			
Domestic Trade Settlement	X			
Foreign Trade Settlement	X			
Income Collection		X		
Corporate Actions	X			
Securities Lending		X		
Cash Management		X		

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Mutual Fund Basics	X			
Company's Business	X			
Mutual Fund Industry	X			

Fund Accounting and Custody Services Training and Development

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

	0-3 Months	3-6 Months	6-12 Months	+12 Months
Analytical Ability	X			
Problem Solving	X			
Sound Judgment		X		
Effective Organization Skills	X			
Effective Time Management	X			
Effective in a Deadline Oriented Environment	X			
Effective Project Management Skills				X
Strong Interpersonal Skills		X		
Verbal and Written Communication	X			
Highly Motivated	X			
Basic PC & Systems Skills	X			