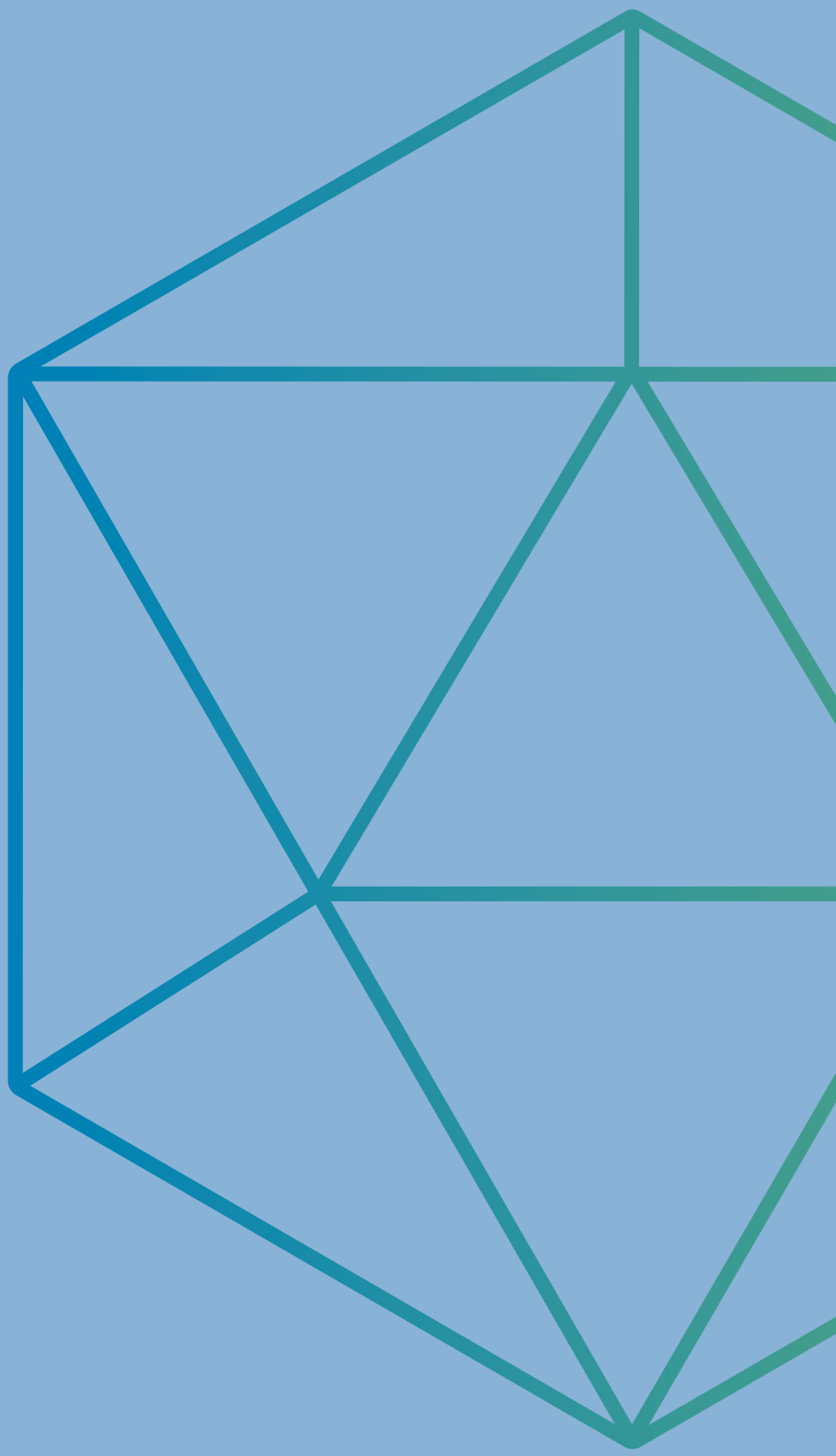
CALASTONE ETF SERVICING

Streamlined ETF Servicing for the Primary Market



CALASTONE
An SS&C Company

ONE FULLY INTEGRATED AND CONNECTED ETF SERVICING PLATFORM

Calastone ETF Servicing is a unique solution that automates the primary market, where ETF shares are created and redeemed directly between authorised participants and issuers. By enabling touch-free processing, it enhances efficiency for ETF servicers and ushers in new levels of timeliness and transparency for authorised participants.

It integrates with every constituent in the ETF value chain – authorised participant, servicer, issuer, portfolio composition file (PCF) and other reference data providers, common depository and fund accountant – to enable real-time processing and end-to-end visibility.

Once the order has been captured, the solution automates every step through to the management of the underlying trading and settlement. For servicers, it eliminates manual processes, including third-party tools and spreadsheets, to create a single, straight-through workflow. It makes the business instantly scalable.

Enabling stand-out levels of service

It does much more besides. The solution opens the door to stand-out levels of service on the part of ETF servicers in what is a competitive marketplace.

Authorised participants (APs) enjoy full transparency throughout the ETF creation and redemption process. They can see every stage of the process in real time. And they are notified of the final settlement amount in a more timely manner.

Real-time oversight transforms the degree of confidence APs can have in the prices they are quoting. As a result they can quote tight spreads with assurance, which in turn leads to better liquidity. This is a big plus for issuers, too, who know their APs are being optimally serviced. It is a win-win for the ETF market as a whole.

A move to standardisation in the primary market

Calastone ETF Servicing has the potential to bring standardisation to the ETF primary market lifecycle for the benefit of the industry at large. This will allow ETF servicers to focus on their core competencies and compete on the added value that distinguishes their offering – and not their back office capabilities.

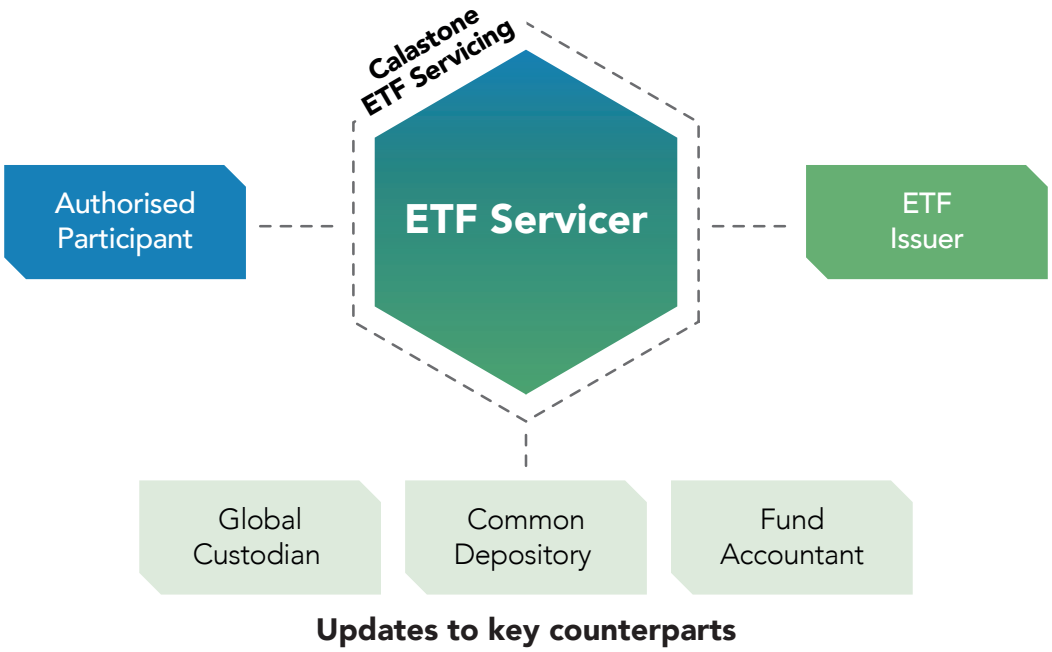
KEY BENEFITS OF CALASTONE ETF SERVICING

By combining market connectivity, the best technology and a modular approach, Calastone ETF Servicing allows firms to automate every step from order capture to management of the underlying trading and settlement.

- Dedicated ETF servicing platform built for the primary market
- Real-time visibility and reporting enhances liquidity and risk management
- Scalable primary market ETF trading and processing lowers total cost of ownership (TCO)
- One solution automates both 'Actual Cost' and 'NAV+' calculations
- Secure cloud-native deployment

Calastone ETF Servicing

Fully integrated, real-time processing with visibility to all



Connectivity | Visability | Scalability

HOW DOES CALASTONE ETF SERVICING WORK?

Calastone ETF Fund Services includes four modules, built to manage each stage of the ETF process, with tailored integrations, connectivity and full transparency across the order capture, management and settlement processes. This enables servicers to automate the ETF lifecycle with precision and control.

1. Order Capture

The order capture module seamlessly integrates with ETF dealing portals as well as the PCF and other reference data providers, serving as the entry point for all orders into the ETF Servicing solution.

From this module, the system automatically creates and maintains a record of every order received, identifies the relevant PCF and generates an expected trade book for efficient monitoring and tracking of trade fills.

2. Order Management

The Order Management module enables automated and dynamic ETF pricing for more accurate decision making for both 'NAV+' and 'Actual Cost' price calculation methods.

Real-time 'Actual Cost' calculations
The system automatically captures the underlying trade consideration and compares it against the price used in the NAV calculation by integrating with investment operations teams and custodians. It then generates the market deviation and provides an accurate final settlement amount. This lets authorised participants and ETF issuers have a more accurate view of their daily liquidity needs.

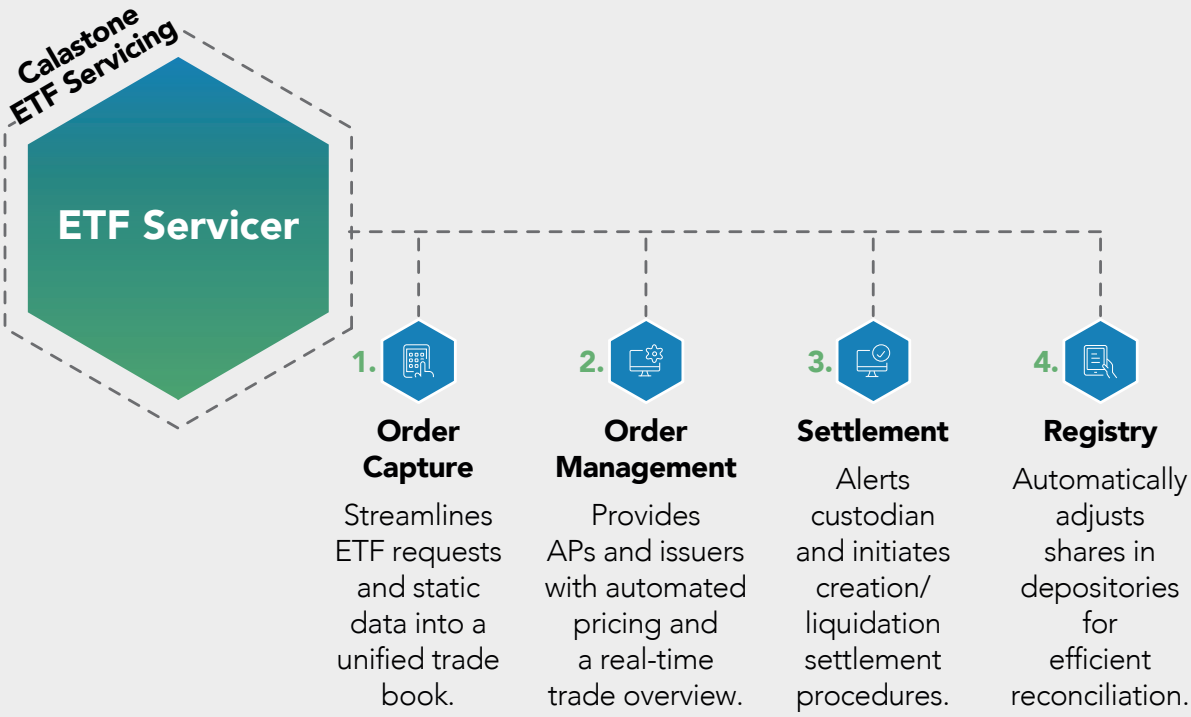
The status of each underlying trade is tracked in real-time giving APs an accurate view over the status of the trade book and their expected final settlement position.

3. Settlement

The ETF Settlement module integrates with the custodian advising them of the creation or liquidation of ETF shares and instructing exchange of cash and assets with the authorised participant.

4. Registry

The ETF registry module captures and records all primary market trades and shares in issuance. Common depositories are automatically instructed to mark up/down the number of shares in issue upon settlement. This enables quick and accurate reconciliation between systems.

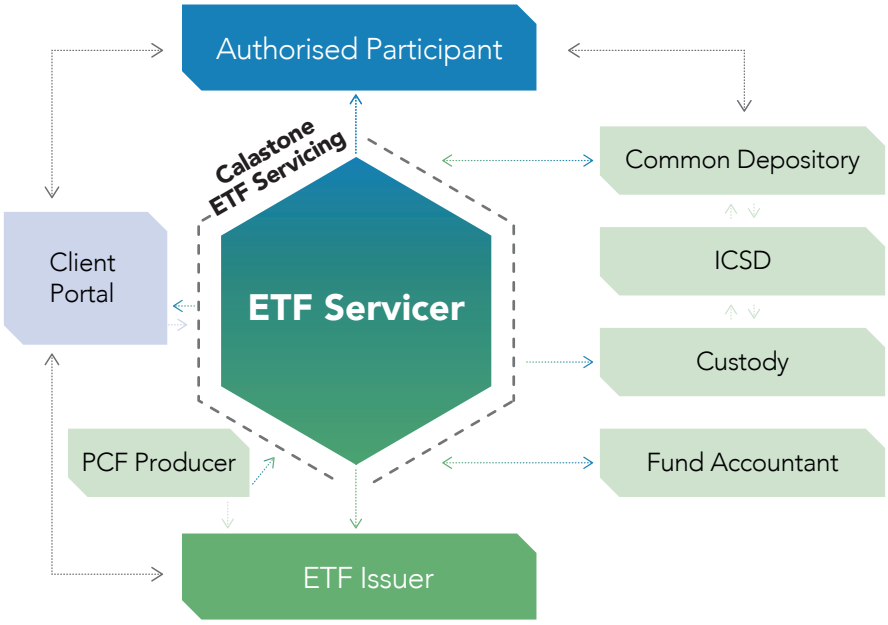

Calastone ETF Servicing
ETF Servicer
1.
Order Capture
Streamlines ETF requests and static data into a unified trade book.
2.
Order Management
Provides APs and issuers with automated pricing and a real-time trade overview.
3.
Settlement
Alerts custodian and initiates creation/ liquidation settlement procedures.
4.
Registry
Automatically adjusts shares in depositories for efficient reconciliation.

BUILT FOR CONNECTIVITY, SCALE AND VISIBILTY

ETF Servicing lets ETF servicers to raise the bar on service standards to enhance competitiveness. APs and issuers enjoy total transparency throughout the execution process and earlier settlement confirmations.

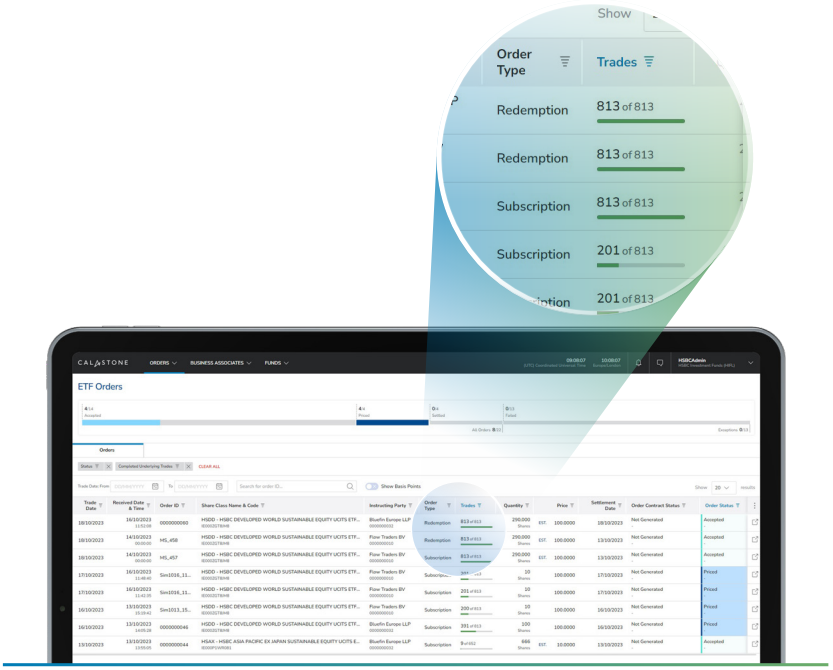
Connectivity at the core

ETF Servicing connects every constituent in the ETF value chain – authorised participant, servicer, issuer, PCF and other reference data providers, common depository and fund accountant – to harmonise processes and workflows with one automated and scalable solution.



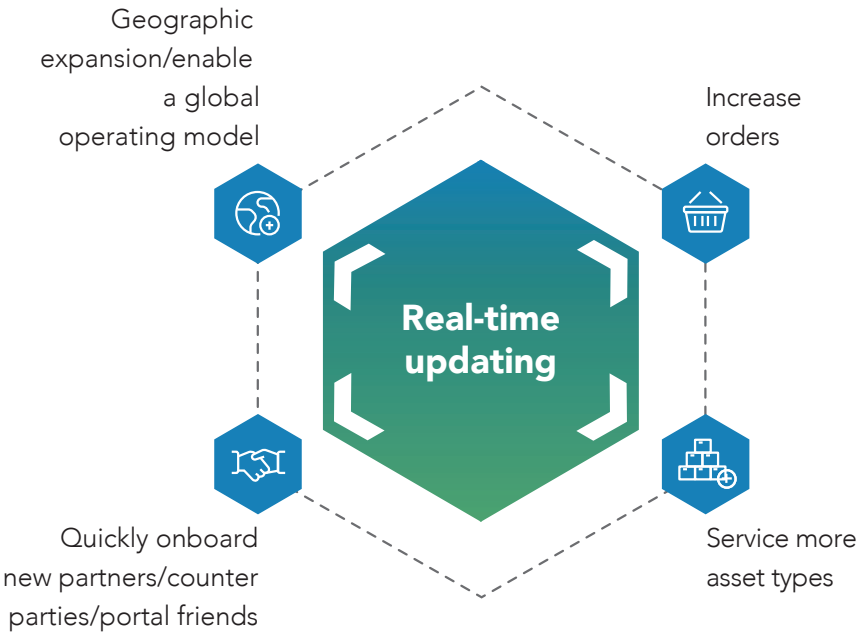
Real-time functionality and visibility

The ETF Servicing solution gives authorised participants, administrators and issuers a real-time order capture, trading and settlement experience. Firms can make faster, more accurate decisions based on automated market deviation calculations (NAV+ and Actual Cost) using the Order Management module. Ultimately, this helps firms to mitigate pricing risk and can lead to tighter spreads.



Service assured and scalable

Powered by our unique Distributed Market Infrastructure (DMI), Calastone ETF Servicing is a fully managed, digital-first solution. The agile, real-time architectures fuel scalability, whilst modular designs empower all changes to redefine go to market business strategies and client support. It is also supported by Calastone's world-class operations team who ensure users get a proactive and responsive service.



To learn more about Calastone ETF Servicing and how it can benefit your organisation contact: **marketing@calastone.com** or visit: **www.calastone.com/contact**

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