



SUNGARD TRANSACTION NETWORK

SunGard ETF Solution for
Defined Contribution Plans

FAQs

What is the SunGard Exchange Traded Funds (ETF) solution?

SunGard and iShares, a leading global ETF provider, have come together to create a solution for recordkeepers and third-party administrators (TPAs) to seamlessly incorporate ETFs as standard options in retirement plans. TPAs and advisors using SunGard's Omni and Relius recordkeeping platforms for benefits administration will be able to access and trade iShares ETFs through an integrated link to the SunGard Transaction Network (STN).

SunGard's ETF solution enables recordkeepers to handle both ETFs and mutual funds within in the same plan, using the same system, thereby helping minimize the operational burden. This solution addresses multiple major operational barriers, while helping keep product costs down.

For custody and settlement services, SunGard is leveraging the ETFxChange platform provided by Mid-Atlantic Trust Company (MATC).

How does the solution work?

We have focused on making ETFs trade like normal no-load mutual funds. This means one price per day for positions and trades, with neither commissions, nor fees to track. ETF orders are sent to us in the same file as your mutual fund trades. You receive confirms, positions, prices and dividend reinvestments in the same files and formats you currently utilize for your mutual funds. All trades are confirmed and settled at shares x closing price (or dollars / by closing price for dollar certain trades).

Using the solution, the plan is fully invested and will own fractional shares of the actual listed ETF. Since the plan holds the actual ETF, all readily available prospectuses, performance data, analytics and tools can be used to support the plan. Because the solution allows you to hold these ETFs in fractional shares and trade them using dollar certain orders, there is no residual cash in the plan for which to account. Finally, the participants can follow the performance of the ETF simply by looking in the newspaper for the day's closing price.

When using SunGard's ETF solution, the recordkeeper uses the same processes and systems they are using today for mutual fund trading. We support the same trade cutoffs for ETFs as we do for mutual funds, including late day processing.* Just like mutual fund orders, the participant must submit all ETF transaction requests prior to the close of the market. All trades are settled at the closing price of the ETF on trade date without any commissions or fees netted from the proceeds of the transaction. Most importantly, all trades settle on T+1, just like mutual fund trades. This allows participants to rebalance and receive distributions in the same manner to which they are accustomed. As you would expect, all confirmations, positions, prices and dividend reinvestments are reported in the same format and method that you receive your mutual fund information. This allows you to utilize any combination of ETFs and mutual funds seamlessly in the same plan.

**Late day trading privileges are subject to certain restrictions and are not guaranteed. If late day privileges are suspended, trades will be processed using the pre-market window.*

What are the benefits of SunGard's ETF solution?

ETFs are one of the fastest growing financial instruments and are commonly requested by financial advisors for use in defined contribution plans. Because most defined contribution processes and systems have been designed around trading mutual funds, using ETFs in retirement plans has been either too expensive or too operationally burdensome.

SunGard's ETF solution lifts these barriers and allows retirement plans to invest in ETFs using the processes and systems already in place for mutual funds.

Other benefits include:

- Allows participants to hold fractional ETF shares
- Facilitates optional late-day trading
- Helps reduce manual processing
- Remains transparent to clients

What ETFs are available?

The SunGard solution supports all iShares ETFs. iShares ETFs, managed by Barclays Global Fund Advisors, track more than 175 different indexes. Each modular component represents a specific asset class, style, sector, country or region. Now recordkeepers can implement a targeted asset allocation strategy or fine-tune a tactical one with the diversification offered by index funds.

What paperwork is required?

You will be required to complete a STN access agreement and the plan sponsor will need to sign a Mid Atlantic Trust Company custodial agreement.

Do you support late day processing for ETFs?

Yes. We have two cutoff times, 2:30pm EST and 2:30am EST. Trades we receive by 2:30pm are placed during market hours and are executed at the 4:00pm closing price. Trades placed after 2:30pm, but before 2:30am, are also executed at the 4:00pm closing price. Please note the participant trade must be made before market close (4:00pm EST). Orders executed through either window are confirmed and settled using the same end of day price.

When are settlement funds available?

As is the case with mutual funds, ETF settlements are available around 2pm EST on T+1.

How much does it cost?

The platform fee is a competitive asset-based fee, with one rate for pre-market close orders and a higher rate for late day processing orders. This fee is charged on your SunGard invoice in addition to any trading, custody, directed trustee and cashiering fees.

Can this solution handle multiple custodians?

Yes. SunGard can work with your existing custodians to tailor the solution to your organization's needs.

Who is iShares?

iShares is one of the global product leaders in exchange traded funds (iShares® exchange traded funds) with over 360 funds globally across equities, fixed income and commodities which trade on 18 exchanges worldwide. iShares' customer base consists of the institutional segment of pension plans and fund managers, as well as the retail segment of financial advisors and high net worth individuals. It is part of Barclays Global Investors, one of the world's largest asset managers and a leading global provider of investment management products and services with more than 3,000 institutional clients and US\$1.7 trillion of assets under management as of June 30, 2009. BGI transformed the investment industry by creating the first index strategy in 1971 and the first quantitative active strategy in 1979.

Who is Mid Atlantic Trust Company?

Mid Atlantic Capital Group is a financial services organization that includes Mid Atlantic Capital Corporation, a registered broker-dealer, member FINRA/SIPC, Mid Atlantic Financial Management, Inc., an SEC registered investment adviser, and Mid Atlantic Financial Platforms, Inc., the institutional trust servicing arm for Counsel Trust Company, dba Mid Atlantic Trust Company, an independently owned and operated trust company. Together, the Mid Atlantic companies provide a broad array of sophisticated financial products, support services and technology to a select group of registered financial professionals and organizations.

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