

Agent Lenders' Instructions for preparing for ALD reporting

The following are the basic steps that agent lenders should take to get started with ALD. Comprehensive information regarding business, technical and functional requirements is available through the SIFMA – ALD website.

ALD Documentation websites:

<http://www.isla.co.uk/news.asp#news41>

<http://www.sifma.org/regulatory/ald/index.html>

1. Review the *ISLA European ALD model* documentation posted on the ISLA website and the *A- Z Guide to ALD* posted on the ALD section of the SIFMA website.
2. Decide on whether to connect through a vendor or directly to DTCC. (Note: as of July 2008, only two vendors provide ALD services, EquiLend and SunGard Securities Finance). Contact information for all three vendors can be found in 'contacts' page on the website.
 - If connecting through a vendor, complete all paperwork, including third party authorization letter, which allows your vendor to send/receive files to/from DTCC on your behalf.
 - If connecting directly through DTCC, contact Margaret Koontz, mkoontz@dtcc.com 212.855.5695 to obtain the necessary paperwork to sign up with them.
 - **Important:** If you are not a DTCC participant, you will have to complete a DTCC non-member agreement form prior to using the service.
2. Obtain contact information from borrower counterparties. Some contact information is available through the SIFMA website, however if the information is not posted there, you should contact the borrowers directly and obtain contacts for legal, credit, regulatory capital/finance, and technology areas.
3. If your firm requires a confidentiality agreement, contact counterparties requesting them to sign one. Sample confidentiality agreements are available in the *A- Z Guide* section of the SIFMA – ALD website. If your firm does not require a confidentiality agreement, let your borrowers know not to expect one (note: you may be approached by some borrowers to sign a reliance letter).
4. Ensure that the legal agreement you have signed with the borrower allows you to act in an agency capacity on behalf of principal lenders. For example, the schedule to the GMSLA 2000 should show paragraph 16 'Transactions Entered Into As Agent' as effective.
5. Obtain Tax ID and/or DTCC ID information for the borrowers. Most are listed in a table on the SIFMA – ALD website under the "A-Z Guide" tab. Share your DTCC and tax ID

information with the broker-dealers, vendors and DTCC as well. (For more details on this topic see the Participant Firm Identification section of the A- Z Guide).

6. Obtain file formats from the ISLA website and SIFMA – ALD Website.
7. Complete any internal development and testing of any systems necessary for processing the ALD files (e.g. producing credit incremental add/delete files, receiving and processing borrower credit response files, producing daily loan data files, producing daily non-cash collateral files).
8. Once ready to submit the ALD files, contact borrowers to organize a test.
 - A test should be conducted for the incremental add/delete files as well as the daily files
 - Choose several counterparties to test with; make sure to choose at least one from each of the three types of connectivity (DTCC, Equilend, or SunGard). You will need to obtain the connectivity method information directly from the broker-dealers.
 - Sample test data and testing scenarios are available through the *Testing Guide Documents* section on the SIFMA – ALD website.
9. Contact DTCC to be set up on their testing system, regardless of which connectivity method is being used. DTCC PIP hotline: 212.855.8989. (Note: while DTCC will set you up for their production system automatically, being set up for testing is a separate manual process).
10. For more information on testing, please refer to the ALD Testing Guide.
11. Sign up to use the DTCC Pseudo tax ID tool to be able to obtain pseudo tax ID numbers for non-US entities or US entities which do not have a unique IRS ID (e.g. common/collective structures which share an ID, a fund and an endowment which share an ID, etc). To sign up, call DTCC at 800 422 0582. If you have questions about signing up to use tool, you should contact Margaret Koontz at DTCC, mkoontz@dtcc.com
12. Upon completion of testing, ensure compliance with the ALD Escalation procedures and develop your own internal contingency policies.
13. **Important** – maintain constant communication with your counterparties and vendor throughout the set up process, testing, and implementation.