

# Enhanced Custody

**Our Enhanced Custody platform provides securities lending and financing to a wide range of clients from alternative investment managers to mainstream asset owners and asset managers.**

We offer hedge funds, mutual funds and asset owners an alternative to traditional prime brokerage by offering unique and innovative financing arrangements from highly-rated State Street Bank and Trust Company (SSBTC).

The platform allows you to borrow and finance securities within a segregated custody account, instead of using a broker dealer account. We offer a range of value-add services that differentiate us from traditional prime brokerage, including self-borrowing, memo-pledging and repledge of collateral as well as Direct Access (our managed peer-to-peer offering). We fund alternative strategies in ring-fenced accounts, unlike some prime brokers who pool assets together with those of multiple clients.

Adding Enhanced Custody can increase operational efficiency compared to employing an additional prime broker for these services. Our commitment to this product is evidenced by our continuous investment in staff, technology and resources.

Our team has significant industry experience across prime brokerage and custody services, and we are focused on flexibility that is led entirely by your needs. We aim to offer a prime brokerage like experience with the additional security of SSBTC.



**An alternative to traditional prime brokerage**



**Borrow and finance securities directly, within a segregated custody account**



**Broaden your options for financing long/short portfolios**



**Unique financing strategies including self-borrowing and Direct Access Lending**



## Product Overview

### Sophisticated Solutions

For certain asset owners and managers, investment allocations have changed considerably over the past decade, moving from relatively simple portfolios of equities and bonds, to more esoteric blends, which include alternatives. With this, comes a need for sophisticated solutions for financing, reporting, accounting and data analysis. At the same time, regulatory demands have increased, requiring asset owners to have greater levels of oversight and transparency.

There has been a shift to diversify from the traditional prime brokerage model and utilize the many services custodians can offer such as custody accounts and peer-to-peer arrangements. Our Enhanced Custody offering provides transparency, as well as considerable savings for clients.

### Direct Access Lending

You can benefit from Direct Access Lending by borrowing directly from participating State Street Agency Lending clients. This managed, **peer-to-peer securities lending service** offers an operationally efficient program that provides benefits to both lenders and borrowers of US equities, and provides borrowers with access to financing and leverage using short-sale proceeds.

### Self-Borrow

Clients are able to borrow their own securities from accounts within the same legal entity. For clients like asset owners, this is a powerful structure that allows them to utilize assets at State Street to reduce their financing costs.

### Alpha<sup>SM</sup> Support

Enhanced Custody clients who are also clients of Charles River, can send locate requests through the Charles River Investment Management Solution platform instead of using a separate portal.

**Providing Certainty — most of our financing options are not dependent on short-term, wholesale funding from the money markets. As one of the largest banks in the world, our clients can be sure that we will always be there, when they need us.**

**Client Safety — unlike traditional prime brokers who may pool assets, we segregate custodied securities from those of other clients, resulting in less credit risk.**

---

## Case Study

We were asked to facilitate a short component for a global asset manager with more than US\$120 billion of assets in order to launch a new alternative strategy with a quick turnaround. As an existing client of the bank, we were able to facilitate the short component, allowing the investment firm to launch its new fund seamlessly on the expected date.

As hedge funds have looked to diversify financing providers, Enhanced Custody has acted as an incremental financing source, offering a stable funding supply at competitive rates. In many cases, our service has impressed, leading to increased balances from those clients to grow steadily over time.

To learn more about Enhanced Custody, e-mail:  
[SecuritiesFinanceSolutions@statestreet.com](mailto:SecuritiesFinanceSolutions@statestreet.com)

#### Disclaimers and Important Risk Information

State Street Global Markets® is a registered trademark of State Street Corporation® used for its financial markets business and that of its affiliates (collectively "State Street").

This document and information provided herein is for marketing and/or informational purposes only and is not intended for retail clients, nor for distribution to, and may not be relied upon by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulation. It is not intended to constitute investment, legal, regulatory, tax or accounting advice regarding any securities or futures and does not take into account any client's particular investment or other financial objectives or strategies, nor any client's legal, regulatory, tax or accounting status, nor does it purport to be comprehensive, nor intended to replace the exercise of a client's own careful independent review and judgment regarding any corresponding investment or other financial decision. All information has been obtained from sources believed to be reliable at the time of publication, but we make no representation or warranty as to its accuracy and you should not place any reliance on this information.

This document and information provided herein is not intended to suggest or recommend any investment or investment strategy, and does not constitute investment research. **These written materials do not constitute, and should not be construed as constituting, (1) a solicitation, offer or invitation to subscribe for, or purchase securities or futures or the making available of securities or futures for purchase or subscription in any jurisdiction; (2) the provision of investment advice concerning securities or futures; or (3) an undertaking by State Street to manage the portfolio of securities**

**or futures contracts on behalf of other persons. This material is not intended to constitute any binding contractual arrangement or commitment by State Street to provide securities services nor any other financial services.**

Any market commentary provided by Securities Finance Trading Desks is not investment research. **Performance data shown represents past performance and is no guarantee of future results.**

State Street hereby disclaims all liability, whether arising in contract, tort or otherwise, for any losses, liabilities, damages, expenses or costs arising, either direct or consequential, from or in connection with the use of or any reliance placed upon any information provided.

Clients should be aware of the risks of participating in securities lending, which may include counterparty, collateral, loss of investment, tax and accounting risks. The communication and information or any portion thereof may not be reprinted, sold or redistributed without the prior written consent of State Street Global Markets.

#### 免責聲明

以上資訊不應被視為為投資建議，並且不是購買或出售證券的邀請。本新聞稿並未考慮任何投資者各自的投資目的、策略或稅務狀況。本稿資料均取自被認為可靠的來源，惟我們不能對該等資料之準確性作出陳述或保證，閣下不應依賴上述任何資訊。過去表現並不一定反映未來的表現。

上述產品及服務可能不會在所有司法管轄區提供。請聯絡閣下的營業代表以獲取更多資訊。

©道富集團，2020

## JURISDICTION SPECIFIC INFORMATION:

**Australia:** This communication is being distributed in Australia by State Street Bank and Trust Company ABN 70 062 819 630, AFSL 239679 and is intended only for wholesale clients, as defined in the Corporations Act 2001.

**Brunei:** State Street has a restricted bank license in Brunei and the activities described herein are conducted from off-shore and are in relation to offshore, non-Brunei securities or futures.

**BVI:** The products and services described herein are offered from off-shore by State Street Bank and Trust Company, authorized and regulated by the Federal Reserve Board.

**Cayman:** The products and services described herein are offered from off-shore by either State Street Bank and Trust Company, authorized and regulated by the Federal Reserve Board, or State Street Bank International GmbH, London Branch, authorised by Deutsche Bundesbank and the German Federal Financial Supervisory Authority and subject to limited regulation by the FCA and PRA.

**Canada:** The products and services outlined herein are offered by either State Street Bank and Trust Company, which is regulated by the Federal Reserve Board, from offshore, or State Street Bank and Trust Company, Canada Branch, a foreign bank branch of State Street Bank and Trust Company that is regulated by the Office of the Superintendent of Financial Institutions.

**EMEA (ex-UK):** The products and services are offered through either: (i) State Street Bank and Trust Company, London Branch, authorised and regulated by the Federal Reserve Board and subject to regulation by the Financial Conduct Authority (FCA) and authorized and subject to limited regulation by the Prudential Regulation Authority (PRA); and/or (ii) State Street Bank International GmbH, London Branch, authorised by Deutsche Bundesbank and the German Federal Financial Supervisory Authority and subject to limited regulation by the FCA and PRA. Details about the extent of regulation of these entities by the FCA and PRA are available from us on request. State Street Bank and Trust Company, London Branch and State Street Bank International GmbH, London Branch are not licensed or doing business within these jurisdictions and the activities that are described are carried out from off-shore.

**Hong Kong:** The activities described herein are undertaken by State Street Bank and Trust Company / State Street Securities Hong Kong Limited.

**Indonesia:** State Street is not licensed within or carrying on business within Indonesia. The activities described herein are conducted from off-shore.

**Japan:** This communication is being distributed in Japan by State Street Trust and Banking Co., Ltd. ("SSTB"). SSTB is regulated by the Financial Services Agency of Japan ("FSA"). SSTB is licensed under Article 4 of Banking Act and is registered as Registered Financial Institution with the FSA as Kanto Zaimu-kyokucho (Tokin) No. 648 under Article 33-2 of Financial Instruments and Exchange Act, and also is a member firm of Japan Securities Dealers Association and Japan Investment Advisers Association.

**Malaysia:** State Street has an unregulated entity in Malaysia. The activities described herein are conducted from off-shore and are in relation to offshore, non-Malaysian securities or futures.

**People's Republic of China ("PRC"):** State Street Bank and Trust Company is not licensed to carry on business in the PRC in respect of any activities described herein and any such activities are conducted outside of the PRC.

**Singapore:** State Street Bank and Trust Company, Singapore Branch ("SSBTS"), holds a wholesale bank license by the Monetary Authority of Singapore. However, SSBTS is not licensed to carry on this business onshore within Singapore. The activities described herein are undertaken by State Street Bank and Trust Company/State Street Securities Hong Kong Limited in an offshore capacity and not provided within Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore.

**South Korea:** State Street is not licensed to carry on this business within South Korea. The activities described herein are undertaken by State Street Bank and Trust Company / State Street Securities Hong Kong Limited in an offshore capacity and are not provided within South Korea.

**Taiwan:** State Street is not licensed to carry on this business within Taiwan. The activities described herein are undertaken by State Street Bank and Trust Company / State Street Securities Hong Kong Limited in an offshore capacity and are not provided within Taiwan.

**Thailand:** State Street has a foreign bank representative office in Thailand. The activities described herein are conducted from off-shore and are in relation to offshore, non-Thai securities or futures.

**UK:** The products and services are offered only to Eligible counterparties and Professional clients through either: (i) State Street Bank and Trust Company, London Branch, authorised and regulated by the Federal Reserve Board and subject to regulation by the Financial Conduct Authority (FCA) and authorised and subject to limited regulation by the Prudential Regulation Authority (PRA); and/or (ii) State Street Bank International GmbH, London Branch, authorised by Deutsche Bundesbank and the German Federal Financial Supervisory Authority and subject to limited regulation by the FCA and PRA. Details about the extent of regulation of these entities by the FCA and PRA are available from us on request.

**US:** The products and services described herein are offered by State Street Bank and Trust Company, authorized and regulated by the Federal Reserve Board.

Products and services may not be available in all jurisdictions. Please contact your sales representative for further information.  
SF GEN GL 2021-01

To learn how State Street looks after your personal data, visit:  
<http://www.statestreet.com/utility/data-processing-and-privacy-notice.html>

# STATE STREET

State Street Corporation  
One Lincoln Street, Boston, MA 02111

[www.statestreet.com](http://www.statestreet.com)

© 2021 State Street Corporation and/or  
its applicable third party licensor – All Rights Reserved  
Expires 31/03/2022, 2962707.2.1.GBL.