

ETFs

Powered by State Street



Today's global exchange traded fund (ETF) market is experiencing strong investor demand.¹

Sustained regulatory scrutiny of fund fees and transparency has made ETFs even more appealing and boosted inflows.

But the complex regulatory and market environment can make it challenging for investment managers to navigate the ETF ecosystem.

¹ State Street analysis of ETFGI Global Insights report October 31, 2019

ETFs — Powered by State Street

We can help you design, launch and manage exchange traded funds more effectively. Our globally integrated servicing platform, proprietary technology and dedicated team of experts provide you with the tools that will help you succeed. Whether you're launching your first ETF or seeking a new service provider for an established range, we are committed to evolving our capabilities to suit your needs.

We provide:

- Continuous innovation and market insights
- A globally integrated proprietary technology and service platform
- A team of professionals solely focused on ETFs
- Deep relationships across the ETF industry

Your Partner for Success

We have serviced exchange traded funds since launching the first one in 1993. Today, we are the largest global servicer and the only provider covering all major markets.¹

The benefits of partnering with us enable you to:



Adapt at speed to change

Through our commitment to innovation and our multiyear product enhancement roadmap, we provide you with the agility to address market changes — both regulatory and technological.



Access best practices

With our scale and depth of experience, we can guide you on best practices. You will benefit from access to dedicated professionals who have a sole focus on ETFs and years of experience across more than 2,190 funds.¹



Connect across the industry

We maintain deep relationships with policymakers, depositories, regulators and industry advisory committees. Our dedicated regulatory oversight team is focused on providing expert insight so that we are prepared to support you as new regulations — such as the ETF Rule — are introduced.



Achieve global consistency and efficiency

Our global operating model offers common experience and consistency across basket services, order-taking, custody, accounting and fund administration. You will also have seamless access to our liquidity solutions across trading and securities lending to help enhance the value of your portfolio. Our operating model also gives you the opportunity to automate workflows and boost operational performance.

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Why Choose State Street?

We service more than 60 percent of global ETF assets.¹ But what is more important to you is the expertise and commitment we have developed over 25 years of helping our clients successfully launch these funds.



Focused on successful outcomes

Our offering is well-suited to service the needs of any size of client or fund range. We offer a fresh perspective on the critical success factors for operating in the global ETF market.



A history of innovation

Our introduction of the first ETF investment wrapper in the United States served as the model for other markets and asset classes. Since then, we have reached a **number of other milestones** that have helped shape the market and offer new opportunities to clients. Examples include the automation of performance and investment analytics service that decomposes the NAV by breaking down tracking errors into specific components; and the first multi-client electronic primary market trading platform in the European ETF market.



An integrated and secure global platform

We deploy a proprietary cloud-enabled ETF servicing platform, with your data secured through three separate enterprise data centers located in geographically distinct locations.



Seamless access to global trading and liquidity

Our Global Markets team offers services tailored to ETF servicing such as our Fund ConnectSM portal for the creation and redemption of ETFs, trading — including assisted trading service for agency trading of restricted securities — and securities lending for easy access to liquidity to help enhance the value of your portfolio.

60%

of global ETF assets are serviced by State Street¹

¹ State Street analysis of ETFGI Global Insights report October 31, 2019

Step-by-Step Support for Your ETFs

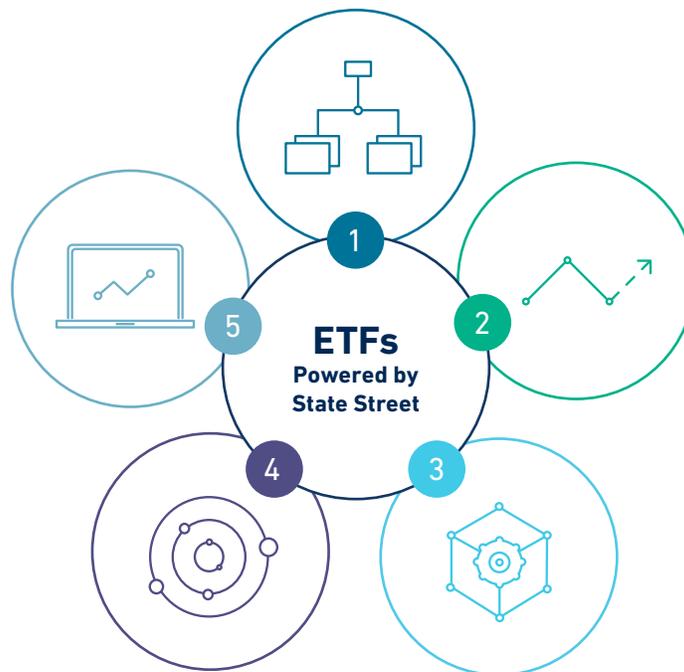
We offer a cross-company solution that guides you from origination through a host of ETF-specific servicing capabilities to trading and liquidity solutions that help enhance the value of your portfolio.

Evaluate and Define

Access best practices in understanding the industry ecosystem from our dedicated ETF Bridge team that provides support across operational workflow, technology assessment, and all aspects of the product design process.

Interface with Primary Market

Enhance control over the create/redeem process with a single point of access to Authorized Participants (AP) and other market participants via our stable and resilient Fund ConnectSM, a web-based order creation platform.



Launch

Our consultative approach includes a dedicated ETF launch project manager, access to market intelligence and introductions to global industry specialists — APs, lead market makers, exchanges, iNAV agents, Medallion Distributors, external legal counsel and more.

Service

Rely on our fully integrated global servicing capability and cloud-enabled ETF servicing platform. Our services span from ETF portfolio basket modeling and production platform to liquidity access through securities lending on both the ETF and underlying holdings level.

Manage

Use highly effective front-office capabilities to deliver everything from assisted trading and negotiation platform integration to trade execution and rebalancing. This extends to execution on underlying fixed income and holdings; share and portfolio level FX trading; currency hedging and margining; collateral management; portfolio and attribution analysis; and post-trade compliance.

How It All Comes Together

Case Study 1: Enter the market

Objective

This global asset manager wanted to add a mix of actively and passively managed ETFs to its mutual fund offering, and needed guidance on entering the market. A key consideration for them was avoiding increased technology spend.

Our Approach

Our team worked to educate the client's team on the market and opportunities, connect them with industry participants and customize their workflows. By tapping into our global expertise and servicing platform, the client was able to focus on product development, marketing and distribution, while reducing start-up costs. To date, this client has successfully launched ETFs across the US, Canada and Europe.

Case Study 2: Launch actively-managed ETFs

Objective

With the goal of expanding its ETF product offering, this global asset manager was seeking quick entry into new markets. They wanted a partner with proven expertise in industry best practice who could offer differentiated support and solutions for all aspects of their operations.

Our Approach

We outlined an expansion plan that accommodated regional market requirements and protocols, accelerating their product launch efforts. With the strong foundation of our electronic order taking and NAV oversight capabilities, this client has successfully achieved their goal of launching multiple actively managed and smart beta ETFs.

Spotlight on ETF Rule

As ETF assets grow in size and product innovation proliferates, the Securities and Exchange Commission (SEC) sought to provide a 'clear and consistent' framework for the majority of ETFs in operation. With unanimous agreement, the SEC approved the adoption of Rule 6c-11 or the 'ETF Rule' on September 26, 2019.²

What is exciting about this rule is that it is levelling the playing field by helping new participants enter the market through a more streamlined regulatory process. Still, ETFs are intricate structures that are very different from mutual funds. As part of their unique servicing requirements, ETF trading baskets are created and settled in the primary market, while orders are taken by market makers and routed to the exchange in the secondary market.

For those just entering the ETF market, we provide pre- and post-launch support at each step of the ETF life cycle. Our dedicated specialist teams work closely with clients to incorporate best practices into their processes, and help them stay educated as product innovation and regulatory mandates evolve. Through our consultative approach, clients receive a tailored servicing model that delivers standardized outputs and integrated data. Clients also have the

benefit of customizing workflows and avoiding incremental technology spend. And with access to our stable and resilient web-based trading portal, clients can manage the creation and redemption process through a single point of access.

For clients already in the market, the rule will help ETF providers focus more sharply on product development and execution. That said, there will be some adjustments clients will need to make. We are working to create standards to help clients submit trade-date holding and disclosure requirements, and we already support a number of the data elements now required with the ETF rule. When it comes to custom baskets, we have existing processes and expertise in supporting clients in the creation and redemption process. Our direct connectivity with Bloomberg's BSKT<GO> service, allows for the negotiation of baskets on a deal-by-deal basis with authorized participants. After a deal is approved by the ETF manager, our settlement system receives a record of the negotiated deal and our electronic order-taking platform, Fund ConnectSM, is able to cue up the trade for the authorized participant to submit. Our flexible systems can also help clients who want to use their own in-house capabilities to create custom baskets.

² SEC Adopts New Rule to Modernize Regulation of Exchange-Traded Funds, September 26, 2019

Get in touch

Our specialists are available to discuss your specific needs



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About State Street Corporation

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*Assets under management include the assets of the SPDR® Gold ETF and the SPDR® Long Dollar Gold Trust ETF (approximately \$36 billion as of June 30, 2019), for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated. For more information, please visit www.statestreet.com/etfservicing

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