

ARC

Simplify Wrap/Custodial Platform Trade-Aways and Step-outs

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Some Custodial platforms allow investment managers to trade-away but charge high trade-away fees to discourage the practice. These penalties can sometimes make the practice cost-prohibitive. In such cases, an advisor needs to force the issue. It can either demand that the penalty be waived or lowered to a more reasonable number (\$1-\$2 per allocation) Either way, the money manager should continue to site its fiduciary obligation to seek best execution as the main reason for trading away. Many asset managers have been able to eliminate the trade-away fees/penalties altogether.

- § After gaining approval to trade-away from our Wrap and Custodial platforms, what are my next steps?
Check with each platform and confirm their trade-away process (i.e., how they require notification of trade away activity). Each platform may have a different process. Some may require email notifications and others may request that all notifications be submitted via their platform.
- § When using the CAPIS ARC platform, what information will we need to provide to affect step-outs?
CAPIS requires basic execution and allocation information about trade activity associated with step-outs. Once trades have been executed, we need the following information: Buy/Sell, Order Size, Execution Price, Commission paid to executing broker, and names of each executing broker. We also need the Sponsors' name(s) (MPIDs) and allocation information.
- § For CAPIS to process step-out activity, is there a specific format required when transferring the execution and allocation information?
Regarding the end-of-day file, a standard spreadsheet should suffice. The information can either be sent via email or entered directly into CAPIS ARC.
- § **How long does the set-up process take to be "live" on CAPIS ARC?**
Once we have received the required information, clients are typically "live" within one week.
Should we decide to outsource our institutional and wrap platform trading, will the CAPIS ARC Platform handle these trade-aways?
CAPIS Outsourced Trading Desk and CAPIS ARC are integrated to handle the execution and settlement of both DVP allocations and step-out allocations seamlessly. Institutional and Wrap/Custodial Platform orders can be combined (aggregated) and executed in a single block to meet best-execution obligations.