

ABOUT BNP PARIBAS SECURITIES SERVICES

FUND LINK

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Frankfurt, 22/03/2018



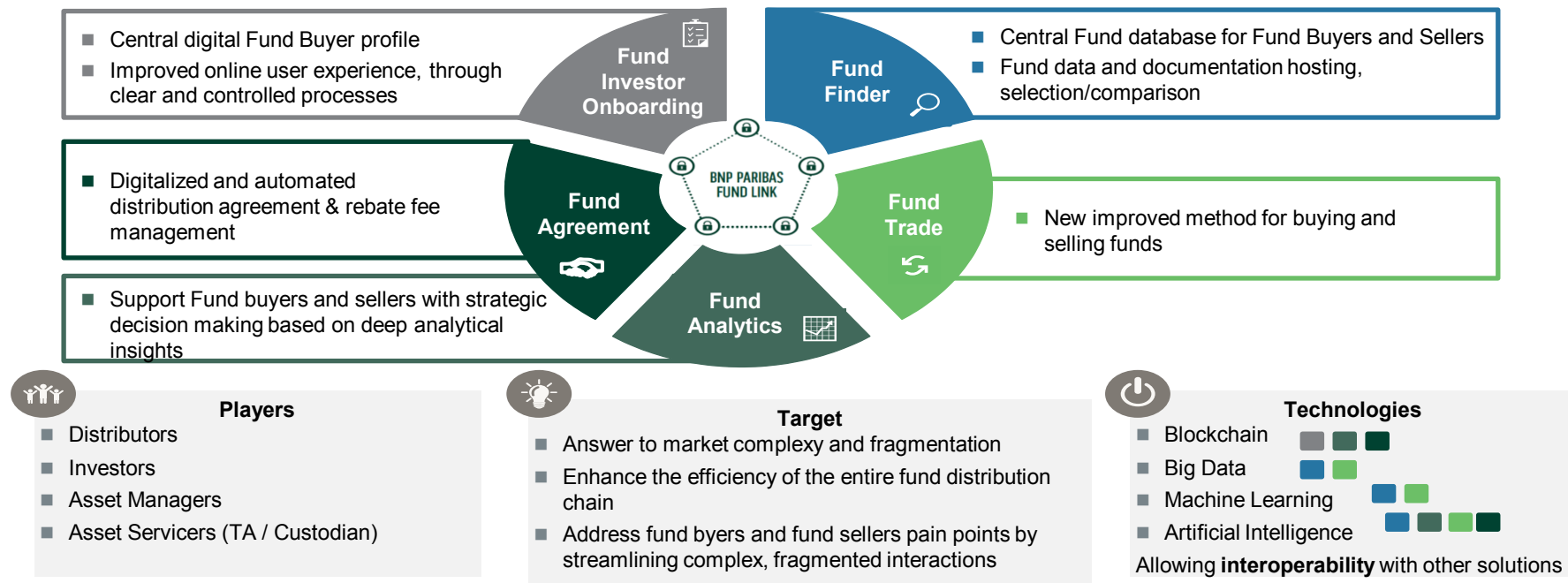
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FUND LINK AND MARKET CHALLENGES

The market is complex, fragmented and burdened by the weight of many intermediaries. This causes slow transactions and too many relationships. BNP Paribas **Fund Link** offers management companies (ManCo) a global solution designed to **digitalize** and **enhance the efficiency** of the entire fund distribution chain.

A set of 5 modules to **address the pain points** of the current distribution chain :



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FUND LINK – AGILE ORGANISATION

Start-up project to drive a new innovative business: Agile methodology and co-design

In order to **answer** to **market expectations** and **meet clients' needs**, Fund Link adopts **innovative ways of work** inspired by successful startups models.

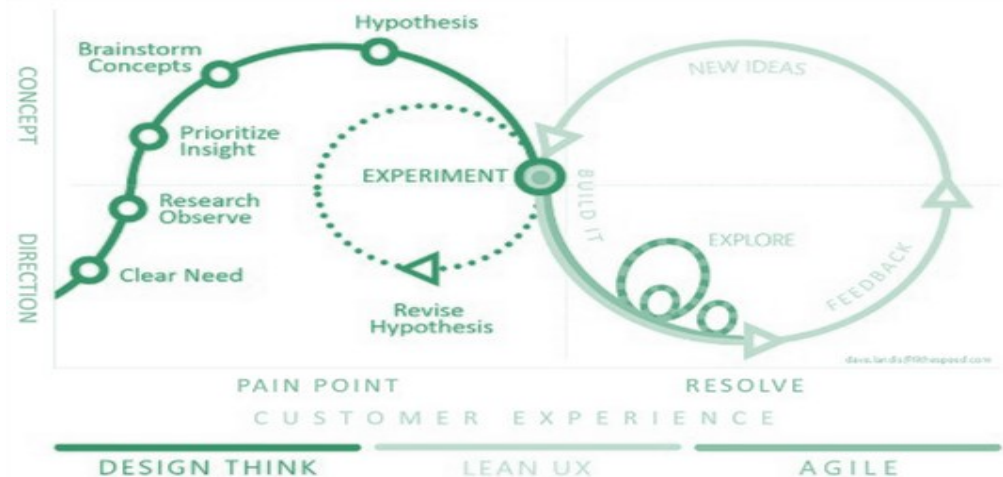
The way of working includes: an **Agile** set-up, a **multi-competences governance**, an iterating and **POC then MVP** approach with **client co-designed workshops** to include them from the beginning of the project.

Use of a start-up framework: fail fast, learn fast, improve.
Enhance teams capabilities to innovate creating a multi-competencies **Agile** team.

Start small, thinking big: (i) design a **POC** to test the idea, (ii) build a **MVP** to launch the project in production, (iii) then adjust and deploy to reach the **Target**

Client co-design workshops to build a flexible and customized solution focused on the client's specific needs.

Involve the client in the main decisions and milestones (RFI and RFP).



Focus on trade processing while blockchain based registrar is been proven

The solution will leverage on blockchain, AI and big data technologies to offer a single platform **centralizing investor onboarding information, fund data, transaction management, computation and payment of rebate fees, and distribution analytics.**

It will provide BP2S core services on a completely digital base **giving access to BP2S capabilities for investor dealing on funds, and for Asset Manager to access an extended distribution network** while benefiting from existing TA and Depobank services

The solution will **primarily be designed with and for BP2S clients** and will include, in the future, the **capability to onboard additional perimeters**

The diagram illustrates the BP2S ecosystem architecture. On the left, a circle represents **Investors Distributors**. On the right, a circle represents **Asset Managers**. In the center, a large box represents the **BP2S** ecosystem, which is divided into three main sections:

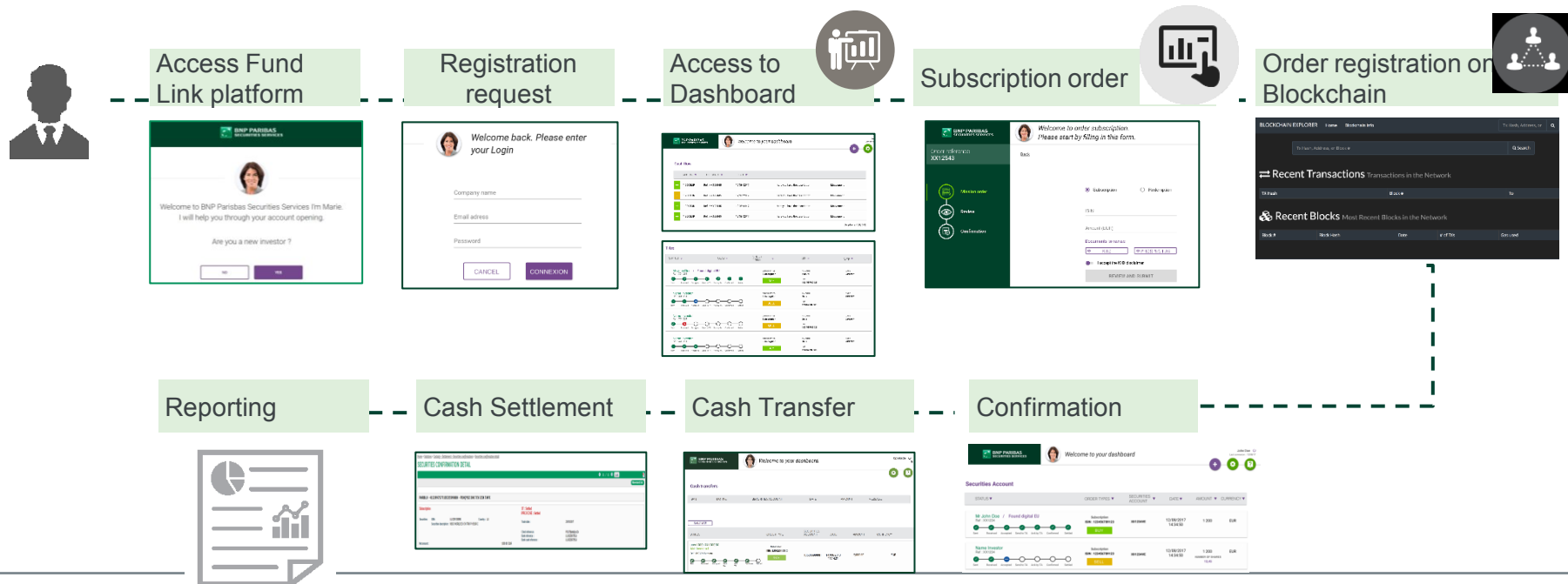
- Top Section (Intermediaries):** This section contains logos for various financial institutions and clearing houses, including **euroclear**, **clearstream**, **DEUTSCHE BÖRSE GROUP**, **SWIFT**, **Calastone**, **DTCC**, **IZNES**, **FundsDLT**, **Other external TA**, **STATE STREET**, **citi**, **J.P.Morgan**, **BNY MELLON**, and **RBC**. Arrows indicate connections between these entities and the central BP2S network.
- Bottom Section (BP2S Network):** This section is highlighted in a light green background and contains three main components:
 - BP2S network:** A box on the left representing the core network.
 - Fund Link:** A central box featuring a network of nodes and locks, representing the distributed ledger technology.
 - BP2S TA:** A box on the right representing the Trust Administrator, which is further divided into **Blockchain share class** and **Standard share class**.

Arrows show the flow of information and assets from **Investors Distributors** through the **BP2S network** and **Fund Link** to the **Asset Managers**. The **BP2S TA** also interacts with the **Asset Managers** and the **Other external TA** entities.

FUND TRADE – PROCESS SUM UP

The User access will be done through a unique and modular platform for all the modules. The first three modules – Fund Investor Onboarding, Fund Finder and Fund Trade – will have the same UX process and design.

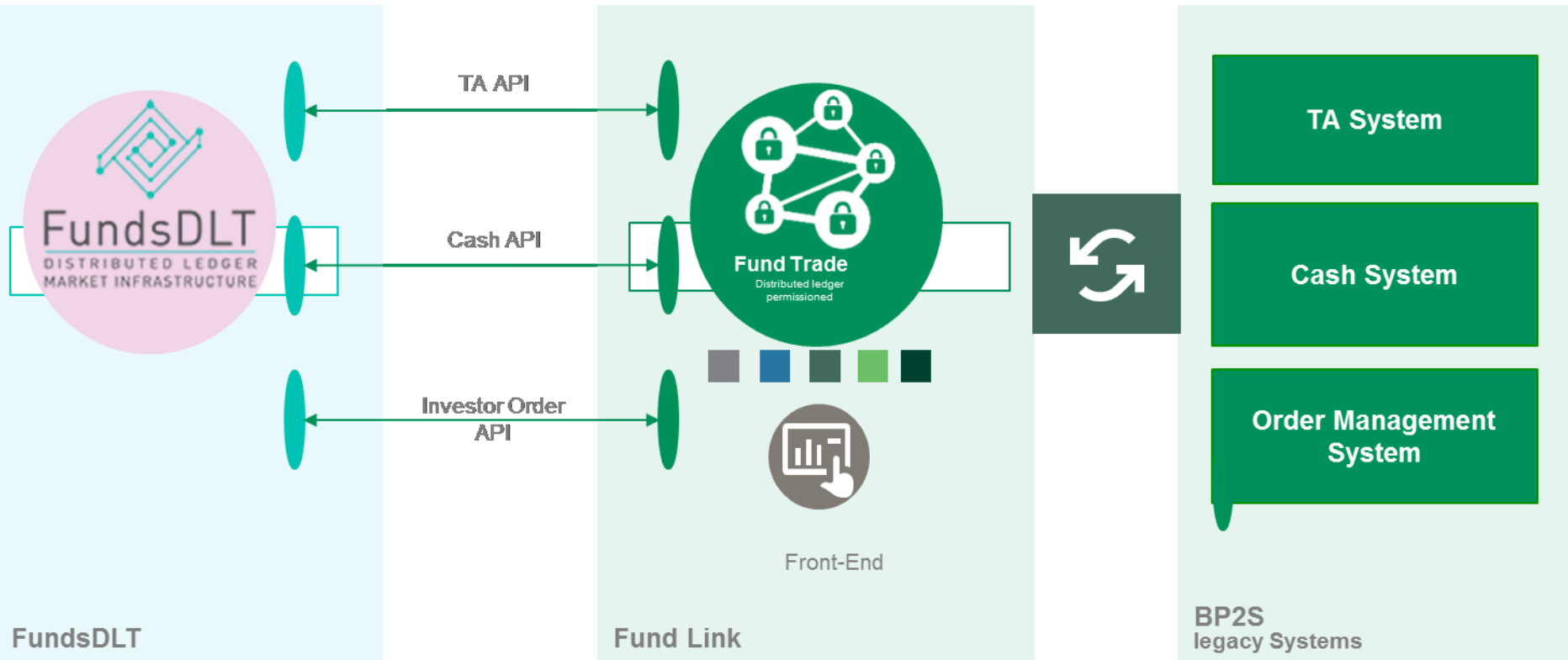
The process below shows a Fund Manager (FoF) access Fund Trade Front-End web to subscribe its order.



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FUND TRADE – INTEROPERABILITY WITH INFRASTRUCTURES & LEGACY



Appendices



SOLUTIONS FOR CROSS BORDER DISTRIBUTION

- Several funds domiciles
- Full suite of services: Global custody, depobank/trustee, fund administration, transfer agent, cash, FX, securities lending, OTC/listed derivatives, risk monitoring and performance measurement

WHAT PRODUCT?



- Adherence to local distribution market practice
- Fund representative agent
- Local paying agent
- Information agent
- Registration support

REGULATORY OR MARKETING REQUIREMENTS?



- Documentation and reporting to regulator, market and investors
- Regulatory reporting across all major domiciles
- Specific Tax and fiscal reporting

REGULATORY, TAX REPORTING?



WHICH MARKETS FOR DISTRIBUTION?



- Market characteristics and distribution dynamics
- Registration – requirements, time and costs
- Knowledge of tax and specific reporting in the distribution country
- Local funds (FoF, master feeder...)

WHAT ARE MY NEW CLIENTS NEEDS?



- Single access point to fund ranges
- Servicing in local time zone
- Servicing in local languages
- Client reporting, connectivity (Swift, NSCC, Web...)

HOW TO MONITOR MY SALES DISTRIBUTION ACTIVITY?



- Consolidated reporting of distribution to the management company
- Management of trailer fees

OUR FULL SUITE OF PRODUCTS



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