

**THRESHOLD  
CAPITAL**

**SECONDARY MARKET ANATOMY OF THE TRADE**

<b>1 - Relation</b>	Threshold Capital acts as intermediary between buyer and seller to agree on the details of the transaction
<b>2- Confirmation</b>	Once the terms (LOI/BID) are agreed upon by both counterparties, Threshold Capital sends a transaction confirmation to both buyer and seller with all agreed details, this document once approved needs to be returned to broker
<b>3- Name reveal and Introduction:</b>	Once both transaction confirmations are returned to Threshold Capital, Threshold Capital reveals the identity of the buyer to the seller, so that both counterparties know who they are dealing with (buyers are mainly banks, Fund of PE, and family offices) and organize a conference call with both counterparties to coordinate the following steps,
<b>4- Manager approval:</b>	The seller and/or the buyer inform the underlying manager of a request of change of nominee in view of operating a secondary market transaction. Note that the approval of the manager can be pre-obtained by the seller even before entering into the negotiation phases,
<b>5- Sale and Purchase Agreement (SPA):</b>	Generally a legal document, the Sale and Purchase Agreement (SPA), is executed between the buyer and the seller, stating the details of the transaction, payment terms, rights and duties of each buyer and seller. This is the document that regulates the terms and conditions of the transaction. Threshold Capital/intermediary is not involved in this portion of the process,
<b>5- Sale and Purchase Agreement (SPA):</b>	Once the SPA is agreed and signed by both counterparties, the transaction is ready to be settled. At that point the seller and the buyer instruct their respective custodian to co-sign a transfer form request and send them to the underlying fund administrator. Simultaneously the buyer sends a subscription form to the underlying fund administrator. Once this paperwork is executed, the transfer of the shares is processed and the shares are re-enregistered in the name of the Buyer, the cash is transferred from the cash account of the buyer to the cash account of the seller (the time line of payment may vary depending on the agreed payment terms in the SPA).
<b>7- Payment</b>	Payment of purchase price from buyer to seller upon confirmation of transfer of LP interests
<b>8- Invoicing:</b>	Threshold Capital invoices its brokerage fee to the buyer either upon confirmation of signature of the SPA or upon settlement of the transaction.