STRATA
TRUST COMPANY

Private Equity
Investment Checklist

Document checklist and step-by-step guide for investing

Document checklist

Below are the documents required to direct your STRATA Trust Company (STRATA) account to invest in private equity. To help ensure a smooth investment process, we recommend submitting forms online whenever available. Online submission helps reduce errors, provides secure data transmission, and results in faster processing times.

Investment issuer submits

- ☐ Private Investment Issuer Representation Letter
  - ☐ Offering documents
  - ☐ Company filing documents (Form D, if applicable)
- ☐ Alternative Investment Purchase Confirmation

Investor submits

- ☐ Investment Direction - Private Investment
  - ☐ Subscription document, note purchase, and/or lender's agreement

Understanding roles

Investing in private equity through a self-directed retirement account involves three distinct roles. Understanding who is responsible for each part of the investment helps set expectations throughout the investment lifecycle.

1. Custodian

Administers your account including IRS tax reporting when applicable and processes transactions at your direction.

2. Accountholder

Selects the investment, performs due diligence, directs all investment decisions, and is responsible for IRS compliance, including avoiding prohibited transactions.

3. Investment Issuer

Issues the investment, maintains investor records, and provides valuations and other required reporting. If the issuer does not provide a valuation, the accountholder is responsible for obtaining one.

Before you invest

Investing in private equity through a self-directed retirement account requires careful planning and attention to IRS requirements. The items below highlight common areas that can delay a transaction, create additional documentation requirements, or result in compliance concerns. Reviewing these considerations before investing can help support a smoother transaction process.

- ☑ **Due diligence** — Conduct independent research on the investment sponsor and investment opportunity before proceeding. STRATA does not provide investment, tax, or legal advice and does not evaluate investments on your behalf. Consult qualified professionals as needed.

- ☑ **Funding** — Deposit sufficient cash in your retirement account to complete the transaction and cover applicable fees. Funding timelines vary by transfer method and financial institution and are often the longest part of the investment process.

- ☑ **Investment registration** — Ensure all legal documents show ownership of the investment in the name of your STRATA retirement account. Investment registration should be listed as:
    - » **STRATA Trust Company, Custodian FBO (Accountholder Name), Account (#)**

- ☑ **Signatures** — Review all transaction documents, then sign where indicated to acknowledge that you have read and approved them before submitting them to STRATA for processing. STRATA will execute documents in its custodial capacity, where applicable.

Who is a disqualified person?

Throughout the retirement account ownership of the investment the accountholder is responsible for avoiding transactions involving disqualified persons, as defined by IRC §4975. Transactions with disqualified persons may result in the loss of your account's tax-advantaged status and significant tax consequences. Examples of disqualified persons include:

- You and your spouse
- Lineal descendants such as children or grandchildren (and their spouses)
- Lineal ascendants such as parents or grandparents
- Entities in which you or other disqualified persons hold a combined interest of 50% or more

Prohibited transaction self-check

While not exhaustive, the questions below highlight common compliance risks associated with self-directing a retirement account and investing in private equity. Complete this preliminary self-check before opening and funding your STRATA account.

Disqualified person

No • • • Is your STRATA retirement account acquiring an ownership interest in a business owned by you or another disqualified person? • • • Yes

Personal benefit

No • • • Will you or another disqualified person receive any direct or indirect personal benefit from this investment other than the investment return earned by your retirement account? • • • Yes

Services

No • • • Will you or another disqualified person manage, operate, control, or provide services to the business beyond those normally performed by a passive investor? • • • Yes

Compensation

No • • • Will you or another disqualified person receive compensation, management fees, salary, commissions, or other financial benefits from the business or investment? • • • Yes

Open and fund your account

If you answered "No" to all questions above, you may proceed with opening and funding your retirement account. Retirement account transactions remain subject to compliance review, and you are responsible for ensuring compliance with IRC §4975 and other applicable IRS regulations.

Consider personal ownership

If you answered "Yes" to any question above, a retirement account may not be the best fit for your investment. Alternative assets held in retirement accounts are subject to IRS rules regarding possession, control, and prohibited transactions with disqualified persons.

Process overview

Before getting started, review STRATA's prohibited transaction self-check to confirm your investment aligns with IRC §4975 and review permitted private equity investments in our Self-Directed Knowledge Center.

STEP 01
Pre-custody

Private equity investments require a pre-custody review to ensure STRATA can meet its custodial and administrative responsibilities.

STEP 02
Open

Open your STRATA account online in just minutes.

STEP 03
Fund

Fund your account via transfer, rollover, or contribution. Review STRATA's Fee Schedule and ensure sufficient funds are available to cover:

- Purchase price
- STRATA fees (annual + holding + processing)

STEP 04
Invest

Complete STRATA's Investment Direction - Private Investment form, which will prompt you to upload supporting documentation including showing registration of the investment in the name of the retirement account.

STEP 05
Confirm

The investment will remain pending until STRATA receives confirmation of funding and investment registration.

Timeline

The timeline provided is a general estimate based on typical private equity transactions. Processing times are not guaranteed and will vary depending on transaction complexity, other service provider timelines, and the timely receipt of all required documentation in good order.

STEP 01	STEP 02	STEP 03	STEP 04	STEP 05
PRE-CUSTODY	**OPEN**	**FUND**	**INVEST**	**CONFIRM**
Typically 2-3 business days	2-3 business days	Typically 5-20 business days	2-3 business days	Typically 30 business days

Step-by-step guide

STEP 01

☐ Pre-custody

Private equity investments require a pre-custody review to ensure STRATA can meet its custodial responsibilities and administer the investment. Once STRATA receives the required information from the investment issuer, the review typically takes 2–3 business days.

- ☐ **Private Investment Issuer Representation Letter:** The Private Investment Issuer Representation Letter is to be completed and signed by the investment issuer (i.e., investment sponsor, general partner, managing member, officer, or trustee) of the named investment. To get started, visit our Investment Onboarding page, select your asset type, then follow the instructions provided. Investors will be able to send the document directly to the investment sponsor, and/or the investment sponsor can complete the form in just a few minutes. Required supporting documentation includes:
  - ☐ **Offering document(s):** Provide a copy of the Private Placement Memorandum, offering circular, operating agreement, limited partnership agreement, bylaws, blank subscription document, and any other offering documents related to the investment.
  - ☐ **Filing document(s):** A copy of the formation document, or corporate filing with the state filing stamp – Articles of Incorporation, Articles of Organization or Certificate of Formation, Form D filing (if applicable), or other similar corporate filings.

STEP 02

☐ Open

Visit Get Started to open a new retirement account. You will be asked to select your anticipated investment type, select a retirement account type to hold the investment in, and choose a funding method. If you are transferring or rolling over assets from another retirement account, IRS regulations require the receiving account to be the same retirement account type (for example, Roth IRA to Roth IRA or Traditional IRA to Traditional IRA).

STEP 03

☐ Fund

Funding options include direct transfers, rollovers, and annual contributions. While many funding transactions are completed within 5–20 business days, actual timelines may be shorter or longer depending on the circumstances. We recommend initiating the funding process as early as possible, as funding timelines vary based on the funding method selected and the delivering institution's processing times.

If you skipped the funding step when opening your account or already have an established STRATA account, you may add funds at any time through Fund Your Account, where you can review available funding options and typical processing timelines for each.

Once STRATA receives the funds, they typically post to your STRATA account within 2–3 business days. Ensure sufficient funds are available to cover any applicable processing fees. View STRATA's Fee Schedule.

STEP 04

☐ Invest

Once your STRATA account is open, funded, and the pre-custody review is complete, you're ready to direct your investment. Complete STRATA's Investment Direction - Private Investment form to authorize STRATA to send funds from your account to the issuer. Provide the following, as applicable:

☐ **Issuer subscription documents:** A copy of the issuer's subscription agreement and any related investment documents. The accountholder completes and signs the subscription document provided by the investment issuer. This may be referred to as the purchase agreement, investment agreement, shareholder agreement, limited partnership agreement, or operating agreement. After this has been signed by the accountholder, STRATA will sign in its capacity as the retirement account custodian.

☐ **For investments that include capital calls:**

- For the initial capital call, upload the initial capital call notice (or sub docs) along with the Investment Direction - Private Investment form. When providing instructions, indicate *the full commitment amount* along with the capital call amount for the initial call.
- For each subsequent capital call, submit a new Investment Direction - Private Investment form. Upload the capital call notice and indicate the amount required.

Investment Registration:

STRATA Trust Company, Custodian FBO (Accountholder Name), Account (#)

Where applicable, STRATA's Tax ID 26-2637994 should be used in place of the investor's SSN to retain the tax-exempt status for the retirement account investment. A W-9 will be completed by STRATA and submitted with subscription documents to the investment sponsor at investment purchase.

STEP 05

☐ Confirm

Within 30 days of funding, the investment issuer must provide confirmation that the investment has been completed. Issuers may submit STRATA's Alternative Investment Purchase Confirmation form along with supporting documentation showing retirement account registration, purchase amount, and date of purchase. Until confirmation is received, the investment will appear as Pending in your STRATA account.

Managing your investment

Use the resources below to help manage your self-directed account. Successfully investing in alternative assets requires more than investment due diligence—it also requires understanding the rules, responsibilities, and ongoing requirements of retirement account ownership.

- **Valuation reporting**

  The IRS requires all custodians to obtain and report the fair market value (FMV)—or a good-faith estimate (GFE)—of each asset held in a retirement account annually and prior to certain taxable events, such as a distribution or Roth conversion. STRATA typically relies on the investment issuer to provide this. However, if the FMV is reported through a fund administrator, transfer agent, or other third party, STRATA will either need access to the portal or may require your assistance to obtain the valuation update. For deadlines and requirements, review STRATA's Self-Directed Knowledge Center.

- **Income and Expenses**

  » In order to maintain IRS compliance, all income and expenses for your investment must flow through your retirement account. Accountholders may deposit funds directly into your STRATA account using the Deposit Certification form. If STRATA receives payments from a third party, the payment instructions must clearly identify the STRATA account, investment name, and how the payment should be applied. Include the following information:

  - Accountholder name
  - STRATA account #
  - Investment name (as listed on the subscription document)
  - Interest amount, principal amount (if applicable)

  » All expenses related to the investment must be paid from your STRATA account. Per IRS rules, you may not pay these expenses out-of-pocket or with a personal credit card. Submit STRATA's Expense Payment Authorization form along with the invoice or other document that clearly identifies the STRATA account.

- **Available funds**

  Maintain sufficient cash in your STRATA account to cover ongoing custody throughout the life of your investment. Available cash may be needed to satisfy future account obligations, such as required minimum distributions (RMDs), valuation reporting, or other account-related activities.

- **Access your account**

  Visit STRATA's Self-Directed Knowledge Center to learn how to set up your online account, find important documents within your account, reset your password, and much more.

- **Enroll in AutoPay**

  Make the payment of your retirement account fees easy by enrolling in AutoPay. Simply submit your credit or bank card information and your routine fees, including transaction fees, are on cruise control. Fill out the Fee Payment Authorization form and select the AutoPay option to get started.

- **Explore support resources**

  STRATA's Client Support resources offer tailored guidance based on your investment type. Visit our general Client Support page for answers to common account questions, or explore the Private Assets Client Support page for investment-specific resources and assistance.

STRATA
TRUST COMPANY

Seamless custody,
endless possibilities

www.StrataTrust.com

STRATA Trust Company ("STRATA") performs the duties of a directed (passive) custodian, and as such does not provide due diligence to third parties regarding prospective investments, platforms, sponsors, dealers or service providers. As a custodian, STRATA does not sponsor, endorse or sell any investment and is not affiliated with any investment sponsor, issuer or dealer. STRATA does not provide investment, legal or tax advice. Individuals should consult with their investment, legal or tax professionals for such services.

Investment Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

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