



Professional Clearing & Administrative Services



Integrating with family affiliates to create generational wealth

Operations

HSC is a business combination as **Hillery Scott dba HSC** is a Single-Family Officer and fund manager and Hill Scott Corporation as a Captive Clearing Agency that custody investment securities and manages commercial transactions between settlement accounts owned by HSC.

Hillery Scott duties:

- Fiduciary and Executor Services
- Private Funding
- Contracting & Underwriting
- Trust & Estate Planning
- Paralegal Acts
- Regulatory Compliance Checks

Captive Clearing

HSC is a family office is a subsidiary of the Hill Scott Corporation that provides securities Clearing as a Service. Overall, it provides compliance clearing and investment settlement. Under SEC family office exemption, based in the State of Louisiana with the U.S.

Solutions

Both entities combine It performs the following functions:

- Custody holding and safekeeping of contracts agreement and securities
- Clearing: Matching and validating trades between its member counterparties.
- Settlement: Ensuring the actual transfer of securities and money.
- Risk management: Acting as a central counterparty (CCP) to reduce default risk.

Source of Funds

1. Credit Facilities

HSC provides long and short-term liquidity to members to ensure settlement completion. This could be considered a form of long-term bonds and temporary margin leveraged with the following methods:

- Collateralized
- Long-term bonding issuing
- Very short-term commercial paper
- Netting

2. Securities Lending

When HSC affiliate investors require investment stock, they may facilitate security agreements from other HSC affiliate fund managers and fiduciaries.

4. Netting

HSC provides netting, and this plays a critical role in managing contract default risk—especially when they act as a Central Counterparty (CCP).

Flow of Funds

1. Credit Transfer

In payment a credit transfer is:

- EDI or ISO 20022 to correspondent or settlement bank
- To transfer funds directly into the recipient's bank account
- E.g., H2H non swift, swift aggregator wire transfer or direct deposit
- It's a payment transaction, not a loan.

2. Margin

- HSC extended margin credit to it affiliate investors
- Secured by collateral, typically the investor's own securities or cash
- Used investors assets and investment income as leverage payment transaction.

Storage of Funds

HSC underwrites and custody and escrow funds as digital certification in a centralized and decentralized methods digital certification "certificates" are as asset backed stock, bonds or margins within its internal treasury management system for securities checks and balance called the Treasury Bank Organization.

Treasury Bank Organization

HSC's Treasury Bank Origination legally act as a third-party private investment bank to create and send community trust funds as credit transfers. However not in the same way as a traditional bank that creates money through deposit-taking and lending.

Extending Credit and Transfer

HSC's Treasury Bank Organization doesn't take fiat deposits internally (and therefore don't create money in the banking sense), but it does extend credit through margin account in compliance with federal regulation U.

Transmission

Data Transmissions are H2H P2P through ISO 20022 credit transfer and payment application; each individual's account is linked to one or more of the user's bank accounts. When a transaction occurs, the account balance in the application records the transaction and either push or pulls money directly to the affiliate bank account or stores it in the affiliate's commercial account within the application

Credit Transfer and Margin Chart

Feature	Credit Transfer	Margin Loan
Nature	Payment instruction	Credit/loan facility
Legal Form	One-time transaction	Ongoing agreement (often with margin calls)
Parties Involved	Bank-to-bank or bank-to-beneficiary	Broker/lender to investor
Use	Transfer of money	Borrowing to finance investment
Collateral	Not involved	Required

Legal and Regulatory Limits

HSC and its internal Captivate Clearing Solutions are regulated as a Single Family Office and [Self-Regulated Organization SRO](#) that is strictly limited to custody, clearing and settlement.

As a US family office HSC offers credit, margin, credit transfer and netting, but do not have a banking license and thus cannot create money or issue loans in the way banks can under fractional reserve banking deposits.

IT HOLDS AND TRANSFER COMMERCIAL FUNDS UNDER UCC 4 AND 4A. IT ALSO ACKNOWLEDGES REGULATION E UNDER THE ELECTRONIC FUNDS TRANSFER ACT, THAT GOVERNS ELECTRONIC FUND TRANSFERS AND REGULATION J FOR COLLECTION OF CONSUMER ITEMS AS EFT DEBIT CARD, ACH, OR PREPAID ACCOUNT TRANSFER. HOWEVER, HSC FUNDS TRANSFERS ARE PROPRIETARY TO ITS MEMBERS AND PRIVATE CLIENT ONLY AS INTERNAL COMMERCIAL BUSINESS PARTNERS, WHICH IS OUTSIDE OF REGULATION E, J, W OF THE FEDERAL RESERVE. HSC SHARES, FUNDS TRANSFER, CUSTODY, AND ORDERS ARE GOVERNED BY ITS INTERNAL ADMINISTRATIVE ORDINANCE THAT HAS ADOPTED THE UNIFORM COMMERCIAL CODE UCC RULES OF EACH STATE OF ITS OPERATIONS AS ITS ELECTED CHOICE OF LAW. IT OFFERS IT FAMILY CLIENTS A WHOLESALE PAYMENT SYSTEM INLINE WITH [FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL](#) AS FOLLOWING:

- **Satisfy KYC, AML, OFAC, or other compliance issues:**
- **Error Resolution:** It investigates and resolves errors in P2P transfers, especially unauthorized ones.
- **Financial Institution Status:** HSC is considered a Family Office P2P payment provider and is considered a family financial institution that holds non-consumer accounts that issues access devices for non-ACH or non-Fed Wire EFT services.
- **Proprietary communication system** other than Federal Reserve under UCC [4a206](#). In respect to 12 CFR Appendix B
- **Payment to Respective Owners** under [UCC 3-602](#)

HSC comply with International and US **Travel Rule** requirement for all financial institutions under guidance updates the document “Funds [‘Travel’ Regulations: Questions & Answers](#)” inline with the [World Bank FAST Toolkit](#) to include specific information when transmitting funds.

FOR MORE INFO CONTACT



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