Meeting Minutes –I&RS Review Board

CATEGORY	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jeanann Smith, Cory Stark
Scribe	Jeanann Smith
Date & Time:	February 4th, 2020 2pm – 3:30pm
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Karen Mottley	ACORD
Greg Phillips	AIG
Weusi Sharp	Albridge
Zack Nyberg Aaron Feia	Allianz
Carol Albright Anupa George Kiran Ghosale	Allstate
Susanne Kennedy	Athene
Kelly Dinville	Brighthouse
Tracy Jones	Bulldog
Dawn Maffiolini Danny Avalos	Delaware life
Jon Volpe Jeanann Smith Jovani Munoz Cory Stark	DTCC
Bryan Holland	EBIX
Ryan Brown Stephanie Reinagel	Edward Jones
Jennifer Yerly Vicki Dees	Genworth
Melissa Cooper	Global Atlantic
David Desrocher	Insurance Technologies
Rene Fedewa Jacob Wootten	Jackson National
Dan Falco	John Hancock
Rob Hosier Andrea Trosper	Lincoln
Teresa Celsi Rich Sutphin	Mass Mutual
Carol Steele	Merrill Lynch
Sarah Baraff	M Financial
Joe Wengler	Morgan Stanley

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Nick Jellings	National Western
Matt Myers	Nationwide
John Gretz Nidhi Mehra-Kumar	Ohio National
Joe Procacini Danny Smith Liz Moore	Pacific Life
Jingping Li Peter Banach	Pershing
Susan Sanders Amy Hamilton Heather Hillman	Protective
Stephen Terry	Raymond James
Carissa Dove	R W Baird
Michelle Path	Sammons Financial
Kathi Carter	Stifel
Chani Lu Wendell Tobiason Andrew Lombard Walter Buck	Symetra
Michael Sullivan	The Hartford
Truda Wodke Emily Cole Fran Forslund Nancy Merryman	TransAmerica
Jonas Hellie Carolyn Palmer Ben Daniels April Grover	Wells Fargo

Meeting Minutes

Enhancements Re-Reviewed:

IPS00643 – POV – Add Fee Based Indicator

As part of the development of the Fee & Expense Transmittal (FET) in response to the DOL fiduciary rule, DTCC added a Fee Based Indicator to the CUSIP Profile to identify if a product is fee based or commission based.

Several carriers currently allow the CUSIP Product to be either one (it is not a one to one relationship) and therefore it is now required to pass this information back to the distributor as more annuities are networked into a brokerage account.

Pershing is requesting this to be added to the Positions and Valuations (POV) files, at the contract level.

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02/04/2020: The Review Board continued discussion on the ability to track this information at the agent level since insurance based retirement plans allow for agents to identify how they want to get paid. Pershing infomed that they were not sure if they can track this information at the agent level and would have to check internally. Discussion switched over to the 13/01 Contract Record (PVF, PFF, PNF) to determine if the 'Fee Based/Advisory Indicator' can still be added to track this information and to what level. After further discussion, the Review Board concluded to add this indicator to the 13/01 record at the Product level and not at the fund level for invidiual annuities.

Since adding an indicator to the 93/01 Plan Record on PRP will be a challenge because it'll have to be at the agent level, the Review Board determined and agreed to remove PRP from the enhancement request and move forward to adding this indicator only to POV.

This enhancement request is approved for the September 2020 Release

New Enhancements Reviewed:

IPS00644 – POV FAR FET – Add Fund Level Fee Type

Allianz introduced index allocations that include a fee, if selected. The fee will be taken as a separate fee transaction on an annual basis. Allianz would like to reflect this fee on POV at the allocation level, in the FAR file as a transaction, and have it reflected as a fund level fee in FET and the AOE platforms from PPfA. Allowing this change on FET, will allow Allianz to report the fee associated with index strategies; adding it to FAR, will allow carriers to report when the fee is assessed to the index value, on an annual basis as well as reporting on the POV fund level reporting. This change would be mandatory for Carriers who report a Fund Level Fee.

DTCC suggested adding a Fund Fee Percentage Qualifier field to the Contract Underlying Assets record (13/03) on POV, to determine whether the percentage reported on item# 3126 is a Fund Level Fee (code 05) or a Net Fund Management Fee (code 66). Doing so, DTCC suggested to rename item# 3126 from "Total Net Fund Fee Percentage" to "Fund Fee Percentage", since the percentage reported will no longer be a total but rather broken down to either Fund Level Fee or Net Fund Management Fee.

The Review Board discussed these changes and agreed to move forward with it. However, some firms questioned if the changes can be implemented in a way to make it an optional field rather than mandatory. DTCC gave the suggestion to not support with the usage of a qualifier with code list, and add a separate feed titled Carrier Fund Level Fee. This will make the field optional and will not be a mandatory change by firms, unless this field is used by trading partners. Both Carriers and Distributors agreed to this and approved this enhancement request for the September 2020 Release.

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This enhancement request is approved for the September 2020 Release

IPS00645 – IFW – Add Participant & Relation RoleCodes

With a rollout of new rider features, AIG needs the ability to not only report the participants to the rider but the ability to modify those participants upon request and confirm back.

AIG needs to update the messages (212, 107, 113, 115) to include with the Rider information, including the Participant and ParticipantRoleCodes of Coverage Insured and Joint Coverage Insured (92, 93).

At the point of requesting a Systematic withdrawal, AIG suggests that the participants can change 3 parts of their coverage to the following:

1) They can change the Lives type and the Covered persons,
2) Or they can change the income option only,
3) Or they can change all three (lives type, covered persons, income options).

Changing only the Lives Type and Covered Persons (#1 above), the 107 message would need to be updated to show these changes including the new Participant Roles. (Possibly the 113 also, though according to ACORD).

For options 2 and 3, this would be an update to both the 113 (update to rider code including any changes to Lives type and Covered persons) and the 107 message. This would require a Correlation GUID to link the two messages together.

Additionally, in order to select new Covered Persons, the 212 will need to be updated to allow for the inclusion of Beneficiaries and Contingent Beneficiaries as Party/Relation, so they are available to be selected as a Covered Person.

2/4/2020: The Review Board discussed this enhancement request and questioned whether it was necessary to make the changes to all messages (212, 107, 113, 115). Since 113 will cover the Rider coverage information, the 107 will not require to be updated. Similarly, the 212 message can be updated and cover the inclusion of Beneficiaries and Contingent Beneficiaries as Party/Relation, so they are available to be selected as a Covered Person which will remove the need to update the 115. Therefore, the Review Board suggested updating the enhancement request to only update the 113 and 212 message.

AIG will take these recommendations back to discuss and review internally.

Pending for review and continue discussion on March 2020's Review Board call.

Discussion Items

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- **January 2020 – Code List Release**
    - (Production – 2/6/2020)
- **March 2020 – Enhancement Release**
    - (PSE – 2/13/2020 & Production – 3/19/2020)

DTCC informed the Review Board that the January Code List Release is in PSE and gave a reminder that production will be on February 6th. The Review Board were also reminded that the March 2020 Enhancement Release will go in PSE on February 13th. DTCC informed the Review Board that the APP/SUB changes **only** from the March 2020 Enhancement Release, have had a date change for PSE and Production, due to client needs. These changes are currently in PSE (as of February 3rd) and will move to Production on February 6th. ***All changes in APP/SUB are optional.***

DTCC also informed the Review Board that a few minor changes will be made to the Messaging Dashboard search functionalities. These changes are internal and will occur in March.

- **Usage of National Producer Number (NPN)**

Albridge found several cases where producer NPNs are being sent by the insurance carrier but are causing the system to treat them as a unique rep code.

The current record layouts support the field which is 10-byte numeric identifiers. However, DTCC's format edit supports on that it is numeric, left justified. We don't validate that all 10 bytes be populated.

DTCC informed the Review Board that the NPN should not be sent with leading zeros but rather exactly the way it is. The following are examples of an incorrect and correct way to send an NPN:

- Incorrect – 0001652621
- Correct – 1652621

The Review Board agreed that this was helpful information by providing clarity on how NPNs should be sent.

- **September 2020 Enhancement Release**

DTCC informed the Review Board that the next call (March) will be the last to approve any enhancement requests for the September 2020 Enhancement Release. The following enhancement requests/items are currently approved for the September 2020 Enhancement Release:

- IPS00642 – APP SUB STL – Add Sum Total
- IPS00643 – POV – Add Fee Based Indicator
- IPS00644 – POV FAR FET – Add Fund Level Fee Type
- Phase II – Removal of PII Data
- ACORD version upgrade - PMP

- **Discuss standard usage**

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- Settlement - Custodially Owned Death Benefit Payouts – Current Edit
    - STL Item # 2014 – Relation Role Code
        - Item #2014, Data is optional when Transaction Type – DB or DR. Required for all other valid transaction types.
        - Item #2020 (first name) and 2021 (last name), required if the transaction type (2003) is DR; otherwise optional.
- Positions & Valuations
    - Death Benefit Details & Definitions
    - Deposit/Guaranteed Dates (Start, End, Maturity)
    - Product Share Class Definitions
    - Fee Based vs Commission Based Indicator at Contract Level
    - Usage of Valuation Date (0005) on Submitting Participant
    - Cost Basis POV Data Points
        - Pre-TEFRA
        - Post-TEFRA
        - Cost Basis
- Premium Method (4057) & Premium Type (4063)
    - What is the standard usage for these elements on APP/SUB?
- Usage of Carrier Associated Company ID
    - Is it being used by Carriers? Distributors?
- Usage of Distributor Assigned Agent ID's
    - Will Distributor Assigned Agent IDs be unique to an individual (not used by more than one agent)?
    - Would a Distributor Assigned Agent ID ever be reused?
    - Can the Distributor Assigned Agent ID for an Individual change?
        - If so, is the expectation the most recent will be returned?
    - Would an ID expected to be treated differently by a Carrier based on the DTCC service it was received from (APP/SUB, LNA etc.)
        - E.g. if we get an APP/SUB with an ID different from what we have on file is the expectation to update this?

These points were not covered during this meeting due to time constraints. The Review Board will discuss these items on the next meeting. **Next Call:**

Tuesday, March 3rd, 2020 at 2:00 – 3:30pm ET

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