

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 7002
P&S# 6572
Date: June 9, 2010
To: ALL PARTICIPANTS
Attention: MANAGERS; OPERATIONS DEPT FOR ANNUITIES & LIFE INSURANCE, BROKERAGE OPERATIONS, INFORMATION SYSTEMS
From: NSCC Insurance & Retirement Services
Subject: Insurance & Retirement Services - 2010 September Enhancement Release

Overview:

In order to support industry requests, the Insurance and Retirement Processing Services (I&RS) has scheduled an enhancement release for September 2010. This is the second of two scheduled enhancement releases for 2010. I&RS Enhancement Releases include User Group Enhancement Requests submitted by participants, as well as maintenance items National Securities Clearing Corporation performance of the system.

The enhancements in this release will affect the following functionalities:

APP/SUB - Initial Application and Subsequent Premium

FAR Financial Activity Reporting

LNA Licensing and Appointments; LNA Access

IFT Inforce Transactions ((including ACATS/IPS)

POV - Positions and Values, which is made up of 3 types:

- PVF Positions & Values Full Refresh File
- PNF Positions New Business File
- PFF Positions Focused File

Important Note:

There are mandatory changes as part of this release. Please see requirements document for detail on what changes are optional and which ones are required. To view requirements document, see instructions in Specification Documents section of this notice.

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Schedule:

- Test Thursday, August 26, 2010
- Production Thursday, September 23, 2010

Specification Documents:

Documentation is available at the I&RS website, <http://www.dtcc.com/products/insurance/>. Click on the Participant Section and then Enhancements. To view the actual enhancement requests, click on Enhancements Approved for Future Release. To view Draft Layouts, Requirements Document and applicable Standard Usage, click on Current Draft Layouts and Specification Documents (most current release).

The following documentation will be listed. All changes to the record layouts will be highlighted in yellow. Items may be added to the list below if necessary.

- 2010 September Requirements Document

Flat Files:

- Draft APP/SUB Record Layouts
- Draft FAR Record Layouts
- Draft POV Record Layouts
- Draft LNA Record Layouts
- Draft IFT Record Layouts

Release Specifications:

The following information indicates the exact changes made to the record layouts. These changes are based on the approved recommendation made by the originator of the enhancement request.

section of our website. Do not use the enhancement documents for programming. The draft record layouts and detailed specification document should be used for this purpose. The original enhancement request forms are provided to understand the business purpose of the change.

1. APP/SUB – Applications and Subsequent Premiums

IPS00337 – APP/SUB Associated Firm ID Byte Length – Mandatory

Currently all products, except APP/SUB, have Associated Firm ID field length of 4 bytes. APP/SUB has field length of 10 bytes for this field. To synch up with other products, the Associated Firm ID field will change from 10 bytes to 4 bytes for APP/SUB.

Record Layout changes:

Changes in the 30 Record (Submitting Header):

- Decrease Item 4010 (Associated Firm ID) from 10 bytes to 4 bytes
- Add 6 bytes of Filler after Associate Firm ID (4010)

85	119	35	A/N	Submitter Name (Settling Firm)		4009
120	123	4	A/N	Associated Firm ID		4010
124	129	6	A/N	Filler	Spaces	
130	164	35	A/N	Associated Firm Name		4011
165	167	3	A/N	IPS Business Code	PRM	*
168	179	12	N	Total Record Count	9(12)	**
180	180	1	A/N	Production/Test Indicator	T or P	4004
181	288	108	A/N	Filler	Spaces	
289	300	12	A/N	File Level Reject Code	X(03) Occurs 4 times	4019

IPS00338 – Add IRS Qualification Code - Inherited Roth IRA - Optional

To have the ability to distinguish between an Inherited Roth IRA and a Traditional Inherited IRA, a new IRS Qualification Code ROTH

Record Layout change:

Code List 4034 IRS Tax Qualification Code List

- Add:

Add new field to 33-10 Fund record:

- Field Name: Maturity Election Instructions
- Bytes 95-96
- 2 Bytes
- Alpha-Numeric format (A/N)
- Optional for APP
- Item Number : 4423
- Add new Code List (4423) - Maturity Election Instructions
 - RO Rollover to new segment
 - AL Allocate Maturity Value according to instructions on file
- Reject Code : TBD

IPS00346 – Add New Fields Payout Record– Optional/Conditional (Required for Field #2 below)

This enhancement will help support a new SPIA Rider that allows the owner to select a future increase/decrease in the benefit stream. To accommodate the rider, four fields will be added to the Payout Record on the APP File. These fields will be used to define to the carrier how the benefit/payout will change at a future date in time. This information is captured at point of sale and needs to be sent to the carrier on the APP file.

Record Layout changes:

Add 4 new fields to 33-37 Service Feature Payout record:

Field #1

- Field Name: Payout Change Date
- Bytes 108-115
- 8 Bytes
- Date format (D)
- Edit: If 4424 is filled than 4425, 4426, and 4427 are required.
- Optional/Conditional
- Item Number : 4424
- Reject Code : TBD

Field #2 Required Change must populate field with zeros if not used.

- Field Name: Payout Change Amount
- Bytes 116-131
- 16 Bytes
- Numeric (N)
- Edit: If 4425 is filled, than 4424, 4426, and 4427 are required.
- Zero filled is required or Greater than zero for condition to take place.
- Optional/Conditional
- Item Number : 4425
- Reject Code : TBD

Field #3

- Field Name: Payout Change Qualifier
- Bytes 132-133
- 2 Bytes
- Alpha-Numeric format (A/N)
- Edit: If 4426 is filled, than 4424, 4425, and 4427 are required.
- Optional/Conditional
- Item Number : 4426
- Reject Code : TBD

Field #4

- Field Name: Payout Change Direction Indicator
- Bytes 134
- 1 Byte
- Alpha-Numeric format (A/N)
- Edit: If 4427 is filled, than 4424, 4425, and 4426 are required.
- Optional/Conditional
- Item Number : 4427
- Add new Code List (4427) - Payout Change Direction Indicator
 - D Decrease
 - I Increase
- Reject Code : TBD

IPS00342 – Trust Type

This enhancement is to reverse the requests delivered in the IPS00279 and IPS00316 change requests to make the Trust type and Irrevocable/revocable indicators required in the App/Sub layout.

Since the data was not required to be populated in the Positions and Valuations record, carriers were not communicating this information back to the distributors.

On subsequent premium use cases it was the requirement of the financial advisor to find out this information for a valid subpay use case. Most cases the carriers do not know this information and it was unreasonable to place a requirement on the broker dealer to provide this in a subpay transaction years after the initial issue.

The following Edit will be removed from the Contract Entity ID Record (33/35-17 Record):

- If Item # 4082 is 5, Item # 4080 is required. For all other codes optional.

2. FAR – Financial Activity Reporting

IPS00335 – FAR - Additional FAR Transaction Types – Optional

To improve accuracy in reporting client activity the below codes have been added to the Transaction Identifier and Transaction Charge/Benefits Qualifier.

Record Layout changes:

Code List 5057 Transaction Identifier Code List

- Add:
 - 869 Dividend Payout (Credit)
 - 968 Dividend Payout Reversal (Debit)
 - 348 Loan Maintenance Fee
 - 843 Loan Maintenance Fee Reversal

Code List 5059 Transaction Charge/Benefits Qualifier Code List

- Add:
 - 729 Loan Set Up Fee

IPS00338 – Add IRS Qualification Code - Inherited Roth IRA - Optional

To have the ability to distinguish between an Inherited Roth IRA and a Traditional Inherited IRA, a new IRS Qualification Code ROTH

Record Layout change:

Code List 5023 IRS Tax Qualification Code List

- Add:
 - 1316 Inherited ROTH IRA Plan

IPS00339 – FAR -Additional FAR Transaction - Optional

To improve accuracy in reporting client activity the below codes have been added to the Transaction Identifier.

Record Layout changes:

Code List 5057 Transaction Identifier Code List

- Add:
 - 499 Recordkeeping Fee
 - 994 Recordkeeping Fee Reversal
 - 338 Dividend Reinvestment
 - 833 Dividend Reinvestment Reversal

3. LNA – Licensing and Appointments

IPS00334 – LNA – Additional PSE Cycle – Required if cycle number field in autoroute header is used.

DTCC currently has two PSE (test) cycles for the Licensing and Appointment (LNA) product at 10:00AM and 4:00PM Eastern. A new cycle will be provide more testing flexibility.

Autoroute Changes

Cycle 1 – remains at 10am et

Cycle 2 – changes from 4pm et to 1pm et

Cycle 3 – added for 4pm et

For firms that use the multi-cycle counter on the autoroute header (bytes 55-56), you will need to adjust for this change. Ex – 4pm cycle will now be 03 (instead of 02).

IPS00341 – LNA (Access) – Additional Immediate Appt Indicator - Optional

Immediate Appointment indicator on the appointment (AI, AA) transactions which identifies instructions to immediate appoint the representative is needed for LNA Access.

Since there is a field currently supported by the full LNA file located on record 53-11, item #6521 will be added to LNA Access and mapped to the field on the 53-11 Record in item #6521.

Immediate Appointment Indicator

No

The screenshot shows a web browser window titled "Insurance Services L&A Access - Microsoft Internet Explorer provided by Depository Trust & Clearing Corp". The browser address bar shows "http://portal.dtc.com/secure/LNA/setUserObject.do?regid=18700". The application interface has a navigation bar with steps: Step 1 (Select Transaction Type), Step 2 (Choose Carrier(s)), Step 3 (Enter Producer Details), and Step 4 (Enter Transaction Data). The main content area is titled "Step Four: Enter Transaction Data" and includes a sub-section "Transaction Information" with the following fields: State of License* (Select), License Type Code* (Producer), Resident/Non-Resident Indicator* (Resident), State/Province License Number* (empty), and Corporate Affiliation Indicator* (No). Below this is a "License: Line of Authority" dialog box with fields: Line of Authority* (Select), LOA Status* (Active), LOA Effective Date (Apr 15 2010), LOA Expiration Date (Apr 15 2010), and an "Appoint" radio button group with "Yes" selected and "No" unselected. At the bottom of the dialog are buttons for "Cancel", "Go Back", "Add License of Authority", "Add Additional State", and "Validate and Continue".

New field to LNA Access screen:

- Impacted LNA Access screens:
 - Step 4 - Enter Transaction Data (see above)
 - Modify Screen
 - Step 5 Transaction Summary
 - Print Summary Page
- F
- Available for transaction types: AI (Initial Appointment) and AA (Additional Appointment)
- Store Record: 53-11
- Store Item Number: 6521 (1 byte)

- Field type: Optional
- Field Values: Screen display Yes/No; Default will be No

4. IFT – InForce Transactions

IPS00338 – Add IRS Qualification Code - Inherited Roth IRA - Optional

To have the ability to distinguish between an Inherited Roth IRA and a Traditional Inherited IRA, a new IRS Qualification Code ROTH

Record Layout change:

Code List 7039 IRS Tax Qualification Code List

- Add:
 - 1316 Inherited ROTH IRA Plan

5. POV – Positions and Values

IPS00338 – Add IRS Qualification Code - Inherited Roth IRA - Optional

To have the ability to distinguish between an Inherited Roth IRA and a Traditional Inherited IRA, a new IRS Qualification Code ROTH

Record Layout change:

Code List 3031 IRS Tax Qualification Code List

- Add:
 - 1316 Inherited ROTH IRA Plan

IPS00345 – Add New Field Maturity Election - Optional

This new field will be used to report back to distributors the maturity election instructions received at point of sale (issue).

Record Layout change:

Add new field to 13-03 Contract Underlying Asset record:

- Field Name: Maturity Election Instructions
- Bytes 174-175
- 2 Bytes
- Alpha-Numeric format (A/N)
- Optional
- Item Number : 3124
- Add new Code List (3124) - Maturity Election Instructions Code
 - RO Rollover to new segment
 - AL Allocate Maturity Value according to instructions on file
- Reject Code : TBD

IPS00344 – Add Deposit Guaranteed Rate Type Codes - Optional

Two new codes will be added to the Deposit/Guaranteed Rate Types Code List. The information passed will give the firm, advisor/agent & client more details on individual holdings and communicate critical maturity dates for select holdings.

Record Layout change:

Code List 3155 Deposit/Guaranteed Rate Types Code List

- Add:
 - CA Cap Rate
 - Definition: The Cap Rate is a carrier administered rate designed to inform the advisor/agent and/or client of the maximum upside performance for a specific investment segment through its maturity.
 - CT Cap Threshold
 - Definition: The Cap Threshold Rate is an optional rate elected by an advisor/agent or client at point of sale (issue) that communicates the minimum desired upside performance. We need to capture this and it is critical to communicate the rate back to firms, advisor/agent and clients as it plays a vital role for a client to make investment decisions.

For additional information on this enhancement release, contact your Account Relationship Manager.

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Insurance Services at DTCC