1) **Overall Scope of the Enhancement (should include the Business Reason for the change):**

Edward Jones is working on expanding their support of the O-share product with our carrier partners. In January 2011, the APP/SUB and POV file was enhanced to collect the Total Expected Premium (TEP) which is required to be passed to the Carrier at point of sale on the initial order. This expected premium will determine what commission percentage will apply *(the greater the TEP, the lower the commission)*. We are also enhancing the Carrier's product profiles and our order entry platform to fully support the O-share product.
If the TEP amount is not met or is exceeded during the initial 90 day period, the commission percentage that was originally applied will need to be recalculated and adjusted by the carrier.

Historically, Edward Jones has seen a number of different CBRC (commission basis reason) codes being sent by our carriers. Therefore we are requesting that DTCC add two new codes to effectively communicate these adjustments back to Edward Jones.

2) **Recommended Record Layout Changes:**

Add two (2) new Commission Basis Record Codes to the existing code list for item #2060 – located in the 22/01 Contract Record #1 record on the COM file.

a. Payment CBRC titled “Premium Commitment Exceeded” – (code: PCE)

b. Chargeback CBRC titled “Premium Commitment Not Met” – (code: CPN)

3) **Business Scenario – (Used to determine Best Practices)**

If the total expected premium amount is not met or is exceeded during the initial 90 day period, the commission percentage that was originally applied will need to be recalculated and adjusted by the carrier.

4) **Standard Usage – (Should include specific field/code usage)**

**Scenario 1:** The total expected premium was $250,000, but the total actual premium received during the first 90 days was $100,000. In this scenario, the financial advisor received less than the allowable commission percentage. Since the premium commitment was not met, the commission difference will be recalculated and paid to the financial advisor by the insurance carrier; the carrier will calculate the positive adjustment with a CBRC of CPN along with the monies to be paid.

**Scenario 2:** The total expected premium was $100,000, but the total actual premium received during the first 90 days was $250,000. In this scenario, the financial advisor received more than the allowable commission percentage. Since the premium commitment was exceeded, the commission difference will need to be recalculated and charged back by the insurance carrier; the carrier will calculate the negative adjustment with a CBRC of PCE along with the negative amount to be charged back.
5) **Status Update:**

Adding the 2 new Commission Basis Reason Codes was approved and Edward Jones has requested they be implemented in July. DTCC is able to accommodate that request.

**Approved for Off-Cycle in July 2013**

**Revision History**

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