Meeting Minutes –I&RS Review Board

CATEGORY	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jeanann Smith
Scribe	Jovani Munoz
Date & Time:	December 3rd, 2019 2pm – 3:30pm
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Yolanda Austin	ACORD
Adam Neumann Lalitha Nagarajan Narendra Dommaraju	AIG
Weusi Sharp	Albridge
Carol Albright	Allstate
Michele Reece	American Equity
Tracy Jones	Bulldog
Jeanann Smith Jovani Munoz Cory Stark	DTCC
Bryan Holland Frank Norton	EBIX
Ryan Brown	Edward Jones
Jennifer Yerly Brenda Brown-Morris	Genworth
Ellen Lester Stephen Kilbon	Global Atlantic
David Desrocher Katherine Dease	Insurance Technologies
Andrew McMorris Jay Rottenberk Adam Ducorsky	iPipeline
Rene Fedewa	Jackson National
Dan Falco	John Hancock
Dan Wilson Johanna Perkins Joshua Falco Santino Calabro Rob Hosier	Lincoln
Carol Steele	Merrill Lynch
Mark Watermiller Josh Gerlach Kelly Dinville	MetLife / Brighthouse

DTCC Public (White)

Sarah Baraff	M Financial
Joe Wengler	Morgan Stanley
Matt Myers	Nationwide
Nick Jellings	National Western
Sarah Seifert	Ohio National
Joe Procacini Liz Moore	Pacific Life
Inge Hadi Amy Hamilton	Protective
Thomas Tofil	Prudential
Stephen Terry	Raymond James
Michelle Path	Sammons Financial
Deb Hillebert	Security Benefit
Kathi Carter Ryan Hoffman	Stifel
Dan Truda Wodke	Tata
Michael Sullivan	The Hartford
Fran Forslund Nancy Merryman Roxanne Kasal	TransAmerica
Josh Walker Janina Buldrini	Voya
Jonas Hellie Colleen Murphy Carolyn Palmer Ben Daniels April Grover	Wells Fargo
Laura Mancini	Western & Southern

Meeting Minutes

Enhancements Re-Reviewed:

IPS00640 – APP/SUB, POV, FAR – Modify Product Type Edit

The review board continued the discussion if the APP/SUB file should be updated to make the Product Type element mandatory. Carriers responded they do not require the Product Type on the APP/SUB file and determine the product by reviewing the CUSIP value. In addition, an OE vendor stated for the carrier partners' implementations, they do not send this information today. Requesting to require a DTCC Product Type on the APP/SUB file would be a significant change for them to support.

DTCC Public (White)

The review board agreed to not require a Product Type for the APP/SUB file. In addition, as stated during the November review board call, the Product Type will be required for FAR and POV as part of the March 2020 release.

Note:

DTCC believes in the long term, should APP/SUB data become critical to the Insurance Information Exchange (IIEX), the requirement to make Product Type mandatory for APP/SUB will need to be re-evaluated.

APP/SUB – Product Type will not be required for March 2020 release

FAR and POV – Product Type will be required for the March 2020 release

New Enhancements Reviewed:

IPS00641 – COM – Add CBRC Codes

Lincoln is looking to introduce a new life comp structure for New York. Based on the NY regulations limiting the percentage of commission that can be paid out in the first year, there need to have the ability to identify commission payments that are spread out over multiple years.

Once the compensation budget is reached for the year, the premium amount received will most likely generate a shortage in commission amount that would lead producers/firms to call Lincoln for explanation. The new CBRC codes are intended to provide notification/explanation of the reduction.

Several distributors and carriers on the call were not familiar with this type of compensation method. It was requested Lincoln expand their use cases and populate a simulated Commission record(s) for each use case, including the expected CBRC value. The review of these use case will help support mutual understanding by the review board. The review board will review these use cases on the next call in January 2020.

IPS00642 – APP SUB STL – Add Sum Total

Transamerica is implementing control validation against the APP/SUB and STL files. In order to validate the accuracy of the files after they are received from the DTCC, a sum total field is requested on the APP/SUB and STL file.

There was discussion on whom would provide these totals – the submitting client or DTCC. If the submitting client were to provide the total value on the submitting header and DTCC validation rejects one or several transactions within the submitted file, the total value in the header would not match the

DTCC Public (White)

detail record value summation, causing an error on the Transamerica's reconciliation.

Other clients reported they use the Money Settlement Detail (MSD) files to reconcile the daily settlement amounts.

This enhancement is under review. DTCC will review if they can provide the summation of settlement values for successfully processed transactions within the APP/SUB and STL output files sent to each of the contra-parties identified in the file. Perhaps the summation value would be better placed on the Contra Header since a unique total will be applied for each Contra receiving the file.

Note:

DTCC does believe this is redundant information and has no true DTCC added value since the MSD files serve a similar purpose.

In addition, DTCC does provide a similar type of reconciliation on the file based on Delivered Record Counts provided in the Contra Header to each client receiving a file.

The Enhancement Request in Under Review

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.
It is now required to pass this information back to the distributor on the positions and valuations files (PVF, PFF, PNF, PRP) as more annuities are networked into a brokerage account. By reporting the fee based indicator, it will allow the distributors to ensure the posting to a correct brokerage account on their side.

Pershing is requesting this indicator (Fee Based Indicator) be added to the Position and Valuations files.

The review board questioned the location of where to place this Indicator – on the Contact (13-01) for POV and the 93-01 for PRP or on the Agent record. This will be reviewed with Pershing for more information and guidance.

DTCC Public (White)

The Enhancement Request in Under Review

Discussion Items

The discussion items were postponed. They will be discuss on the next meeting.

- **ACORD/DTCC Mapping Advisory**
  - 4094 – Contract Entity Relationship Pointer
    - Definition:
  - 4099/4100 – Contract Entity Date & Qualifier
    - Need an example use case for UGMA Data (049)
      - Is this a Holding or Party?
    - Need an example use case for Date of Group Plan
      - Is this a Party or Group Master Holding?

- **Arrangement (107) Message – Response**
  - ChangeTC – Why is this needed on the response?
  - 100490057 – v2.22 is used (ChangeTC not added until 2.24)

- **Discuss standard usage**
  - 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
    - 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 (4603)

DTCC Public (White)

- What is the standard usage for these elements on APP/SUB?

These items were not covered in this meeting due to time. The Review Board will discuss these points on the next call.

Next Call:

Tuesday, January 7th, 2020 at 2:00 – 3:30pm ET

DTCC Public (White)