DTCC

Meeting Minutes – I&RS Review Board

Category	**DESCRIPTION**
Meeting Name:	DTCC I&RS Review Board
Facilitator	Cory Stark
Scribe	I&RS Product Management Team
Date & Time:	August 2, 2022
Location:	Conference Call

ADVISORY GROUP ATTENDEES

NAME	**GROUP**
Karen Mottley	ACORD
Tracy Lane Hari Janakiraman Srilakshmi Vallalar Monica Avery	AIG
Cindy Robeck Shelley Wallace Aaron Feia Dorothy Moore Nate Strauman	Allianz
Weusi Sharp	Albridge
Diane Gates	Allstate
Michele Reece Suzanne Buffington Lily Hunt George Johnson Tina Chandavong	American Equity
Brian Houwman Garrett Dey	Ameriprise
Monica Clancy	Ameritas
Mark Watermiller Kelly Dinville Nick Cockrum Josh Gerlach	Brighthouse
Dusty Bergman Kevin Lowe	Broadbridge
Ron Gibney Jean Randall Janel Vaillancourt	Cetera
Niloufer Rodrigues Christine Phuong	Citizens Securities

Cathy Weidman Emily Robison Elizabeth Groom	CUNA Mutual
Jon Volpe Jeanann Smith Barb Smith Jovani Munoz Cory Stark	DTCC
Bryan Holland Suzanne Dorman Saul Herrera	EBIX
Paul Destefanis Rob'n Stanley Brandon Slotness Ryan Brown	Edward Jones
Matt Springer	Envestnet
Scott Roskilly Richard Sutphin Susanne Kennedy	Fidelity & Guaranty
Nate Brooks	Fidelity Insurance
Jennifer Yerly Brenda Brown-Morris	Genworth
Ellen Lester Ed Butterly	Global Atlantic
Dave Lamphere Denise Madigosky Adam Ducorsky	iPipeline
Rene Fedewa Bali Bodeddula	Jackson
Dan Falco	John Hancock
Cynthia Eggebeen	Kaplan
Stephanie Lehman-Rogers Rich Short Dan Wilson Andrea Trosper Christina Summers Rachel Smith Antonio Pishvai	Lincoln
Sarah Baraff	M Financial
Teresa Celsi	Mass Mutual
Angela Thompson	Merrill Lynch
Joe Wengler	Morgan Stanley
Matt Myers	Nationwide
Nick Jellings	National Western
Matt Sullivan	New York Life
Susan Sanders	Protective

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Michael Syrett Jamie Liwanag Henry Klein	Prudential
Lindsey Kniebel	RBC
Michelle Path Kerry Neibergall	Sammons Financial Group
Rene Ostrea	Schwab
Jeff Barnett	SE2
Wendell Tobiason Mary Heimlich	Spark IPS
Kathi Carter Lisa Zawisza Tricia Sjoholm	Stifel
Chani Lu	Symetra
Michael Sullivan	Talcott Resolution
Dan Reiss Nancy Merryman Emily Cole Roxanne Kasal Fran Forslund Brian Gossman	Transamerica
Able Mahaffey	Venerable
David Krawczyk Katie Byrnes-Esteves Stacy Broders	Voya
April Grover Ben Daniels Emily Pletsch Carolyn Palmer	Wells Fargo
Amy Hartke Chad Beck	Western Southern

Meeting Minutes

Announcements:

- Fall Release – PSE – October 13th / Production – November 10th
  - Includes POV, APP and IFW

Technical Specification and all supporting documentation are available on the I&RS website for the upcoming Fall release. Also, DTCC confirmed POV change for IPS00688 which is to add the Grouping ID to the 13/04 Contract Band/Guaranteed Loop record is the only item from this enhancement request that is part of the Fall release. The update to the Fund Identifier edit will be part of the Index Product release scheduled for 2023 and will be packaged together.

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- New DTCC Web Services Certificate is available to be whitelisted (Production)

The review board were informed that the Production environment DTCC Web Services Certificate supporting 2-way authentication will be renewed on August 11th, 2022, after close of business. Clients who support 2-way authentication were notified by DTCC's email of the certificate renewal and directed where to download the renewal Production certificate to whitelist within their keystore table. Client must trust DTCC's renewed certificate between now and August 11th, close of business.

The PSE (test) environment DTCC Web Services Certificate will be renewed shortly thereafter. DTCC will send a similar email with directions to impacted clients to download and whitelist the PSE (test) renewal certificate to their keystore table.

- RegSCI Testing will take place on the following weekends:
    - August 27-28
    - September 24-25
    - October 15-16

Please be advised that during these testing weekends, DTCC production systems will be unavailable between the hours of 5:00AM (ET) Saturday and 8:00AM (ET) Sunday.

The group were reminded that the first of 3 Reg SCI testing weekends will take place later this month. All clients have been notified by email of these testing weekends with the revised Reg SCI weekend processing schedule. Reminder email notifications will be sent out as we approach each testing weekend.

The I&RS important notice (a9133) is available on the DTCC's website.

- Decommissioning of Insurance Profile

DTCC informed the review board group that Commission Schedule Transmittal (CST) and Fee & Expense Transmittal (FET) were moved from Insurance Profile to Insurance Information Exchange (IIEX). As a result, Insurance Profile is in the process of being decommissioned. Affected User IDs will be removed from Insurance Profile in PSE and Production on the evening of Wednesday, August 10th, at which time affected users will receive an auto-generated email that their User ID has been updated. There is no action required from the clients for this decommission.

Enhancements Re-Reviewed:

IPS00707 – APP – Add Premium Method Code (Payroll Remittance)

Riversource is adding a new payment method of Payroll Remittance in AnnuityNet and need to add a new code to item 4053 (Premium Method) on 33/04 record (Premium Method record) to

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support this. Submitter of request has many accounts that are funded exclusively by payroll remittance and adding this code will allow them to receive the apps electronically.

6/7/22:

The group went over the request and suggested the new code be represented as Payroll Deduction (PDE) – similar to FAR code on Payee/Payer Payment Method code list. Additionally, members on the call questioned adding the new code to the Premium Method record (on item 4053), and instead suggested to add it to the Premium Type record (on item 4063) – going through Premium Method record might not have enough information to determine what premium type the Payroll Deduction is for.

After further discussion, the review board determined that more information on this enhancement request is needed. It was determined to reach out to enhancement submitter to participate on the next review board call in July.

Enhancement Pending

7/5/22:

Enhancement submitter was not on the call. The enhancement request will remain pending to be re-reviewed on the next review board call in August.

Enhancement Pending

8/2/2022:

Enhancement submitter reviewed their enhancement request to the group. The recommendation is to add new code 'Payroll Deduction' (PDE) to the Premium Method code list (item 4053). The code will represent a payroll remittance option for 403b plan types and support an EBIX enhancement release to automate this method of payment. Members on the call agreed to add the code and leverage a similar code list item from FAR to represent this Payment Method. The group approved the enhancement request – will be part of next code list release.

Enhancement approved for September 2022 Code List Release

IPS00710 – APP/COM/FAR/POV – Indexed SPIA

Based on the conversation on last month's review board call, this enhancement has been modified from its original request.

A carrier has developed a SPIA product that the payout is based on an index strategy. The payout provides an increase payout based upon market factors/indexes. The factors/indexes are set (not client selected), thus there is no need to communicate any specific Index information. However, there are some items that are specific to each policy (i.e., Participation Rate for the SPIA Index, Surplus Amount Calculation %, Value in the Surplus Account). The increase is calculated after 3 years and then annually.

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This enhancement will now only impact Positions and Valuations (POV) and no other services identified on the initial version. Modifications to the initial request supports adding new payout type code, changing an existing edit, and new code to existing Payout Change Frequency code list.

7/5/22:

The review board recommended to use existing product type and not to add a new one specific for Indexed SPIA since it is not a product type but an investment type. The enhancement submitter will take the information received from the review board and modify the enhancement request. The revised enhancement will be re-reviewed during the next call.

Enhancement Pending

8/2/2022:

The group re-reviewed this enhancement request after suggestions and modifications were made per last month's feedback. This enhancement focuses on updates to the POV file to support Indexed SPIAs – it will update several existing code lists and changes to the edit validation to several existing elements.

DTCC pulled a copy of the two previously submitted requests – IPS00364 and IPS00513 related to these fields located on the 13/11 Annuitization record. DTCC suggests that we review the previously submitted enhancements before making any changes to the edit to include item #3864 to the existing edit which would require all five (5) fields to be required for all payout types except for the new payout type of I (Index).

This enhancement was approved; however, we will review the request on the September review board meeting.

IPS00711 – IFW – Add Line of Business and Relation Role Code

To support the type of insurance business being transacted, submitter of request wants to add an optional property within the Policy object to all the IFW request and response messages where supported. Additionally, submitter of request is looking to add new code values to RelationRoleCode.

The recommended change is to add LineOfBusiness as an optional property to all request and response messages where Policy object is supported. This would support the following type code values: 1 (Life), 2 (Annuity), 3 (Disability), 4 (Health), 5 (Long Term Care). Additionally, the recommendation is to also add type code values: 32 (Insured), 189 (Joint Insured) to RelationRoleCode to all supported messages.

7/5/22:

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The enhancement request was reviewed by the group. There was concern on implementing property 'LineOfBusiness', in particular type code 1 (Life). IFW is annuity based not Life based therefore, DTCC wanted to ensure carriers would be ready to test and accept this information. As such, DTCC polled which carriers would be prepared to test and accept the additional Lines of Business. No carrier feedback was provided on the call. DTCC requested the review board carriers to review and report back if they would be prepared to test and process such a change if it was implemented. Enhancement request will be re-reviewed in the next call.

Enhancement is Pending

8/2/2022:

This enhancement was re-reviewed by the review board due to DTCC's apprehension of carriers' preparedness to accept and process additional lines of business.

Little feedback was reported back to DTCC. Enhancement submitter confirmed they have been in contact and continue to contact carriers to validate their readiness to accept and process additional lines of business. The carrier information they received have been positive, and their application will manage which carriers are supporting the additional lines of business to mitigate any potential NIGO contracts. Reason code(s) on potential NIGO status will be investigated should this enhancement be approved. Enhancement submitter will report back their carrier feedback on a future review board call.

Additionally, it was also requested to add 'Insured' and 'Joint Insured' code values to RelationRoleCode to all supported request and response messages.

Although carrier information received by the enhancement submitter have been positive, this enhancement request will remain as pending. This enhancement will be re-reviewed when additional carrier readiness information is available from enhancement submitter.

Enhancement is Pending

New Enhancements to Review:

IPS00712 – FAR – Add New Transaction Identifier Qualifier

Enhancement submitter implemented Enhanced Participation Strategies, where clients get higher participation rate with a contractually locked in fee called "Strategy Fee". This indicates the cost associated with Enhanced Participation Strategies and are deducted directly out of the index accounts to which the fees are linked.

A "Strategy Fee **Credit**" will automatically be attached to contracts that offer EPS. The Strategy Fee Credit will only apply at the end of the Withdrawal Charge period as a 1-time interest credit that would increase the contract value by an amount equal to the greater of:

- Zero; and
- The sum of all Strategy Fee amounts deducted from the contract value since the contract issue date, minus the sum of all interest credited to the contract value since the contract issue date.

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There is a need for a new Transaction Identifier code (#5057) in FAR to represent this new Strategy Fee Credit transaction. This is a standalone transaction that occurs 1-time only at the end of withdrawal charge period, if there has been any investment made to Enhanced Participation Strategies Index accounts at any time during the CDSC period, and if the total interest amount credited on the contract since issue date is less than that of the total strategy fees deducted over the CDSC period.

This new code will represent a Strategy Fee Credit. A second code will also be added to represent its reversal – Strategy Fee Credit Reversal

The review board approved the addition of 2 new code to FAR's Transaction Identifier (item 5057).

- (TBD) – Strategy Fee Credit
- (TBD) – Strategy Fee Credit Reversal

This enhancement request was approved by the review board and will be implemented on the next available code list release.

Enhancement approved for September 2022 Code List Release

<u>IPS00713 – POV – Support Index Product Details</u>

In 2021, over 55 new data elements were identified by the industry work group to accurately communicate information on Index Annuities. This includes registered, fixed, and variable index annuities. The use cases were defined as Simple (single term/bucket) or Complex (multiple terms/buckets with same or different dates and rates) strategy models.

A complete review of the 55 data elements were completed by both ACORD and DTCC based on each data structure (XML versus EDI) and the results are below. DTCC identified that approximately 25 data elements were missing and categorized the data elements product, fund, and underlying fund details based on the current Positions and Valuations (POV) layouts as well as the Financial Activity Reporting (FAR) layouts.

Below is the recommendation from several DTCC users on how to proceed with adding the missing data elements.

1. Add new optional Contract Index Loop with Underlying Assets Record (13/14) to both the PVF/PNF & PFF Looping Diagram

    a. 1999 occurrences per Contract Underlying Assets Record (if 13/14 is present, then 13/03 is required.)

2. Add the following data elements to the 13/03 Contract Underlying Assets record
    a. Index Strategy Term
    b. Index Strategy Term Qualifier (code list)
    c. Number of Index Periods

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   d. Duration of Index Periods

3. Move the following data elements from the 13/04 record to the new 13/14 Contract Index Record. This will allow all index attributes to be in a single record.
   a. Index Option Effective Date – item #3161
   b. Index Option Base Value – item #3162
   c. Daily Tracking Value – item # 3317

4. Create a new 13/14 Contract Index Loop which will loop under the 13/03 record. A number of data elements related to reporting the index strategy are included in the new record.

The group reviewed this enhancement request. There was concern and questions from members on the call on the above requirements listed in the enhancement request. The group felt they needed more time to review the enhancement offline to fully comprehend the list of requirements. DTCC will create a bi-weekly meeting where all firms that would like to review the requirements in more detail can join those calls.

Enhancement on hold

Discussion Items:

- POV Contract Date of Surrender
  - Definition & Usage

A firm reached out to DTCC requesting confirmation on whether they were reporting the correct codes regarding the POV 13/06 (Contract Dates Record). When a partial one-time withdrawal is taken from an annuity, the firm is passing the withdrawal date with the 279 qualifier.

The firm questioned if the intent is to pass a partial surrender date in POV in this scenario or should the Surrender Qualifier (279) be used only in the instance of a full surrender?

Feedback from the group was, for Partial Surrenders, do not pass a Surrender Date. Surrender Date is to be used when a Full Surrender is completed, and the Surrender Value is zero.

DTCC will report this back to the firm.

- LNA Transaction & Confirmation
  - L&A transactions versus Demographic changes

A carrier is building for Licensing and Appointment (LNA). They are requesting information if the distributor expectation is to receive an LNA confirmation to demographic type of transactions, such as Name Changes or Broker ID Changes? Or, only on License and Appointment requests?

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The group informed that Distributors expect to receive LNA confirmations to License and Appointment related transaction types. Distributors are not expecting confirmations to demographic related changes.

Next Call:

Tuesday, September 6th at 2:00 – 3:30pm ET

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