

## Meeting Minutes –I&RS Review Board

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| Category | **description** |
| Meeting Name: | DTCC I&RS Review Board |
| Facilitator | Jeanann Smith |
| Scribe | Jeanann Smith |
| Date & Time: | February 1, 2022 |
| Location: | Conference Call |

# Advisory Group Attendees

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| --- | --- |
| **Name** | **Group** |
| Karen Mottley  Yolanda Austin | ACORD |
| Lalitha Nagarajan  Monica Avery  Denise Smith  Tracy Lane | AIG |
| Weusi Sharp | Albridge |
| Cindy Robeck  Shelley Wallace | Allianz |
| Carla Prado | Allstate |
| Michele Reece  Lily Hunt  Tina Chandavong | American Equity |
| Sharon Aponte | American General Life |
| Hata Tursunovic  Jonna Sandegren | Athene |
| Mark Watermiller | Brighthouse |
| Kevin Lowe | Broadridge |
| Ron Gibney | Cetera |
| Christine Phuong | Citizens Securities |
| Kevin Bales  Nick Remy  Cathy Weidman  Cameron Thompson | Cuna Mutual |
| Jon Volpe  Jeanann Smith  Cory Stark | DTCC |
| Bryan Holland  Saul Herrera  Suzanne Dorman | EBIX |
| Rob'n Stanley | Edward Jones |
| Daniel Surber  Richard Sutphin  Susanne Kennedy  Anne Schoville | Fidelity & Guaranty |
| Nate Brooks | Fidelity Insurance |
| Brenda Brown-Morris  Jennifer Yerly | Genworth |
| Ellen Lester | Global Atlantic |
| Andrew McMorris  Dave Lamphere  Ana Doucet  Adam Ducorsky | Ipipeline |
| Rene Fedewa  Jenni Morden | Jackson |
| Dan Falco | John Hancock |
| Cynthia Eggebeen | Kaplan |
| Gary Marbach | Legal & General |
| Christina Summers  Dan Wilson  Andrea Trosper  Rachel Smith  Christina Estep | Lincoln |
| Sarah Baraff | M Financial |
| James Garrison  Angela Thompson | Merrill Lynch |
| Joe Wengler | Morgan Stanley |
| Jennie O’Leary | Mutual of Omaha |
| Matt Myers  Eric Dulaney | Nationwide |
| Matt Sullivan | New York Life |
| Nick Jellings | National Western |
| Liz Moore  Joe Procacini | Pacific Life |
| Mike McCombs  Holly Gulling | Principal |
| Amy Hamilton  Heather Hillman | Protective |
| Michael Syrett  Cindy Habisch  Cynthia Habisch | Prudential |
| Brian Houwman | Riversource |
| Carissa Dove | RW Baird |
| Michelle Path | Sammons Financial Group |
| Rene Ostrea | Schwab |
| Jeff Barnett | SE2 |
| Wendell Tobiason | SparkIPS |
| Nicole Hamilton  Kathi Carter  Robert Kirk  Greg Gammon  Lisa Zawisza | Stifel |
| Chani Lu | Symetra |
| Truda Wodke | Tata Consultancy Services |
| Fran Forslund  Jamie Penning  Brian Gossman  Emily Cole  Nancy Merryman | TransAmerica |
| Larry Nguyen | USAA |
| Able Mahaffey | Venerable Annuity |
| David Krawczyk  Mackenzie Nystrup  Katie Byrnes-Esteves  Stacy Broders | Voya |
| Ben Daniels  April Grover  Carolyn Palmer | Wells Fargo |

## Meeting Minutes

## Announcements:

Reminder: C2C Attachments (IPS00679 – ATT – Add New Property)

At the time of this review board call, we had not yet heard back from all the impacted carriers supporting carrier to carrier attachments today on their decision to commit to these enhancements for a Fall 2022 release. DTCC was planning to reach out to all the impacted carriers with the information we had so far and collectively make a decision on how to proceed.

Post meeting note: The remaining carrier did respond and reported their commitment to support this enhancement for a Fall 2022 release.

The 4 carriers who will implement this enhancement with DTCCC are:

* Equitable
* Jackson
* Nationwide
* Pacific Life
* Athene is planning for a potential 2023 release timeframe

This enhancement will be scheduled for a Fall 2022 release

## Enhancements Re-Reviewed:

IPS00688 – POV – Update Edit (CUSIP\_Fund ID\_SubFund)

There are 3 parts to this enhancement request. Recommended record layout changes are as follows:

* Update POV edit - only match the first 14-characters of the 13/03 vs. 13/04 (to reflect documentation)
* Add Asset Details Pointer to 13/03 and 13/04 records
* Add Grouping Number to 13/04 record

1. The 13/03 record will reflect the investment Strategy, while the 13/04 record will cover differing Rates. Specifically, for Indexed Funds a firm will have a Strategy (e.g., S&P500 Index with CAP) which may include various investment dates (Index Term), each with differing Rates, and on occasion a firm may have two like Index Terms with differing Rates. The Sub Fund on the 13/04 will differentiate the investments in this situation.

13/03 CUSIP9999FND01 . . (no subfund)

13/04 CUSIP9999FND01XXXXX

13/04 CUSIP9999FND01YYYYY

Documentation on the 13/04 record states that cusip/fund ID on 03 record must match the reported CUSIP/Fund ID on the 13/03 record.

This enhancement request is to update the edit so that it reflects this documentation. The edit should only match the first 14-characters of the 13/03 vs. 13/04.

1. For clarity and processing, submitter of request wants to have a Pointer which will associate the 13/04 records with a 13/03 record. This has been requested by distributors to ensure they are keeping the records in the correct sort/association order.

13/03 Record – Asset Details Pointer

13/04 Record – Asset Details Pointer

1. To accommodate the situation where there are multiple 04 records sent to represent a single sub-investment (e.g. Bucket or Index Term), submitter of request wants to have a Grouping Number. This field will tie the 04 records together. (xx Grouping Number)

13/03 Record – Investment

13/04 Record – sub-investment (01) – various rates

13/04 Record – sub-investment (01) – more rates

13/04 Record – sub-investment (02) – dates and values

13/04 Record – sub-investment (02) – more dates and values

The Investment/Underlying Assets and Rates, Bands, Index information are enhanced, more Rate Types/Rates, and additional Values and Dates are being added. The 13/04 record has limited space, so multiple records will be used to communicate all the information on an investment. Submitter of request runs into differing implementations today where carriers use multiple 13/04s and the Fund Value may be repeated on each or left empty on subsequent rows. Due to this inconsistency they need to have an overt indication as to the relation between rows. Submitter of request have attempted to tie the 04 records together using the same Start/End dates but see inconsistencies here with related rows.

2/2/2022: The first two parts of this request has been reviewed and approved. There are still questions about the need to have a Grouping ID added. The firm asking for this information was not on the call to answer the outstanding questions.

**A portion of the enhancement has been approved.** We will revisit the remaining portion of the enhancement on the next call.

*1/4/2022 status:* The group reviewed the recommended changes. Members on the call were comfortable with the addition of a grouping number to tie the related 04 records together to represent a single sub-investment (e.g., Bucket or Index Term), however some members did not feel that a Pointer should be added; association of 04 records with respective 03 record is accounted for today based on current reporting process, and if Pointer is added, it will be redundant. There was push back on the call regarding implementing a Pointer and the potential impact it may have if implemented. After further discussion, it was determined to put this enhancement request on hold to allow time for the group to review the use cases and their reporting process more closely, to get a better sense from their end on how adding a Pointer will impact them.

## New Enhancements to Review:

IPS00694 – APP/POV – Performance Lock Service Feature Support

A time of point of sale, the client has the choice to set up a Performance Lock arrangement. This will set up the investments such that an increase of the investment of x% will cause the earnings to be realized and this value ‘locked’ until the end of the Index Term.

Therefore, there is a need to allow this election on the order entry platform and pass the election on the APP/SUB file to the insurance carrier. Additionally, there is a need to report the Performance Feature back on the POV file is associated with a specific index term of an index strategy (13/04) level.

Suggested change to APP/SUB or POV to add new rate type of LU (Lock Upside) and new fund lock indicator located on the Contract Underlying Assets (13/03) record.

2/1/2022: ACORD will review how the APP change will impact PPfA. Additional modifications may be required for IFT web service messages (Values Inquiry and Arrangement) and will be supported by separate enhancement request.

**This enhancement was approved and will be scheduled for a future release.**

IPS00695 – POV – Security Type Code

Today, there is support for identifying the security type on the outbound POV file, to identify the fund type (variable, money market, fixed, and index). The last couple of years, we added additional types of index ‘security’ type such as Index – Buffer and Index – Floor. This allowed the carriers to identify the index strategy has protection for downside.

The current codes allow the carriers to identify the Fixed Indexed no downside, with IDX, and for a strategy where there is downside protection, there is choice between IDB (Indexed, downside protected by Buffer) and IDF (Indexed, downside protected by Floor).

Besides these two #3118 Codes none of the others indicate the method of calculation, it is just used specify what the upside potential but does not identify the type of protection (e.g., CAP, Participation).

Additionally, there other methods that can be implemented to provide downside protection, (e.g., some products offer an Indexed Fund with a Downside Participation Rate) and the group does not want to keep adding new security types for ‘indexed with downside participation’ and all future scenarios of potential downside.

To resolve this inconsistency in the IDB and IDF Security Type codes we have two options:

1. Remove/deprecate IDB and IDF. Only use IDX for an Indexed Strategy. The user of the file can tell what type of Index Strategy this is by reviewing the Rate Types (e.g., upside CAP or Trigger; downside floor, buffer, or participation).
2. Add code IDD for an Indexed Strategy with downside.

2/1/2022: Enhancement on hold. Need to understand if the distributor uses the Security Type to ‘group’ and identify underlying funds for performance purposes. Do we need to define upside/downside protection or simply it is an index strategy? Distributors need to research and report back to DTCC, so we can speak more about on next month’s call.

IPS00696 – POV – Next Event Date Edit

The DSAC has been working on the data completion and leveraging the Insurance Information Exchange (IIEX) to ‘clean up’ of the data that is being reported by the insurance carriers. The DSAC members and DTCC are working with the Life Operations Managers Roundtable (OMR) group to automate the notification of life premiums due dates as well as the facilitation of money settlement. The automated notification is looking to leverage the policy level data that is within Insurance Information Exchange (IIEX) and looking to the Positions and Valuations (POV) Event Record.

The Life OMR group is looking to leverage the data that is being passed on the Contract Event (13/07). Currently, POV has a Contract Event (13/07) record.  In this record, there is the ability for carriers to report multiple events on a particular policy.  This includes event types (item # 3503) such as premiums, modal premiums, and withdrawals.

* + - Event Period Type (3501) – Code List (Yearly, Bi-Monthly, Semi-Annual, Quarterly, Monthly, etc.)
    - Event Total Amount (3502) - Amount
    - Gross Net Indicator (3504) - Code List (Gross or Net) – typically Gross
    - Next Event Date (3505) – Date of the next event (premium due)

Today, many of these events are being sent but without key data elements. DSAC is requesting when sending Premiums (P3) or Modal Premium (MP) Event Types (3503) that the Next Event Date (3505) will become optional/conditional.

02/01/2022: Enhancement on hold. The board requested additional time to review this enhancement internally and report back on next month’s call. Additionally, it will be requested with the Life OMR work group for additional direction. This will be mandatory change on an optional record.

IPS00696 – POV/FAR/APP/SUB – Add IRS Qualification Codes

RiverSource began selling qualified plans in AnnuityNet in 2021. To make it work correctly, it is being requested to add additional I&RS Qualification Code types to the code list so when the feeds are sent, we are passing the correct Qual Types. We need these Qualification types added:

* 401(a) Custodial Money Purchase
* 401(a) Custodial Profit Sharing
* Target Benefit Plan
* TSA 501c(3)
* TSA Optional Retirement Program (ORP)

02/01/2022: Definitions were supplied by Brian. In addition, based on the feedback from the group, it was determined that only the following three (3) codes are needed as the other are already supported. ‘Custodian’ is a type of ownership and not a plan type.

* Target Benefit Plan – a type of work-sponsored retirement plan. When the employer sets up a plan, they give each employee an estimate of the payout they would receive during retirement, which is the target benefit.
* 501c3 – Retirement plan for non-profit organizations
* Texas ORP – Optional Retirement plan for employees of universities

DTCC will work with ACORD and OE vendors to understand the new codes.

Enhancement on hold until March meeting.

IPS00698 – FAR – Add New Transaction Identifier Codes

This is in relation to the Advanced Premium Deposit Account (POV Contract Value Qualifier code AP) discussions resulting from enhancement request IPS00685 – POV – Add Contract Valuation Code, which was discussed back in October’s call and implemented in November.

There is need to implement AP transactions on FAR to enable distributors to track financial activity going into and out of the Advanced Premium Deposit Account. These transactions do not directly impact policy values, given that the AP is not considered a fund, but rather a bucket that has not yet been applied to the policy. At the time when enhancement request IPS00685 – POV – Add Contract Valuation Code was reviewed and approved, no updates to FAR were requested. However, that is now being reconsidered. It has been requested to have transactions that move money in and out of the AP included on FAR.

Requesting distributor would like to have transactions reported back on FAR to reconcile with the Advanced Premium Deposit Account (AP) value that is provided on POV, thus helping them track the activity in their client’s AP account.

These new codes would be added to existing code list 5057.

2/1/2022: This enhancement was approved for the May code list release. This includes the requested transaction identifiers and their corresponding reversal transactions associated with the Advanced Premium Deposit value. These transactions will report the change in the POV reported AP value.

IPS00699 – POV – Add New Index Value

There is a need to track and communicate the beginning/reference index value for an indexed fund. This value may be set at the beginning of the Index Term or may be ‘reset’ based upon product rules.

The request is to add a new field within the 13/04 record to identifying the beginning reference index value.

02/01/2022 – Enhancement on hold. Carriers are questioning the need for this value. It is public information and should not be part of POV even it is adjusted by the carrier, based on product rules.

No distributor on the call said they were looking to receive it. Wendell will take back to the carrier client to determine if they are working with any specific distributors. Is there a better place to pass this information over to the distributor?

Enhancement on hold.

## Discussion Items:

Discuss 2022’s Enhancement Releases

DTCC informed the group of their approach to practice more of an Agile role in the releases. DTCC is considering implementing more frequent releases during the year and come off the usual 2 enhancement releases done per year (one in the Spring and the other in the Fall). DTCC wanted to get feedback/hear thoughts from the Review Board regarding this approach. Members on the call mentioned that depending on the change (i.e., if change is optional as opposed to mandatory, small change as opposed to big change) then they would be ok with this approach. Members questioned if there will be some sort of cadence to the releases; DTCC suggested implementing 3 or 4 releases which may potentially fall on Spring/Summer/Fall or potentially every quarter. The number of releases can be adjusted each year. Overall, group were ok in moving forward with the approach.

POV – Underlying Contract Assets with negative values

Allianz Life (Aaron Felia):

Question: how we should display a negative value of an allocation?

Allianz don’t see anything in the C1303 underlying assets record layout on how to reflect a negative amount. Ask how other carrier’s might be handling it?



The review board wants to see use cases for sending negative values and discuss on next call.

IFT (BIN): Reject Code (990) defined as ‘DTCC – New code to be added’

Ran out of time and will discuss on next month’s call.

**Next Call:**

Tuesday, March 1st at 2:00 – 3:30pm ET