



Meeting Minutes –I&RS Review Board

<i>Category</i>	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jeanann Smith
Scribe	Jeanann Smith
Date & Time:	March 1, 2022
Location:	Conference Call

ADVISORY GROUP ATTENDEES

NAME	GROUP
Karen Mottley Yolanda Austin	ACORD
Srilakshmi Vallalar Monica Avery Denise Smith	AIG
Weusi Sharp	Albridge
Cindy Robeck	Allianz
Carla Prado Diane Gates Salman Mohiuddin	Allstate
Michele Reece Lily Hunt Tina Chandavong	American Equity
Sharon Aponte	American General Life
George Barker	Ameriprise
Hata Tursunovic Jonna Sandegren	Athene
Rajni Chanshetty	Brighthouse
Kevin Lowe	Broadridge
Ron Gibney Jean Randall	Cetera
Christine Phuong	Citizens Securities
Colton Goza Elizabeth Groom Joshua Olive Cameron Thompson	Cuna Mutual

Jon Volpe Giselle Minchala Jeanann Smith Jovani Munoz Cory Stark Briana Moskovic	DTCC
Bryan Holland Saul Herrera Suzanne Dorman	EBIX
Paul Destefanis Ryan Brown	Edward Jones
Matt Springer	Envestnet
Daniel Surber Sharon Pirhala Alicia Watkins Richard Sutphin Susanne Kennedy	Fidelity & Guaranty
Nate Brooks	Fidelity Insurance
Vicki Dees Jennifer Yerly	Genworth
Ellen Lester	Global Atlantic
Stephen Burk	Insurance Designers of Kansas City
Katherine Dease	Insurance Technologies
Andrew McMorris Dave Lamphere Denise Madigosky	Ipipeline
Rene Fedewa Jenni Morden	Jackson
Dan Falco Tina Jorge	John Hancock
Dan Wilson Andrea Trosper Stephanie Dielmann	Lincoln
Sarah Baraff	M Financial
Teresa Celsi	Mass Mutual
James Garrison Angela Thompson	Merrill Lynch
Matt Bernard	Mutual of Omaha
Henry Nerida Eric Dulaney	Nationwide
Nick Jellings	National Western
Nidhi Mehra-Kumar	Ohio National
Joe Procacini	Pacific Life
Holly Gulling	Principal
Amy Hamilton	Protective

Michael Syrett Cindy Habisch Darwin Dalisay Henry Klein	Prudential
Chrissy Fernandes	Raymond James
Lindsey Kniebel	RBC
Carissa Dove	RW Baird
Michelle Path	Sammons Financial Group
Rene Ostrea	Schwab
Shannon Rabe Beverly Eriean Yusef Carrillo Matt Gergen Kevin Norby	Securian
Jeff Barnett	SE2
Shaya Scher	Simkowitz & Co.
Wendell Tobiason Mary Heimlich	SparkIPS
Kathi Carter Tricia Sjoholm Greg Gammon Lisa Zawisza	Stifel
Chani Lu	Symetra
Michael Sullivan	Talcott Resolution
Truda Wodke Dan Reiss	Tata Consultancy Services
Fran Forslund Brian Gossman Emily Cole Nancy Merryman	TransAmerica
Able Mahaffey	Venerable Annuity
David Krawczyk Katie Byrnes-Esteves Stacy Broders	Voya
April Grover Emily Pletsch Carolyn Palmer	Wells Fargo
Chad Beck	Western & Southern

Meeting Minutes

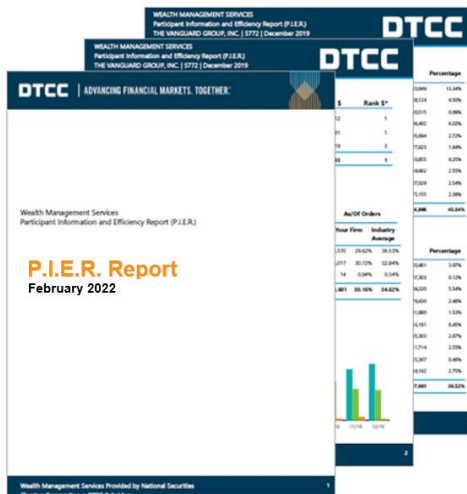
Announcements:

- Commission Schedule (CST) and Fee & Expense (FET) User Interfaces (also known as Insurance Profile) are being integrated into Insurance Information Exchange (IIEX) to support a single data reference model for insurance data.
 - CST will be moved over on Thursday, March 31st. FET will be migrated over the evening of Thursday, June 30th.
 - This will require a change by the firm’s Super Access Coordinator (SAC) to move the operator’s permission over to IIEX – Policy.
 - If the firm is already set up to use to IIEX – Policy, then there is nothing additional the firm’s SAC needs to do.
 - Any questions, please reach out to your relationship manager.

- Spring Release – PSE - March 24th / Production – April 7th
 - Includes FAR, POV, and APP/SUB

- Summer Release – PSE – June 30th / Production – July 21st
 - Includes ATT, COM, IFW, and PRP

- P.I.E.R Upgrade – New Analytical Application & Enhanced MF & Insurance Reports
 - WMS, including mutual funds and I&RS, has been working internally to convert the P.I.E.R. to a new analytical application. We are happy to announce as part of moving to the new processing application allowing us to offer an improved version of the PIER reports along with a new look and feel.
 - WMS will begin offering the new version of the reports in early March, commencing with the February 2022 report.
 - You will still access your firm’s reports from DTCC Portal, as you do today.



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.

2. 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

3. 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.

03/1/2022

The enhancement was re-reviewed during the call but actually added more confusion to what is being asked and how to move forward.

In summary, there are three key requested modifications to the POV file:

1. Modify the edit on Fund Identifier which is located on 13/04 – Contract Band Guaranteed Loop
 - a. New edit will be check on the first 14 bytes of the Fund Identifier (3111) against the Fund Identifier (19) on the 13/03 Contract Underlying Assets record.
2. Add Asset Details Pointer, which will allow the 03 to be associated with the 04 records. *This is not needed and therefore withdrawn from this request.*
3. To accommodate the situation where there is 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

From the prior meeting, it was determined that DTCC asked an incorrect question to the wrong persona. An email was sent out to the distributors to determine a need to have a Grouping ID added to the 04 record. It was determined this should not be up to the distributors but the carriers to determine if there is a need to allow for them to send various rates, dates and values that are allow on a single 04 record. An email will be sent to the carriers requesting support.

We will revisit the remaining portion of the enhancement on the next call.

02/01/2022

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.

01/04/2022

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.

12/07/21:

The group reviewed the requested change. A firm on the call supported this request, adding on to the need and benefit a Pointer will have to current work process. It was questioned whether a Pointer would need to be added to the 13/04 record or on the 13/03 record. Submitter of request informed that Pointer is not on the 03 record but rather on the 04. Therefore, it would be added to the 04 record so that all related 04 records can be tied together accordingly. Furthermore, this Pointer will be optional however, down the road it may change to be required. Members on the call expressed that should Pointer be required; clearly defined use cases/best practice should be established. After further review, the group determined to put enhancement request on hold and revisit next month to allow parties to gather use cases and report back to the group.

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.

3/1/2022: Enhancement was approved. The code IDD will be added to allow the carriers to identify the strategy 'fund' which has downside protection. The following question was asked of the distributors to determine if there is a need to identify the index strategy or if they group all index types into a single group for performance reporting. Very few responses were received; therefore we will add the code and allow the data consumer to drive the reporting of the security type on their side.

Enhancement approved for next code list release.

02/01/2022: Enhancement on hold. Need to understand if the distributor uses of the Security Type to 'group' and identify underlying funds for performance purposes. Do we need to define upside/downside or simply 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.

03/01/2022: Feedback from firms is that this is needed. However, it will take time to make the modifications. The enhancement will be placed on hold until Fall 2023.

Enhancement on hold until a future release.

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)

03/1/2022: Based on the feedback from Riversource, only two new codes are needed. DTCC shared this with the board and the enhancement was approved for the May code list release.

- Target Benefit Plan (code = 36) – 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.
- Texas ORP (code = 41) – Optional Retirement plan for employees of universities

Enhancement approved for next code list release.

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.

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.

03/1/2022: An email was sent out to distributor members of the review board. No one that responded indicated they would need this value. Therefore, this enhancement was withdrawn until there is a business need for it to be added.

Enhancement withdrawn

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.

New Enhancements to Review:

No new enhancements

Discussion Items:

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?

121 136 16 N Deposit Guarantee Value 9(14)\9(2) 3160 O 099

Only one carrier had a use case to report a negative value. No distributor responded positively they wanted to have a negative value report. Currently, there is no need to modify the POV file to support.

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

Only one carrier responded to the usage of this code. We will be reaching out to the carrier that sent this code and inform them that we will be removing this code from the carrier reject code list options.

Enhancement will be submitted and presented to the review board on next month's call.

Usage of FAR & COM to 'return' advisory fees to the BD

Since 2010, DTCC has seen an increase in carrier submitting files on products that are defined as fee-based annuities. The information is being passed through Positions and Valuations (POV), Financial Activity Reporting (FAR) and Commissions (COM). DTCC allows the carrier to identify specific Product CUSIPs to determine if it is a fee-based or commission-based product. Today, DTCC has 238 unique Product CUSIPs identified as fee-based by 42 different insurance carrier participant numbers. In addition, DTCC is seeing less than 3% of the new business is represented as fee-based activity. However, IRI is reporting fee-based fixed index annuities reaching the market. However, the trend foretells more versatility for fee-based advisors in terms of the types of annuity products that can be seamlessly used in wrap accounts.

There is a need to define the standard usage of the fee-based products within the DTCC services, specifically the FAR and COM files.

A small group will be created to discuss best practice and standard usage for reporting and settling of advisory fees, via DTCC services. Call is scheduled for Monday, March 21st @ 3:00pm. Please let DTCC know if you are interested in participating.

Next Call:

Tuesday, April 5th at 2:00 – 3:30pm ET