



Meeting Minutes –I&RS Review Board

<i>Category</i>	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jon Volpe
Scribe	Giselle Minchala
Date & Time:	April 6, 2022
Location:	Conference Call

ADVISORY GROUP ATTENDEES ARE HIGHLIGHTED IN YELLOW

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 is in IIEX production. 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
- Fall Release – PSE – September 15th / Production – October 13th
Please note June will be last meeting for approved requests to be included in the Fall Release.
- May Code List Release – PSE – May 12th / May 26th

Schema and layout documents will no longer be included as attachments and send as email. This was found as a risk from the DTCC Technology Risk Management team. Documentation will be posted to the website for clients to download. An email will be sent to clients with the website link to find this information.

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.

4/5/2022 - APPROVED FOR FALL 2022 RELEASE

Approved based on the analysis completed by DTCC and Morgan Stanley. There are 12 carriers sending multiple of 04 records under a single 03 fund record. Adding a Grouping ID at the 04 record level will remove the ambiguity by the consumers (distributors) of the POV data. Additionally, there are number of 03 records with the same reported Fund Identifier. The enhancement will support an edit to make the 03 Fund Identifier unique at the policy level.

More standard usage and comments: Group # to tie the dates/rates to a very specific allocation/value. For some of the examples, if the Carrier would bring the allocation/value down to the appropriate 04 record, then they would be good. “add grouping so that 1 or more 04 records can be assigned to a specific allocation” and also if Carrier does that “1 or more 04 records are attached to a specific allocation” with 1 record and only 1 record, then they don’t need to add grouping #.

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.

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:

IPS00700 – COM FAR – Modify Code Descriptions

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.

There is a need to define the standard usage for processing and reporting of the fee-based products within the DTCC services. Three areas were reviewed and defined:

1. Fee Request Process
2. Transaction Processing & Reporting
3. Money Settlement

Two modifications are suggested as part of the review by a small working group of the processing of advisory fees:

1. On FAR, modify description for Transaction Identifier (5057) of code 606. The suggested description should be modified to 'Advisory Fee Liquidation'.

2. On COM, modify description for CBRC (2026) of codes PFB/CFB. The suggested description should be modified to 'Advisor Fee Payment – Asset Based'.

Standard Usage will be shared as part of the working group discussion.

Approved – This is just a documentation change that will be part of the May 2022 Code List Release.

IPS00701 – APP – Add Submitting Third Party ID/Name

There is need to identify the introducing third party platform (e.g., FidX), when the OE platforms are submitting on behalf of distributors.

Add two new fields within the APP/SUB submitting (30) record:

- a. Third Party Identifier
 - a. 8 bytes - alphanumeric
 - b. Definition: Used to ID the introducing company or platform vendor that is introducing the application to the order entry platform. (e.g., Advisory platform, etc.)
- b. Third Party Name
 - a. 35 bytes - alphanumeric
 - b. Definition: Name of the third party introducing the application to the order entry platform.

Approved but need to confirm if it belongs on the Submitting header or not. DTCC to take back and discuss internally for the appropriate file location.

APPROVED FOR FALL 2022 Release

IPS00702 – FAR – Add Transaction Identifier Code

AIG is implementing Enhanced participation strategies, wherein client gets higher participation rate with a contractually locked in fee called "Strategy Fee". It indicates the cost associated with Enhanced Participation Strategies and are deducted directly out of the index accounts to which the fees are linked. There is a need for a new Transaction Qualifier (#5057) in FAR code list to represent this new transaction. This is a standalone transaction that occurs on the index term anniversary, if there is any investment made to Enhanced Participation Strategies Index accounts.

Add the following codes to the Transaction Identifier code list (5057) on the Contract Transaction Record (43/05)

1. TBD = Strategy Fee
2. TBD = Strategy Fee (Reversal)

APPROVED FOR MAY 2022 CODE LIST RELEASE

Discussion Items:

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

Standard Usage Document is attached to April 2022 Meeting Notes email. Also please see request [IPS00700 – COM FAR – Modify Code Descriptions](#) above.

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.

Insurance Information Exchange (IIEX) – Data Completeness

We discussed the data completeness information available in IIEX. Data Completeness is a function of the IIEX service which illustrates elements deemed as critical for populating and missing from the POV file and displayed in IIEX. The critical elements were defined by the DAC. IIEX can pinpoint those elements based on the product type or Top 10 list of critical data elements.

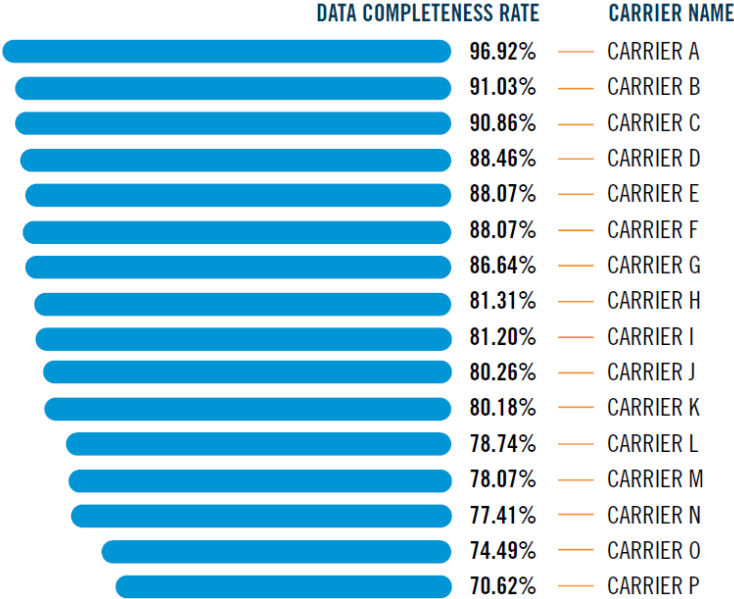
HOW COMPLETE IS YOUR POLICY DATA?

ARE YOU TIRED OF SEARCHING FOR MISSING POLICY DATA?

With more than 15 million policy records being exchanged with over 228 distributors, it's common to receive records that have missing data. DTCC's [Insurance Information Exchange \(IIEX\)](#) – a centralized, secure data hub that supports the sourcing and consumption of data – uses a Data Completeness Score to help users gain insights into the quality of their data and what elements their data is missing. IIEX users (carriers or distributors) can get a view into their overall data completeness rate and filter down to get specific insights by product type, trading partner or even at the individual policy level. Here's a current look at data completeness in IIEX:

DATA COMPLETENESS BY CARRIER

IIEX has 204 individual carrier participants with an average completion rate of 80.96%, across all product types. Of the carriers listed below, Carrier A has the best completeness score and the average completion rate, for carriers submitting annuities, is 83.23%.



Next Call:

Tuesday, May 3rd at 2:00 – 3:30pm ET