Meeting Minutes –I&RS Review Board

CATEGORY	DESCRIPTION
Meeting Name:	DTCC I&RS Review Board
Facilitator	Jovani Munoz, Jeanann Smith
Scribe	Jovani Munoz
Date & Time:	July 6, 2021
Location:	Conference Call

Advisory Group Attendees

NAME	GROUP
Karen Mottley	ACORD
Monica Avery Denise Smith Rajaperumal Ramachandran Tracy Lane Lalitha Nagarajan	AIG
Weusi Sharp	Albridge
Diane Gates David Paul Carla Prado Salman Mohiuddin	Allstate
Wendy Crane	American-Equity
Monica Clancy	Ameritas
Jonna Sandegren	Athene
Kevin Lowe	Broadridge
Christine Phuong	Citizens Securities
Chad Beck	Columbus Life
Nick Remy Jentry Miller	Cuna Mutual
Alisha Rickard	Delaware Life
Jovani Munoz Cory Stark Jeanann Smith	DTCC
Suzanne Dorman Saul Herrera Bryan Holland	EBIX
Ryan Brown Brandon Slotness Krysti Spohn Karin Madson	Edward Jones
Sean Lawlor	Envestnet
Daniel Surber Susanne Kennedy Richard Sutphin	Fidelity & Guaranty

JoAnn Booth Katie McIntyre	Fidelity Insurance Agency
Jennifer Yerly Brenda Brown-Morris Christine Evans	Genworth
Ellen Lester	Global Atlantic
Stephen Burk	Insurance Designers of Kansas City
Andrew McMorris Dave Lamphere Ana Doucet Adam Ducorsky	Ipipeline
Rene Fedewa Jenni Morden	Jackson
Dan Falco Tina Jorge	John Hancock
Rob Hosier Dan Wilson Rich Short Jesse Martin	Lincoln
Teresa Celsi	Mass Mutual
Angie Thompson	Merrill Lynch
Kelly Dinville Mark Watermiller	Metlife
Sarah Baraff	M Financial
Nick Jellings Tricia Vogel	National Western
Bob Lamb Ali Deek Matt Myers Eric Dulaney	Nationwide
Matt Sullivan	New York Life
Nidhi Mehra-Kumar Eileen Sorrows Dave Turner Bryan Kirby	Ohio National
Liz Moore Joe Procacini Danny Smith	Pacific Life
Holly Gulling Mike McCombs	Principal
Amy Hamilton	Protective
Michael Syrett	Prudential
Lindsey Kniebel	RBC
Michelle Path	Sammons Financial Group
Rene Ostrea	Schwab

Shannon Rabe Kevin Norby	Securian
Jeff Barnett	SE2
Shaya Scher	Simkowitz Co
Wendell Tobiason	SparkIPS
Kathi Carter Shelley Wallace	Stifel
Christie Rogers	Symetra
Brian Gossman Truda Wodke Nancy Merryman Rosario Paget Dan Fran Forslund	TransAmerica
Mac Etugbo	USAA
Matt Brant	Venerable Annuity
David Krawczyk Janina Buldrini	Voya
Jonas Hellie Ben Daniels Carolyn Palmer	Wells Fargo

Meeting Minutes

Enhancements Re-Reviewed:

No enhancements re-reviewed

New Enhancements to Review:

IPS00674 – FET – Add FET Code Items

Since the launch of Fee & Expense Transmittal (FET), new products and fee modes need to be supported. Currently, is not allowing certain Fee Mode codes and Products such as Death Benefit and Registered Index Annuities.

The enhancement recommended change is to add a Quarterly code to the code list for Fee Mode. In addition, it was requested to add 2 allowable values to <ProductPolicyTypeCode> representing Registered Index Annuity (RXA) and Index Variable Annuity (IVA).

The group reviewed the requested change and approved to add the FET codes, both on the request and response. In addition to these codes, it was suggested to add other Fee Mode codes (i.e. Monthly, Semi-annually, etc.). The group agreed to include the additional allowable code items.

DTCC reviewed the current ACORD help file for both FeeMode and ProductPolicyTypeCode and will be adding the following to align with the Positions and Valuations (POV) file:

FeeMode:
- Weekly (6)
- Bi-Weekly (7)
- Semi-Monthly (5)
- Monthly (4)
- Daily (8)
- Single Payment (9)
- Quarterly (3)
- Semi-Annual (2)

ProductPolicyTypeCode:
- Registered Index Annuity (OLI_PRODTYPE_RXA)
- Variable Index Annuity (OLI_PRODTYPE_IVA)

Enhancement approved for next code list release

IPS00675 – APP/SUB & POV – Add New Field and Codes (Inherited Payout)

With the SECURE act there were changes to elections and rules for RMD. The requesting firm needs to be able to capture, process and report for the 10-Year Deferral option on Inherited IRA/Roth contracts. At issue is the ability forthe client to indicate that they are using the 10-Year Deferral Method for their payouts. This will allow to capture and pass the client's choice of Inherited Payout Timing on the APP/SUB file. The requesting firm is looking to pass back on the POV file the Inherited Payout Timing choice, as well as the End Date of the deferred payout.

The group reviewed this request. There was concern on where to properly add these new fields and codes. After further discussion, members on the call suggested to add the changes to the 01 records on both APP/SUB and POV. The group agreed to add the requested changes to the 01 records.

The recommended changes are as follows:

APP File

Add new field – Inherited Payout Timing Choice – with a code list to the Application Sub-Pay record (33-35/01).
- 5-Year Deferral

- 10-Year Deferral
- (blank) N/A

POV File

Add new field – Inherited Payout Timing Choice – with code list to the Contract record (13/01).

- 5-Year Deferral
- 10-Year Deferral
- (blank) N/A

Add new code to the Contract Date Qualifier code list (3402) on the Contract Dates record (13/06)

- Inherited Deferral End Date

The enhancements were approved by the Review Board.

Enhancement approved for a future release

DTCC also brought up a concern relating to the new Party Date of Death field being added to POV with the November Release. It was suggested to remove codes 442 = Date of Death, and 443 = Joint Death from the Contract Date Qualifier code list (3402), since a new date of death field will be added. This is to avoid sending same information in separate places. Members of the call had concerns moving forward with this approach as this would require a mandatory change.

DTCC will review the current data being passed within POV and come back to the group. More discussion is needed on this topic to eliminate any confusion.

IPS00676 – COM – Add COM codes and fields

If the agent/producer is an employee of the carrier, certain states (PA, CA, PR) require that agent commissions for non-resident agents be subjected to state withholding. This withholding must be netted from the Paid Commissions or processed as a separate transaction recouping commissions from the agent for withholding. The choice of processing may be dependent upon the Carrier's workflow and systems. There is a need to process this commission withholding through the DTCC COM file.

The recommended changes are as follows:

Add new codes to Commission Basis Reason Code list (2060)

- CXX (tbd) – State Withholding on Commissions
- PXX (tbd) – Correction of State Withholding on Commissions

Add new fields to Contract Recipient record (22/05)

- Recipient State Tax Withholding
    - numeric format can be smaller than "9(14)v99"
- Recipient State Tax Withholding Debit/Credit Indicator
    - 1 = Debit
    - 2 = Credit

The Review Board reviewed the suggested enhancements and approved to add them all. The requesting firm was looking to add the CBRC code items from this request as part of the next code list release (September). The group approved to add the codes to the next code list release. The new Tax Withholding fields will be implemented in a future enhancement release. DTCC will break this enhancement request into 2 separate ones – one to represent the addition of CBRC code items (IPS00676 – COM – Add New CBRC Codes and the other representing the new State Tax Withholding fields (IPS00680 – COM – Add New State Withholding Fields).

Enhancement request approved
Code list approved for next code list release
Request to add additional commission fields will be supported on future release

IPS00677 – COM – Modify COM Edit

Commission processing may be specific to a Policy or non-Policy related. For non-Policy commissions the Contract Record#1 allows for leaving the Policy (Contract ID) blank (item number 2007), as well as the CUSIP Number (item number 2005). However, item 2076 – Product Type – is mandatory on this record. When paying commissions not related to a specific policy there is no applicable Product Type. This field needs to be optional/conditional (OC) dependent upon item number 2007.

The recommended change is as follows:

Edit change: Change Product Type Code field (2076) from mandatory to OC.
New edit: If Contract ID (2007) is present, then Product Type Code (2076) is mandatory.

The group reviewed the recommended request and approved to make the field change. The requesting firm was looking to implement this change as soon as possible. DTCC will review internally with development team on how soon can the field change be implemented.

Enhancement approved for a future release

IPS00678 – APP_COM_FAR_POV – Add New IMO Code

IMO business has become more prevalent, and IMO identification needs to be provided in the DTCC messages.

For New Business, the Distributor, Service Partner, and Agent(s) are identified in the APP file. However there is no facility to identify the IMO involved in the sale. The Order Entry platform may be provided/facilitated by the IMO, but usually the Distributor provides their own Order Entry platform unrelated and not identifying the IMO. Currently manual processes are used to identify the IMO (e.g. cover sheet with the Application). There are situations where a Distributor may utilize multiple IMOs, thus we cannot 'guess' the IMO based upon the Distributor. It is possible for an Agent to be set up to use multiple IMOs, providing no method to identify the IMO when the New Business APP file is received.

Add an IMO identification to the APP file, as well as POV, FAR and COM for reporting (and paying commissions to) an IMO.

The recommended changes are as follows:

APP – update Agent Role Type (4153) code List

- Add code "IMO" Independent Marketing Organization. Also known as NMO.

FAR – update Agent Role (5119) code List

- Add code "IMO" Independent Marketing Organization. Also known as NMO.

POV – update Agent Role (3303) code List

- Add code "IMO" Independent Marketing Organization. Also known as NMO.

COM – update Recipient Role (2410) code List

- Add code "IMO" Independent Marketing Organization. Also known as NMO.

The Review Board reviewed and discussed the requested code additions. The group approved to add the new codes.

Enhancement approved for next code list release

IPS00679 – ATT – Add New Property

There is a need to support the delivery of multiple contracts/policies to be replaced within a single carrier to carrier Attachment message.

The current carrier to carrier Attachment suggestion best practice is to pass the ceding carrier number in the Policy Number field and the receiving carrier's policy number within the Document Contract Number (DCN) field.

Policy Number	Enter the ceding carrier's policy number with no trailing spaces. Trailing spaces can impact the carrier's processing in recognition of the policy number.
Document Control Number	Enter the receiving carrier's policy number with no trailing spaces. Trailing spaces can impact the carrier's processing in

	recognition of the policy number.

If multiple contract/policy number(s) are being replaced, the expectation is that multiple TXLife messages are sent (one holding with one FormsInstance). There is expectation that multiple Attachment messages are passed to support the multiple replacements since they are worked separately. However, the usage of the DCN is not the best place to put this information since is it is using an existing property for a different reason based on the definitions of the Policy number property. The data dictionary description is below:

PolNumber This is the policy/contract number assigned by the insurance carrier. If the PolicyNumber not known by the sender, the Holding aggregate should still be sent with the CUSIP and CarrierPartyId	Holding.Policy.PolNumber	O	S

Today, the Document Control Number (DCN) field is being used as a workaround. The DCN field is unique so fails the edit if reused.

The recommended changes are as follows:

1. Add new property titled Prior Policy Number (PriorPolNumber) to the Holding/Policy object.
2. Add edit to new (PriorPolNumber) property that requires to be populated when Originating Transaction Type code = 127.
3. Modify the standard usage for the Carrier to Carrier Attachment process to support the passing of the 'receiving' carrier's policy number be sent in the PolNumber field and the ceding carrier's policy will be passed in the PriorPolNumber field.
4. Modify Attachment Access UI to support this new property when Originating Transaction Type code = 127.

The group reviewed this enhancement request. Members on the call informed that this change had been brought up before, back when the carrier to carrier Attachements task force were in process of determing the list of changes to be implemented. This change was not included at the time due to limited carrier participation for C2C attachments. Members on the call suggested looking back to other changes, that were also not included at the time due to limited participation, to be implemented in addition to Prior Policy Number property. The Review Board agreed on this approach. DTCC will reach out to the C2C Attachments pilot carriers to schedule a call to review this enhancement and the prior requested changes. Discussions will continue on the next call.

Enhancement request on hold

Discussion Items:

XML Messages Conversions

There are firms who are looking to potentially move off of SOAP API's to REST API's. DTCC was looking to get feedback from the Review Board if there was any interest in moving in this direction for DTCC implemented web service messages. Members on the call showed interest to this change. DTCC will work with ACORD on gathering more details on what this would look like and require and bring back to the group.

Advisory Fees from annuity contracts via FAR and COM

DTCC needs to get a better understanding on how advisory fees is being reported, and if the group is looking to continue reporting through COM. Some members on the call informed that advisory fees deducted from annuity contracts and paid in their COM file. Additionally, some firms reported that CBRC codes are used when sending advisory fees (i.e. codes PAF and CAF). Many on the call were not so sure what their process is on sending advisory fees.

Firms need to review internally and circle back to DTCC after further research. If you have not shared your research with DTCC, please do so and we can consolidate responses to discuss on the next call.

Update to DTCC Multifactor Authentication (2FA) Service

DTCC made the Review Board aware of a user authentication change that will impact clients who are Portal users over .COM. The change will require each .COM portal user who logs into the PSE and Production Portal, to reset their authentication factor. This update is being completed to strengthen DTCC's resilience to potential cybersecurity threats. The change will become effective on July 11th. DTCC has communicated this to all clients who use the DTCC Portal.

The below discussion items were not covered due to time constraints.

FAR Task Force – Work Output

Reminder: July 2021 Code List Release

- PSE – July 22
- Production – August 5

Reminder: September 2021 Enhancement Release

- PSE – August 19
- Production – September 16

Reminder: November 2021 Enhancement Release (POV/IFT Access)

- PSE – October 28
- Production – November 11

Reminder: RegSCI Testing Weekends

- August 28-29
- October 2-3
- October 23-24

Next Call:

Tuesday, August 3rd, 2021 at 2:00 – 3:30pm ET