DTCC

Important Notice

National Securities Clearing Corporation

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Date:	JANUARY 26, 2023
To:	ALL ACATS PARTICIPANTS
From:	ACATS PRODUCT MANAGEMENT, DTCC EQUITIES CLEARING
Attention:	DIRECTOR OF OPERATIONS, ACCOUNT TRANSFERS DEPARTMENT, MUTUAL FUND OPERATIONS, P&S DEPARTMENT
Subject:	ACATS NEW CLIENT INTERFACE AND 529 PLAN ENHANCEMENT

NSCC's Automated Customer Account Transfer Service (ACATS) will begin offering new inbound and outbound data messaging capabilities starting this year as an incremental and foundational next step in modernization. The new message structure will be in JSON standard format and be supported via REST API and/or MQ in a phased release. The initial rollout will be offered as an add on to the existing suite of communication protocols (which include SFTP, NDM, web upload and web user interface) and not impact or require immediate changes to your existing legacy process which uses fixed and variable formats or transaction input via the web. The new messaging and legacy data exchange will all be supported simultaneously within the existing ACATS workflow. However, the introduction of the new message formats will commence a multi-year transition period for firms to migrate off the legacy files to the new messaging via API and/or MQ. Firms will have the opportunity to participate in industry calls throughout this transition period to prepare for the change.

As indicated in the timeline below, the initial release will offer APIs for the transfer initiation (TI), asset transfer (AT) and fund registration (FR) inbound transactions to ACATS. MQ messaging will be available for all 11 multicycles and the Fund/SERV statistics outbound from ACATS. In a later release, MQ messaging will be available for all other reporting (example, end of day position and settlement) as well as MQ input for TI, AT, and FR transactions. APIs for outbound continues to be evaluated and will be provided based on industry need. For firms that only use transaction input screens, this capability will not be impacted as part of this project. However, new data (such as the 529 enhancement described in the next section) will not be added to the screens at this time.

DTCC has updated its API Marketplace with the ACATS API's, schemas, and API Starter Kit for these new messages. MQ documentation will be provided at a later date. Firms can begin reviewing this information at https://developer-test.dtcc.com. For full access to the API Marketplace, your firm's Super Access Coordinator can enable you as Operator if they are currently enabled with the

entitlements; however, if your SAC is not provisioned with this entitlement, please contact the NSCC Integration Team at nsccintegration@dtcc.com.

With the introduction of the new messaging, a migration goal of 3rd Quarter 2025 has been established as the date in which all firms will be expected to transition from the legacy variable and fixed formats to JSON messages via API or MQ. The legacy files will be targeted for decommissioning after this period.

529 College Plan Transfers Enhancement
With the introduction of the new messaging, and the planned decommission of the legacy files, no new data elements will be added to the variable or fixed formats going forward. Any new data will be added to the JSON formats only. The first new data elements to be added to the JSON message formats that will not be added to legacy is the data required to support 529 account transfers via ACATS-Fund/SERV.

These enhancements, which were approved by the SIFMA Customer Account Transfer Forum and ICI BDAC's Transfers Working Group, will create greater automation in the transferring of 529 positions between two brokerage accounts (omnibus or Network Level 3) or between a brokerage and fund (PTF - for fund to firm or fund to firm). Currently, 529 positions can either be transferred by leveraging Mutual Fund Networking B52/F53 transfers records or via manual request to the fund. In both scenarios, it requires manual intervention to supply the critical data elements not currently available in the ACATS system, leading to the risk of manual entry errors.

After extensive review, the industry collectively decided that the most efficient way to support 529 transfers is using ACATS. This enhancement will add the data elements currently found on the Networking B52/F53 transfer process to the ACAT Asset information format which will enable the delivering firm to send the data that will ultimately reside on the Fund/SERV statistics output.

Intermediaries are seeing increased interest and growth of 529 products on their brokerage platform. The manual transfer of shares is viewed as a significant barrier in wider distribution. The increased efficiency and automation gained by this enhancement will lead to a quicker more accurate delivery of shareholder 529 assets. It will also line up with the delivery of other shareholder assets when the other assets are moved via ACATS.

1. These new data elements will be added to the mutual fund extension data section (Asset-Mutual-Funds schema in API Marketplace) and used when the transfer account type is a 529 Plan. New data added includes:
   - IRS 529 Annual Strategy Change Counter
   - Cost Basis Amount
   - Earnings to Date Money Amount

2. Fields will be available on applicable intraday reporting and Fund/SERV Statistics reporting via MQ JSON messages.

3. For fund companies/transfer agents only, fields will be added to the existing:

   - Fund/SERV 018 (ACATS transfer) record received by fund company/transfer agent.

- Fund/SERV 019 (ACATS Transfer Acknowledgement/Rejection) record sent by fund company/transfer agent.

Fund Companies will not be receiving data in new messaging formats.

Targeted Timeline:
- ➢ January 2023
  - o API specifications released in the API marketplace for review.
- ➢ February 2023
  - o Industry Calls will commence to review all the enhancements.
  - o New API's will be available in the PSE/Test region for early testing/simulation. This includes APIs for Transfer Initiation (TI), Asset Transfer (AT) and Fund Registration (FR) inbound to DTCC submissions.
  - o Technical specifications will be available for MQ outbound from DTCC (multi-cycle reporting and Fund/SERV statistics report).
- ➢ March 2023
  - o March 27, 2023 – New messaging will be available in PSE for full 529 enhancement testing (data added to Mutual Fund Asset input API, MQ multi-cycle output, MQ Fund/SERV statistics file output and Fund/SERV 018/019 records for Fund Companies)
- ➢ May 2023
  - o May 15, 2023 – New messaging will be available in Production for all API inbound, MQ multi-cycle and Fund/SERV statistics output, and 529 enhancements (data added to Mutual Fund Asset input API, MQ multi-cycle output, MQ Fund/SERV statistics file output and Fund/SERV 018/019 records for Fund Companies)
    - ▪ Although production ready, firms will not be setup in production until they confirm testing is completed. The NSCC migration team will help firms through the testing process.
- ➢ August 2023
  - o New outbound messaging via MQ for all other end of day/once per day reporting will be available in PSE
- ➢ October 2023
  - o New outbound messaging via MQ for all other end of day/once per day reporting will be available in Production.
  - o Outbound messaging via API and input messaging via MQ is still being determined.
- ➢ January – December 2024
  - o Continued industry engagement to help firms plan for this migration.
- ➢ 3rd Quarter 2025
  - o All Variable and Fixed formats will be decommissioned.

Documentation:
These new APIs are now available for review via the DTCC API Marketplace at:
https://developer-test.dtcc.com. As noted above, please work with your firm's Super Access Coordinator (SAC); however, if they do not have the appropriate entitlements, please contact the NSCC Integration (NSCCIntegration@dtcc.com) Team to have your firm's SACs provisioned with the API Marketplace.

Additional information on the project can be reviewed at:
https://dtcclearning.com/products-and-services/equities-clearing/acats/acats-projects.html

Website registration is required for access to this documentation.

<u>Additional Information:</u>
A copy of this Important Notice can be obtained from the website of NSCC's parent corporation, The Depository Trust & Clearing Corporation, at http://www.dtcc.com. If you have any questions regarding this notice, please contact your DTCC Relationship Manager.

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