



<b>A#:</b>	9267
<b>P&amp;S:</b>	8840
<b>Date:</b>	February 10, 2023
<b>To:</b>	<b>ALL MEMBERS AND LIMITED MEMBERS</b>
<b>From:</b>	<b>WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS</b>
<b>Attention:</b>	<b>MANAGER MUTUAL FUNDS OPERATIONS, MANAGER DATA PROCESSING, MANAGER CASHIERS, MANAGER P&amp;S DEPARTMENT</b>
<b>Subject:</b>	<b>ACATS-Fund/SERV® Enhancements - 529 Account Transfers</b>

As announced in [Important Notice a9259](#), effective **May 15, 2023** NSCC will implement enhancements to the Automated Customer Account Transfer Service (ACATS). In addition to the introduction of new messaging capabilities, the release will include ACATS-Fund/SERV® enhancements approved by the SIFMA Customer Account Transfer Forum and ICI's BDAC Transfers Working Group to support 529 account transfers. Critical information required to assume oversight of 529 accounts are not currently available in ACATS, resulting in a highly manual process. These enhancements will allow clients to systematically provide the necessary information to facilitate both Firm to Firm and PTF (Fund-Firm or Firm-Fund) 529 account transfers in an automated and streamlined manner, reducing manual processing and associated risk.

Below is a summary of the ACATS-Fund/SERV enhancements. Details illustrating the specific enhancements are included in the attached Appendix. ***The Appendix is for informational purposes and may not represent the final record layouts. NSCC reserves the right to make additional changes prior to implementation.***

The following **four new fields** will be added to the ACATS Account Transfer (018) and Transfer Acknowledgement/Rejection (019) records to allow clients to systematically provide the necessary 529 account information:

- 'IRS 529 Annual Strategy Change Counter' - number of strategy changes that occurred during a calendar year.
- 'Cost Basis Money Amount' – original cost of the shares that are being transferred.
- 'Earnings to Date Money Amount' – earnings of shares being transferred.
- 'Negative Earnings to Date Indicator' – indicates if the earnings amount is negative.

**Important Notes:**

- Firms will not be allowed to pass the IRS 529 Annual Strategy Change Counter, Cost Basis Money Amount, Earnings to Date Money Amount, and Negative Earnings to Date Indicator data elements through the existing fixed or variable record formats. To provide these 529 account

data elements, the transfer must be submitted through the new ACATS JSON API message format.

- Funds will continue to receive the ACATS Account Transfer (018) record, and submit the ACATS Transfer Acknowledgement/Rejection (019) record, through the existing fixed or variable record formats. **The new ACATS JSON messaging formats only apply to Firms.**

## **TESTING**

Effective **March 27, 2023** clients can begin testing in the Participant Services Environment (PSE) region. Clients are encouraged to test and must contact their Relationship Manager before testing begins if access to the PSE region has not been previously established.

## **DOCUMENTATION**

Updated record layouts will be available on or about **March 15, 2023** and can be located in the mutual funds section of the Learning Center: <https://dtcclearning.com/products-and-services/mutual-fund-services/record-layouts.html>.

Applicable user guide(s) will be updated and available on or about **May 1, 2023**. An email notification will be sent when revised documentation has been posted.

Questions and comments regarding this Important Notice may be directed to your Relationship Manager, Wealth Management Services team at 212-855-8877 or [WMSCoconnect@dtcc.com](mailto:WMSCoconnect@dtcc.com).

Therese Leahy  
Product Manager

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Product Management  
DTCC Wealth Management Services

# Appendix

## ACATS-Fund/SERV Enhancements

(Mainframe only)

Both fixed and variable records will be modified. However, for the purpose of illustration, the fixed record layouts are displayed below.

The **following new fields** will be added to the **ACATS Transfer (018)** and the **ACATS Transfer Acknowledgement/Rejection (019)** records as indicated below:

- 'IRS 529 Annual Strategy Change Counter' - number of strategy changes that occurred during a calendar year.
- 'Cost Basis Money Amount' – original cost of the shares that are being transferred.
- 'Earnings to Date Money Amount' – earnings of shares being transferred.
- 'Negative Earnings to Date Indicator' – indicates if the earnings amount is negative.

### Important Notes:

- If provided by Firms on the ACATS transfer utilizing the new JSON API messaging format, the new 529 account information will be included on the ACATS Transfer (018) record.
- Funds **should populate** the new 529 account information on the ACATS Transfer Acknowledgement/Rejection (019) record when provided on the ACATS Transfer (018) record. If the information is not provided, NSCC **will not reject** the 019 record.
- For an ACATS PTF Fund-Firm transfer where the Fund holds the 529 account information, the Fund **should supply** the relevant data elements on the ACATS Transfer Acknowledgement/Rejection (019) record.

### 1) ACATS Transfer (018), Record 9 of 34

Field Name	Start	End	Len	Type	Description
IRS 529 Annual Strategy Change Counter	77	77	1	A/N	0 thru 9
Earnings to Date Money Amount	78	93	16	N	99,999,999,999,999.99
Negative Earnings to Date Indicator	94	94	1	A/N	N = Negative Space = Positive
Filler	95	100	6	A/N	Space

2) ACATS Transfer (018), Record 10 of 34

Field Name	Start	End	Len	Type	Description
<b>Cost Basis Money Amount</b>	<b>81</b>	<b>96</b>	<b>16</b>	<b>N</b>	<b>99,999,999,999,999.99</b>
<b>Filler</b>	<b>97</b>	<b>100</b>	<b>4</b>	<b>A/N</b>	<b>Space</b>

3) ACATS Transfer Acknowledgement/Rejection (019), Record 3 of 3

Field Name	Start	End	Len	Type	Description	Opt/Req	Reject Code
<b>IRS 529 Annual Strategy Change Counter</b>	<b>25</b>	<b>25</b>	<b>1</b>	<b>A/N</b>	<b>0 thru 9</b>  <b>If populated, only 0 thru 9 are allowed.</b>	<b>O</b>	<b>287</b>
<b>Earnings to Date Money Amount</b>	<b>26</b>	<b>41</b>	<b>16</b>	<b>N</b>	<b>99,999,999,999,999.99</b>	<b>O</b>	<b>262</b>
<b>Negative Earnings to Date Indicator</b>	<b>42</b>	<b>42</b>	<b>1</b>	<b>A/N</b>	<b>N = Negative</b> <b>Space = Positive</b>  <b>If populated, only 'N' is allowed.</b>	<b>O</b>	<b>263</b>
<b>Cost Basis Money Amount</b>	<b>43</b>	<b>58</b>	<b>16</b>	<b>N</b>	<b>99,999,999,999,999.99</b>	<b>O</b>	<b>261</b>
<b>Filler</b>	<b>59</b>	<b>100</b>	<b>42</b>	<b>A/N</b>	<b>Space</b>	<b>R</b>	

➤ **Reject Codes**

The following reject codes will be leveraged for the new fields on the ACATS Transfer Acknowledgement/Rejection (019) record. Note reject code **287 is a new reject code**, while reject codes 261, 262, and 263 are existing Fund/SERV reject codes that will be leveraged.

Field Name	New/Existing Reject Code	Reject Code
IRS 529 Annual Strategy Change Counter	<b>New</b>	<b>287 - IRS 529 Annual Strategy Change Counter is invalid</b>
Earnings to Date Money Amount	Existing	262 - Earnings to Date Money Amount missing/invalid
Negative Earnings to Date Indicator	Existing	263 - Negative Earnings to Date Indicator missing/invalid
Cost Basis Money Amount	Existing	261 - Cost Basis Money Amount missing/invalid