U S E R
G U I D E

ACATS/IPS

June 2012

National Securities Clearing Corporation

Automated Customer Account Transfer Service/

Insurance Processing Service

Version 10.0

DTCC

Effective Date: June 6, 2005	Please see Important Notice A # 6010, P & S #5580 dated April 15, 2005

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The primary purpose of this product guide is to familiarize members with the ACATS/IPS product offered by DTCC. This guide is not intended to serve as a legal document. No statement in this guide should be construed as a legally binding rule or regulation, or as creating an obligation on the part of NSCC or any person. In addition, any time schedules or time requirements set forth herein are subject to change without notice.

Participants should refer to the NSCC Rules & Procedures for the legal obligations of any party utilizing the ACATS/IPS service. The Rules & Procedures of NSCC, plus all updates and revisions, should be obtained by all participants from NSCC's Membership Department.

Document History

MAY 2005

Document created.

AUGUST 2005

1. Added the following hard reject (HRJ) codes to the document's *Hard-reject Codes* section.

017	Custodial Information Invalid / No Agreement on File	Carrier does not allow custodial ownership for a particular broker/dealer.
018	Custodial Agreement Tax Type Invalid	This code would be used when a Non-Qualified Custodial owned policy is being transferred from one BD to another BD. However the new BD's custodial agreement only allows for Qualified Custodial cases.

2. Added the following soft reject (SRJ) codes to the document's *Soft-reject Codes* section.

053	House Account	Carrier will not allow transaction to be processed if contract is in a house account. Currently, the only transaction this would apply to is a BEN transaction.
054	Number of Agents Exceeds Carrier Limits	Carrier's internal system cannot hold the number agents requested to be setup on the contract. If this code is used, than the Carrier will need fill field 7046 in 73-01 record.

3. A note…

> ****NOTE**: *If the REP and CAT are sent in the same file, the REP must be sequenced first. Otherwise, in IPS editing, the CAT will close out the ACAT transaction before the REP is read and the REP will reject with REJECT CODE 624 - TRANSACTION STATUS ALREADY SET TO ACK/HRJ/TEX.*

…was added to the following flow diagrams:

- *CAT SRJ-050 Rep Not Appointed (1 Reject)*, p. 14
- *CAT SRJ-050 Rep Not Appointed (2 Rejects)*, p. 16
- *Case 1: Additional Reps Needed*, p. 20
- *Case 2: Additional Beneficiaries Needed*, p. 22.

MARCH 2012

- Updated pg. 2 – For IPS – Setting up trading partners and Setting up CUSIPS

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Introduction

WHAT IS ACATS/IPS?

ACATS/IPS is the link between the Automated Customer Account Transfer Service (ACATS) and the Insurance Processing Service (IPS). When account assets are transferred using ACATS, the ACATS link to IPS enables broker/dealers and banks to include insurance assets as part of the account transfer process.

WHO CAN USE ACATS/IPS?

The following financial entities are eligible to use the ACATS/IPS service:

- Insurance carriers that are either full members or Data Service Only (DSO) members of NSCC.
- Broker/dealers that are full members of NSCC (DSO Broker/dealers are not eligible to use ACATS).
- Banks that are members of a Qualified Securities Depository (QSD).

Firms that meet these criteria have no additional membership requirements to use ACATS/IPS.

THE IR/CAT RECORD IN ACATS

When insurance assets are part of an account transfer in ACATS, the receiving broker/dealer must submit an insurance registration (IR) record through ACATS to notify the insurance carrier that specific assets the carrier is holding are to be re-registered from one broker/dealer to another.

The IR record must be submitted by the end of the ACATS review period (the period when the receiving and delivering broker/dealers review account assets). The receiving broker/dealer can submit to ACATS the IR record on the same day the asset listing was received or by 4:00 p.m. eastern time the following business day. If the account is accelerated, the receiving broker/dealer must submit the IR record the same day the account acceleration is processed.

ACATS validates the IR record to ensure that all appropriate fields are completed. As part of its end-of-day processing, ACATS packages all received IR records and forwards them to IPS at the end of the ACATS review period.

IPS performs additional validations, such as ensuring the trading relationship is valid. If IPS validation is passed, IPS converts the IR record into a customer account transaction (CAT) record and sends it to the insurance carrier (this is the first transaction that is sent to the insurance carrier in the ACATS/IPS process). If IPS validation is not passed, IPS returns a hard-reject message to ACATS. ACATS reports the reject to the receiving and delivering broker/dealers on the ACATS Insurance Statistics report. ACATS also creates receive-and-deliver instructions.

Setting up ACATS/IPS

FOR ACATS

Becoming eligible

To be eligible for ACATS/IPS, participants must contact their DTCC relationship manager. The relationship manager updates the firm's participant profile to activate the ACATS/IPS link.

Additionally, participants must verify that the firm is set up to receive ACATS output (files and/or reports).

FOR IPS

Setting up product

To be set up for ACATS/IPS usage, insurance carriers and broker/dealers must submit a product update form (PUF) via the I&RS Website.

To retrieve this form:

1. Go to the I&RS website at http://www.dtcc.com/products/insurance/suite/product_request_form.php
2. Step 1, fill out Contact Information. Step 2, select "IFT (ACATS) – Inforce Transactions", and choose test and/or production. Submit Request.
3. A DTCC representative will contact you to setup the product.
4. If you have any question and/or issues, you can always call your I&RS Relationship Manager for assistance.

Setting up CUSIPs (for insurance carriers)

Prior to using ACATS/IPS, insurance carriers must provide make their CUSIP eligible for ACATS/IPS processing. To add additional new CUSIPS or modify existing CUSIPS, insurance carriers should use the CUSIP Profile on the DTCC Portal at:

http://www.dtcc.com/products/insurance/members/cusip_info.php

Any CUSIP that is not set up as ACATS/IPS eligible is rejected during the ACATS process.

Note: Not all insurance carrier CUSIPS are eligible. Some CUSIPS are proprietary, meaning that only a specific broker/dealer may sell or be set up as the broker/dealer of record on that CUSIP.

Selling agreement between trading partners

A selling agreement addendum must be signed between trading partners prior to joining ACATS/IPS. Trading partners are the receiving broker/dealer, delivering broker/dealer, and the insurance carrier.

The selling agreement specifies:

- All broker/dealer insurance registrations must be initiated via the NSCC ACATS system
- Insurance carriers agree to process broker/dealer insurance registrations without receiving a client authorization document
- Broker/dealers retain client authorization for at least six years and agree to provide insurance carriers with client authorization upon request.

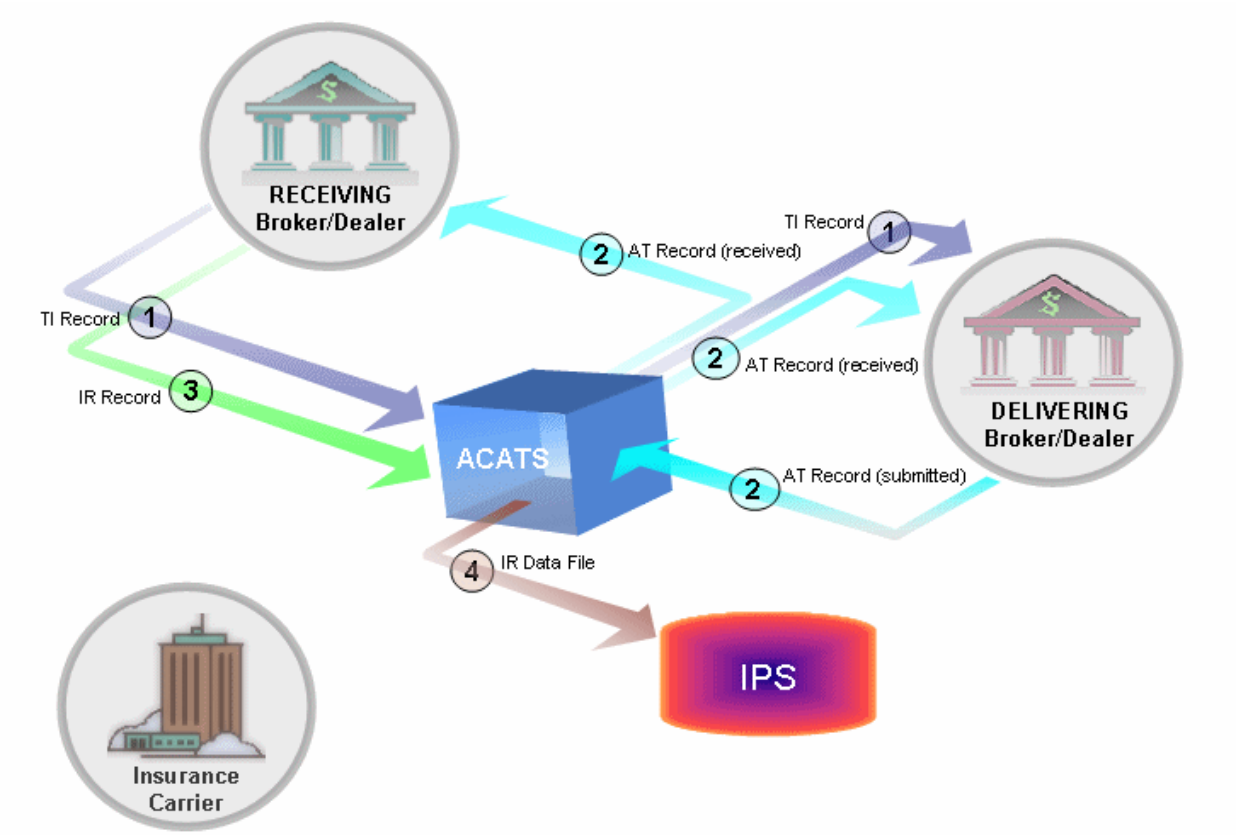
Associated Firm ID

Distributors should fill out the appropriate associated firm identification numbers when sending transactions. The Associated firm is a correspondent firm that uses a clearing firm for transaction processing. The insurance carrier needs to know the identity of the appropriate correspondent at the associated firm to verify the signing of the selling agreement addendum for that correspondent.

Walkthrough: Re-registering an insurance asset via ACATS/IPS

ACATS SIDE OF RE-REGISTERING AN INSURANCE ASSET

See the next page to view the IPS side of re-registering an insurance asset through ACATS/IPS.



Flow Chart: Re-registering an insurance asset in ACATS

1 TI Record

The receiving broker/dealer requests the account to be transferred by submitting a transfer initiation (TI) record to ACATS. ACATS passes the TI request record to the delivering broker/dealer. The account is in Request status.

2 AT Record

The delivering broker/dealer, after receiving the TI record, submits to the receiving broker/dealer through ACATS an asset transfer (AT) record that lists the insurance assets and the requested settling location **60 IPS** (ACATS determines if both the receiving broker/dealer and the CUSIP are ACATS/IPS eligible). The account is in Review status.

3 IR Record

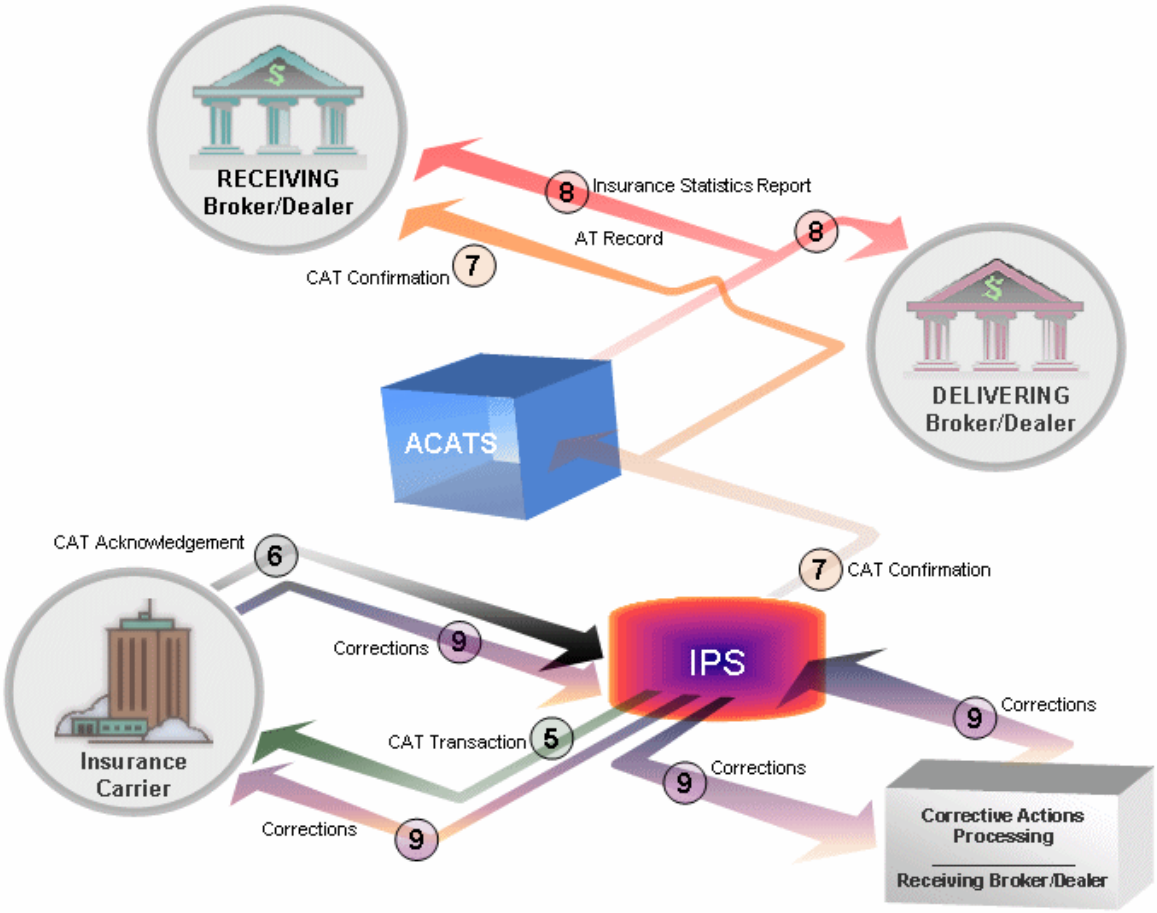
The receiving broker/dealer reviews the AT asset record, creates an insurance registration (IR) record, and submits the IR record to ACATS.

4 IR Data File

ACATS combines the IR record from the receiving broker with relevant information from the delivering broker's AT record and submits the IR data file to IPS.

IPS SIDE OF THE RE-REGISTERING AN INSURANCE ASSET

See the previous page to view the ACATS side of re-registering an insurance asset through ACATS/IPS.



Flow Chart: Re-registering an insurance asset in IPS

5 CAT Transaction

IPS converts the IR record to an IFT CAT transaction. IPS assigns an NSCC control number to the IFT record and submits it to the insurance carrier for processing as a CAT transaction. IPS starts the processing window. Corrective action processing can last 20 days.

6 CAT Acknowledgement

The insurance carrier receives the CAT transaction from IPS, processes it, and returns it to IPS with transaction code ACK (acknowledgement), HRJ (hard-reject), or SRJ (soft-reject). See Insurance carrier transaction status codes, page 9.

7 CAT Confirmation

IPS receives the CAT record from the insurance carrier and submits a CAT confirmation to both the receiving broker/dealer and ACATS.

8 Insurance Statistics Report

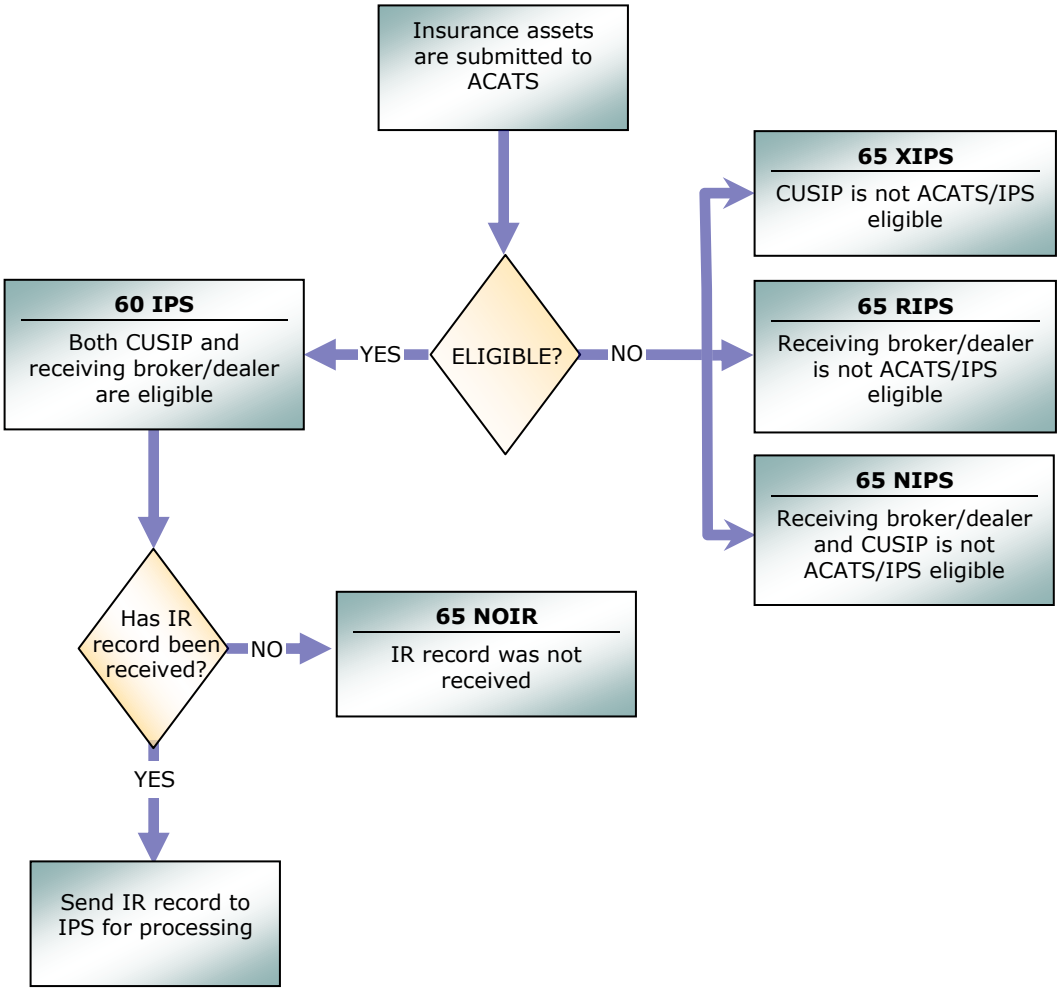
ACATS generates an insurance statistic report and distributes it to both receiving and delivering broker/dealers.

9 Corrective Action Processing

The receiving broker/dealer can take corrective action for items that were soft-rejected by the insurance carrier. Corrective action processing is handled via IPS.

ACATS/IPS eligibility

Asset transfers of annuity contracts can be declared as eligible/ineligible by ACATS for the following reasons:



Flow Chart: ACATS eligibility/ineligibility

Settling location/reason codes

ACATS has created a new settling location of **60** for IPS eligible assets. When loading an annuity asset into ACATS, the delivering broker/dealer should specify a settling location of **60** for IPS-eligible annuities and a settling location of **30** for proprietary annuities.

VALID INPUT ACATS SETTLING LOCATIONS FOR DELIVERING BROKER/DEALER

Location	Reason	Field Value/Description
60		IPS Eligible
30		Undeliverable proprietary annuities

As part of its eligibility criteria, ACATS determines if the insurance asset submitted is eligible to settle in settling location **60** (IPS). If the eligibility criteria have failed, ACATS modifies the settling location to read **65** (Insurance Memo), with the appropriate reason code. See table below for valid reason codes.

NSCC ADJUSTED SETTLING LOCATIONS AND REASON CODES

Location	Reason	Field Value/Description
65	XIPS	CUSIP is not ACATS/IPS eligible
65	RIPS	Receiving broker/dealer is not ACATS/IPS eligible
65	NIPS	Receiving broker/dealer and CUSIP are not ACATS/IPS eligible
65	NOIR	IR record was not received

FOUR TYPES OF IPS CAT TRANSACTIONS

A CAT transaction is created by IPS, based upon information provided by ACATS. The CAT transaction provides the insurance carrier with the information required to re-register the insurance assets from one broker/dealer to another.

There are four types of CAT transactions:

Non-Custodial to Non-Custodial (Insurance Transfer Type=1)

Occurs when both receiving and delivering broker/dealers have the annuity contract registered in the name of the individual owner of the contract. This transfer type includes changes to the broker/dealer of record, broker of record, and broker identification number (BIN). The owner and beneficiary information remain the same.

Custodial to Custodial (Insurance Transfer Type=2)

Occurs when both receiving and delivering broker/dealers have the annuity contract registered as **Broker/Dealer Custodian FBO Individual Owner of the Contract**. This transfer type includes changes to the broker/dealer of record, broker of record, broker identification number (BIN), owner, and beneficiary. Owner and beneficiary information is required since the receiving broker/dealer must be designated the new owner and beneficiary on the insurance carrier's records.

Custodial to Non-Custodial (Insurance Transfer Type=3)

Occurs when the delivering broker/dealer is the custodian and the receiving broker/dealer is not. This transfer type includes changes to the broker/dealer of record, broker of record, BIN, owner, and beneficiary. The owner information is required since the contract must be re-registered in the name of the individual contract owner. Beneficiary information is needed since the contract must specify the contract owner's beneficiaries. Under the old custodial ownership, the beneficiary was listed as the broker/dealer.

Non-Custodial to Custodial (Insurance Transfer Type=4)

Occurs when the receiving broker/dealer is the custodian and the delivering broker/dealer is not. This transfer type includes changes to the broker/dealer of record, broker of record, BIN, owner, and beneficiary. The owner information is required since the contract must be re-registered as **Broker/Dealer Custodian FBO Individual Owner of the Contract**. Beneficiary information is needed since the contract must now indicate the broker/dealer of record as the beneficiary. Under the old non-custodial ownership, the beneficiary was listed as the individual owner's beneficiary.

IPS CAT CONFIRMATIONS

The insurance carrier, to confirm the status of a broker/dealer change request, initiates the CAT confirmation. The insurance carrier can acknowledge (ACK), hard-reject (HRJ), or soft-reject (SRJ) the request.

INSURANCE CARRIER TRANSACTION STATUS CODES

Transaction status	Description
ACK	**Acknowledgement** An acknowledgement status by the insurance carrier is a confirmation of a successfully processed broker/dealer insurance asset re-registration. An acknowledgement status ends the ACATS process for this transaction.
SRJ	**Soft-reject (Requiring Corrective Action)** A soft-reject status by the insurance carrier is a confirmation that the broker/dealer asset re-registration request cannot be processed based on the information received. However, corrective action may take place by the broker/dealer to allow the insurance carrier to process the asset re-registration. The insurance carrier indicates what passed and what failed.
HRJ	**Hard-reject** A hard-reject status by the insurance carrier is a confirmation that the broker/dealer asset re-registration request cannot be processed and no corrective action is allowed. A hard-reject ends the ACATS process for this transaction. ACATS creates receive and deliver instructions and re-registration is completed outside of ACATS.

INSURANCE CARRIER TRANSACTION TYPE CODES

Transaction type	Description
CAT	ACATS IR conversion (IPS output) and confirmation (insurance carrier input)
REP	Representative change/corrective action
BEN	Additional beneficiary information
TEX	ACATS time expired

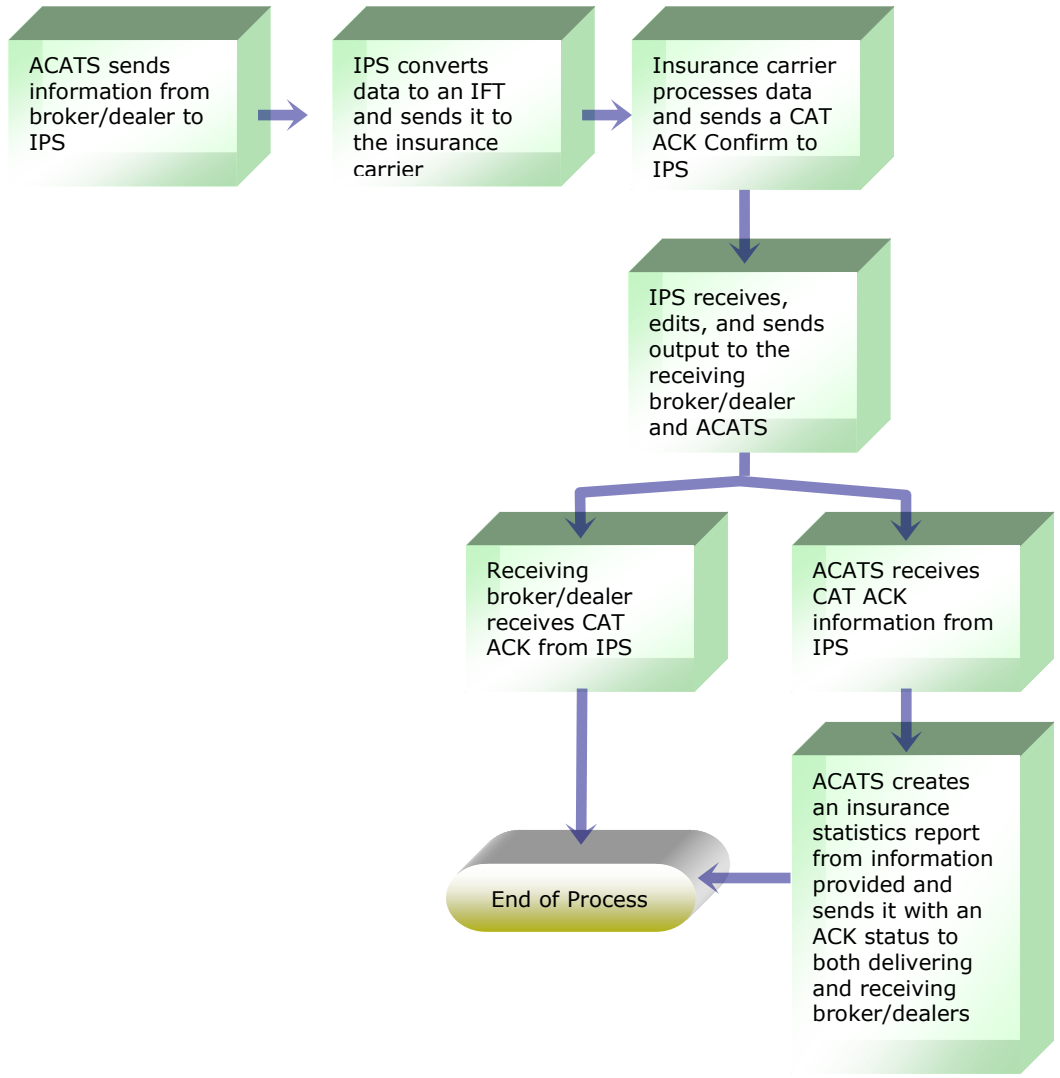
WHEN SHOULD AN INSURANCE CARRIER SEND A CAT TRANSACTION?

The insurance carrier must always send a CAT transaction with a status of ACK, HRJ, or SRJ. If the status is ACK or HRJ, the ACATS process for the transaction ends. If the status is SRJ, the insurance carrier is expected to send a second CAT transaction with a status of ACK or HRJ. If the insurance carrier does not send a second CAT transaction, IPS sends a TEX (time expired) transaction at the end of the 20-business-day period to close out the transaction. The insurance carrier should try to respond with a CAT confirmation within two business days of receiving the initial CAT.

Types of Confirmations:

ACKNOWLEDGEMENT

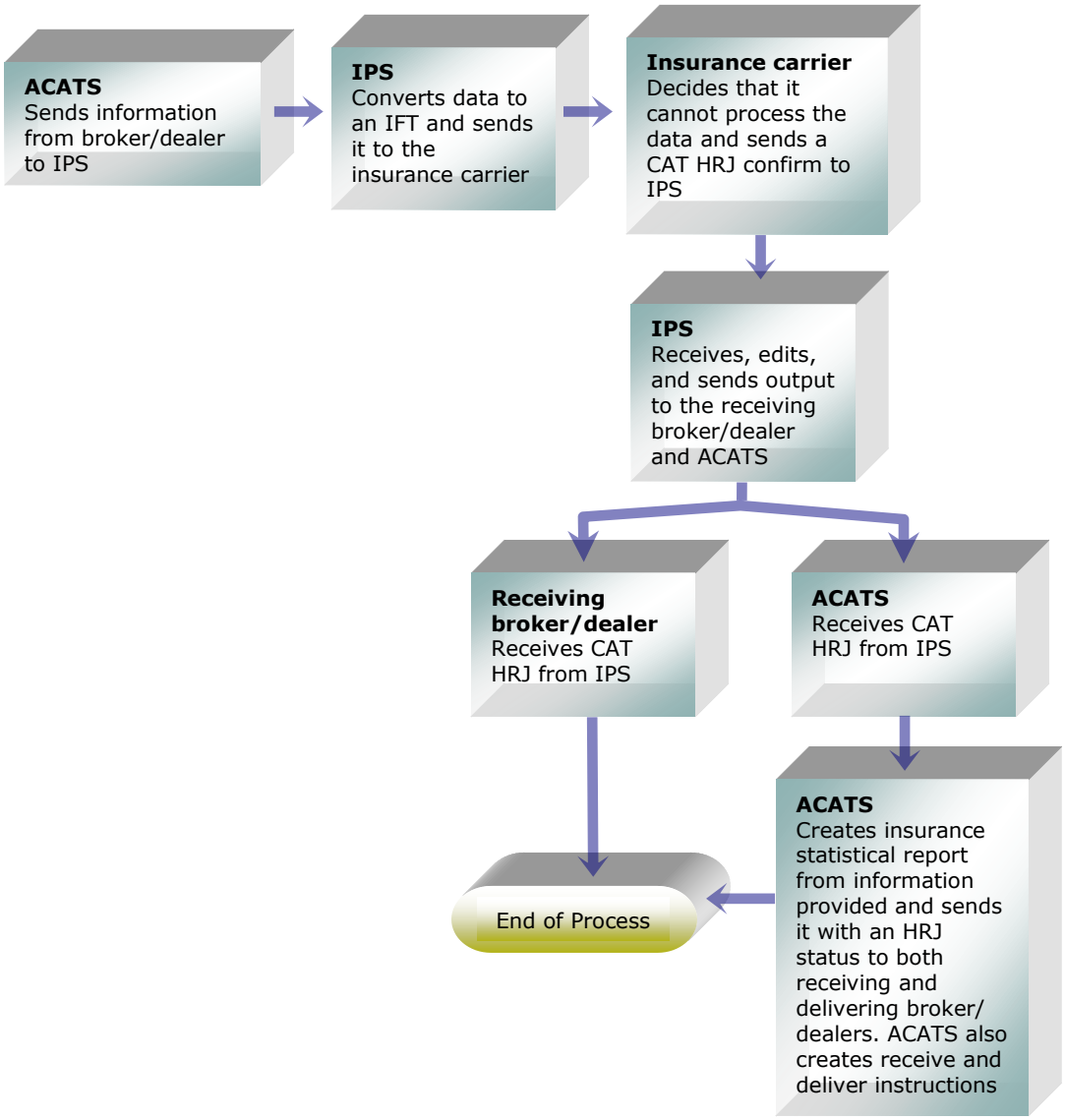
An acknowledgement status (ACK) by the insurance carrier is a confirmation of a successfully processed broker/dealer change request. An ACK status ends the ACATS process for the transaction. The insurance carrier includes all records sent on the initial CAT received.



Flow Chart: Customer Account Transfer Acknowledgement (CAT ACK)

HARD-REJECT

A hard-reject status (HRJ) by the insurance carrier is a confirmation that the broker/dealer change request cannot be processed and no corrective action may occur. A hard-reject ends the ACATS process for the transaction.



Flow Chart: Customer Account Transfer Hard-reject (CAT HRJ)

Hard-reject Codes

Hard-reject Code	Hard-reject Reason	Explanation
010	Delivering broker/dealer on transaction does not match current broker/dealer on contract	The delivering broker/dealer (old broker/dealer) on the CAT transaction to the insurance carrier does not match what the insurance carrier has on the contract.
011	Receiving broker/dealer has no selling agreement with carrier	The insurance carrier does not have a selling agreement with the receiving broker/dealer (the new broker/dealer).
012	Receiving broker/dealer has no selling agreement addendum for ACATS	The selling agreement addendum was not signed. Insurance carriers cannot process ACATS transactions without a signed selling agreement addendum from the receiving broker/dealer.
013	Delivering broker/dealer has no selling agreement addendum for ACATS	The selling agreement addendum was not signed. Insurance carriers cannot process ACATS transactions without a signed selling agreement addendum from the delivering broker/dealer.
014	Product is not approved on receiving broker/dealer's COM schedule	Insurance carrier has a signed selling agreement with receiving broker/dealer but the product is not on the eligible list of products that can be sold.
015	Receiving broker/dealer not appointed in the state of issue	Insurance carrier does not have a firm appointment for the contract within the state of issue.
016	Receiving broker/dealer not appointed in the state of residency	Insurance carrier does not have a firm appointment for the state of residency of the contract owner.
017	Custodial Information Invalid / No Agreement on File	Carrier does not allow custodial ownership for a particular broker/dealer.
018	Custodial Agreement Tax Type Invalid	This code would be used when a Non-Qualified Custodial owned policy is being transferred from one BD to another BD. However the new BD's custodial agreement only allows for Qualified Custodial cases.
030	Contract terminated	No transaction can be made because the contract is no longer active.
031	Contract in death claim pending status	No transactions can be made because a death claim is pending.
032	Contract has a pending 1035 or transfer	No transactions can be made due to an incoming 1035 exchange or transfer.
033	Contract in restricted status	No transactions can be made due to a restricted status.

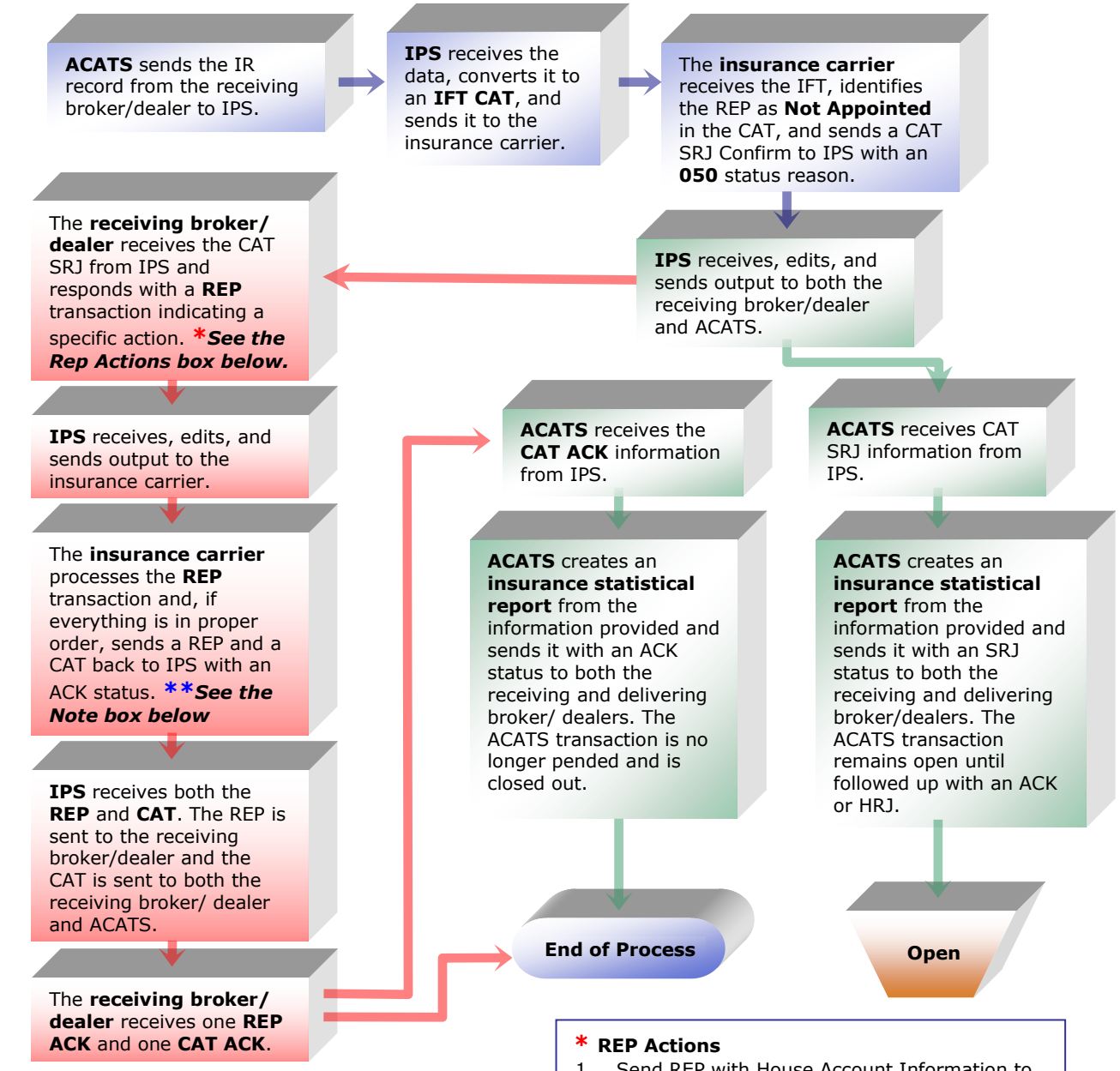
Hard-reject Code	Hard-reject Reason	Explanation
034	Contract not found	Insurance carrier did not locate contract number provided.
035	Owner SSN does not match carrier's records	Insurance carrier used the owner's SSN as an extra validation to make sure that contract number is correct. The owner's SSN did not match.
036	Annuitant SSN does not match carrier's record	Insurance carrier used the annuitant's SSN as an extra validation to make sure that contract number is correct. The annuitant's SSN did not match.
037	Contract is an immediate annuity	Insurance carrier will not process this transaction on immediate annuities.
038	Contract is annuitized	Insurance carrier will not process this transaction on annuitized contracts.
039	No initial signature on file	Transaction cannot be processed because the insurance carrier does not have a signature on file from the client (either on the actual application or on a purchase confirmation letter).
040	Insurance transfer type not accepted	Insurance carrier cannot process the transaction because the transfer type is unacceptable.
801	Transaction already completed	Occurs when a broker/dealer sends the same request twice, before the insurance carrier has a chance to confirm the first request. The insurance carrier must inform the broker/dealer that they have already processed the first request.
900	ACATS control number has expired	This code is only filled by IPS when a TEX (time expired) transaction is sent out.

SOFT-REJECTS

A soft-reject provides the receiving broker/dealer with a method of rectifying a problem transaction and resending it to the insurance carrier. The receiving broker/dealer submits a corrective action to IPS and IPS forwards it to the insurance carrier.

CAT SRJ-050 Rep Not Appointed (1 Reject)

In this case, the receiving broker/dealer uses a REP transaction to respond to a soft-reject from the insurance carrier.

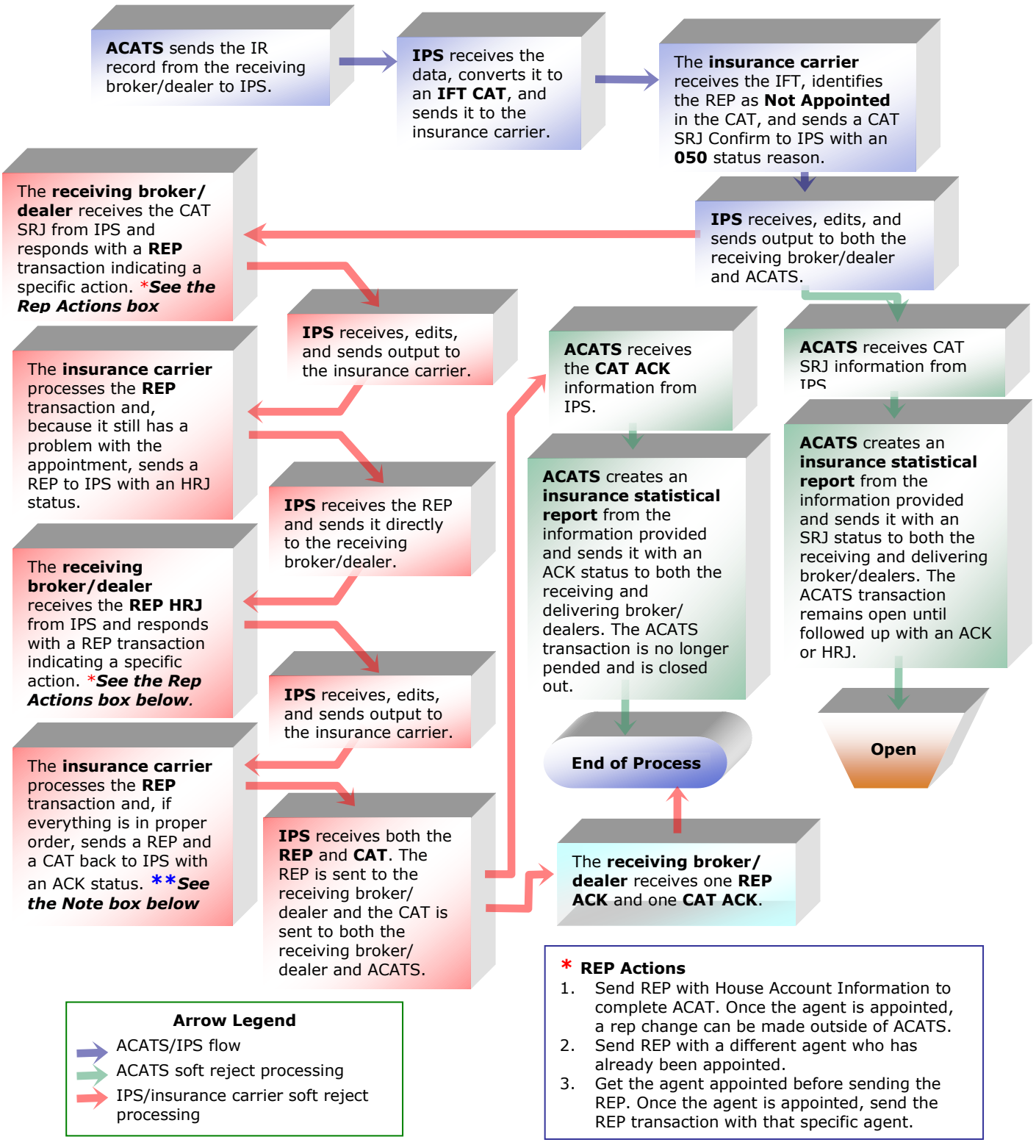


****NOTE**: *If the REP and CAT are sent in the same file, the REP must be sequenced first. Otherwise, in IPS editing, the CAT will close out the ACAT transaction before the REP is read and the REP will reject with REJECT CODE 624 - TRANSACTION STATUS ALREADY SET TO ACK/HRJ/TEX.*

Flow Chart: Soft reject 050, rep not appointed (1 reject)

CAT SRJ-050 Rep Not Appointed (2 Rejects)

In this case, the receiving broker/dealer uses two REP transactions to respond to both soft and hard rejects from the insurance carrier.



****NOTE**: *If the REP and CAT are sent in the same file, the REP must be sequenced first. Otherwise, in IPS editing, the CAT will close out the ACAT transaction before the REP is read and the REP will reject with REJECT CODE 624 - TRANSACTION STATUS ALREADY SET TO ACK/HRJ/TEX.*

Flow Chart: Soft reject 050, rep not appointed (2 rejects)

Soft-reject Codes

Soft-reject code	Soft-reject Reason	Corrective action
050	**Representative not appointed with the insurance carrier** (the representative indicated in a broker/dealer account transfer does not have the appropriate appointments to be listed on the contract)	The broker/dealer can appoint the representative specified using either IPS or whatever process that is in place. In this option, the insurance carrier must send another CAT confirm once it is determined that the broker/dealer asset transfer can be processed (ACK) or cannot be processed (HRJ).
051	**Representative not registered with receiving broker/dealer on the insurance carrier's records** (the representative indicated in a broker/dealer account transfer is not listed with that receiving broker/dealer based on the insurance carrier's records)	The broker/dealer can assign a different representative to the contract or assign the contract as a *house account* by sending a REP transaction directly via IPS to the insurance carrier. The insurance carrier must send a REP confirmation indicating the status of the transaction. If the status is ACK or HRJ, the insurance carrier must send a CAT confirmation as well. A CAT confirmation with a status of ACK or HRJ closes out the transaction in both ACATS and IPS.
052	**Need Rep Information for Additional Reps** (this status is sent when an insurance carrier receives a CAT transaction from IPS where the **All Agents Included Indicator** in the IFT 73-30 record is **No** and a REP transaction is not included in the same file	The broker/dealer sends the REP information in a separate transaction. See Additional REP and BEN Processing Guidelines, page 20, for more details.
053	House Account	Carrier will not allow transaction to be processed if contract is in a house account. Currently, the only transaction this would apply to is a BEN transaction.
054	Number of Agents Exceeds Carrier Limits	Carrier's internal system cannot hold the number agents requested to be setup on the contract. If this code is used, than the Carrier will need fill field 7046 in 73-01 record.
070	**Need Beneficiary Information for Additional Beneficiaries** (this status is sent when an insurance carrier receives a CAT transaction from IPS, where the **Multi-Beneficiary Indicator** in the IFT 73-20 record is **Yes** and a BEN transaction is not included in the same file)	The broker/dealer sends the BEN Information in a separate transaction. See Additional REP and BEN Processing Guidelines, page 20, for more details.
800	**Related ACATS transaction not ready for processing yet**	The insurance carrier soft-rejected the CAT for both additional reps and additional beneficiaries are needed. Insurance carrier only receives one transaction back.

Soft-reject code	Soft-reject Reason	Corrective action
999	**Multiple Reasons** (this status is used if there is more than one reason why a soft-reject occurred)	There are two representatives listed in the broker/dealer asset transfer. The insurance carrier realizes that one of the representatives is not appointed (050) and the other is not registered with the receiving broker/dealer indicated. The insurance carrier indicates a soft-reject with a status of 999 on the IFT 73-01 record. There are two occurrences of the 73-30 record, one with a status of 050 and one with a status of 051. The broker/dealer is aware of the specific reason for each REP.

IPS System Reject Codes

The following reject codes are used at the point in the ACATS/IPS process where ACATS feeds IR information to IPS. If one of the following situations occurs, IPS does not send the CAT transaction to the insurance carrier. Instead, IPS rejects the transaction back to ACATS and ACATS reports a hard-reject status on the ACATS Insurance Statistical Report sent to the delivering and receiving broker/dealers. Insurance carriers never receive these status codes.

The following codes are unlikely to occur, but have been built in as an extra precaution to avoid sending erroneous or unprepared information to the insurance carrier.

Hard-reject Code	Hard-reject Reason	Explanation
500	Duplicate/invalid ACATS control number/asset sequence number	Occurs when IPS receives a duplicate ACATS control number from ACATS.
501	CUSIP is not eligible for ACATS/IPS	Occurs when the CUSIP was deactivated by IPS after ACATS performed its own CUSIP check on the file.
502	Receiving broker/dealer is not eligible for IFT process	Occurs when the receiving broker/dealer is not set up for IFT on the IPS masterfile.
503	Insurance carrier is not eligible for IFT process	Occurs when the insurance carrier is not set up for IFT on the IPS masterfile.
504	No trading relationship between broker/dealer and carrier	Occurs when the insurance carrier and broker/dealer are not set up for an IFT trading relationship.

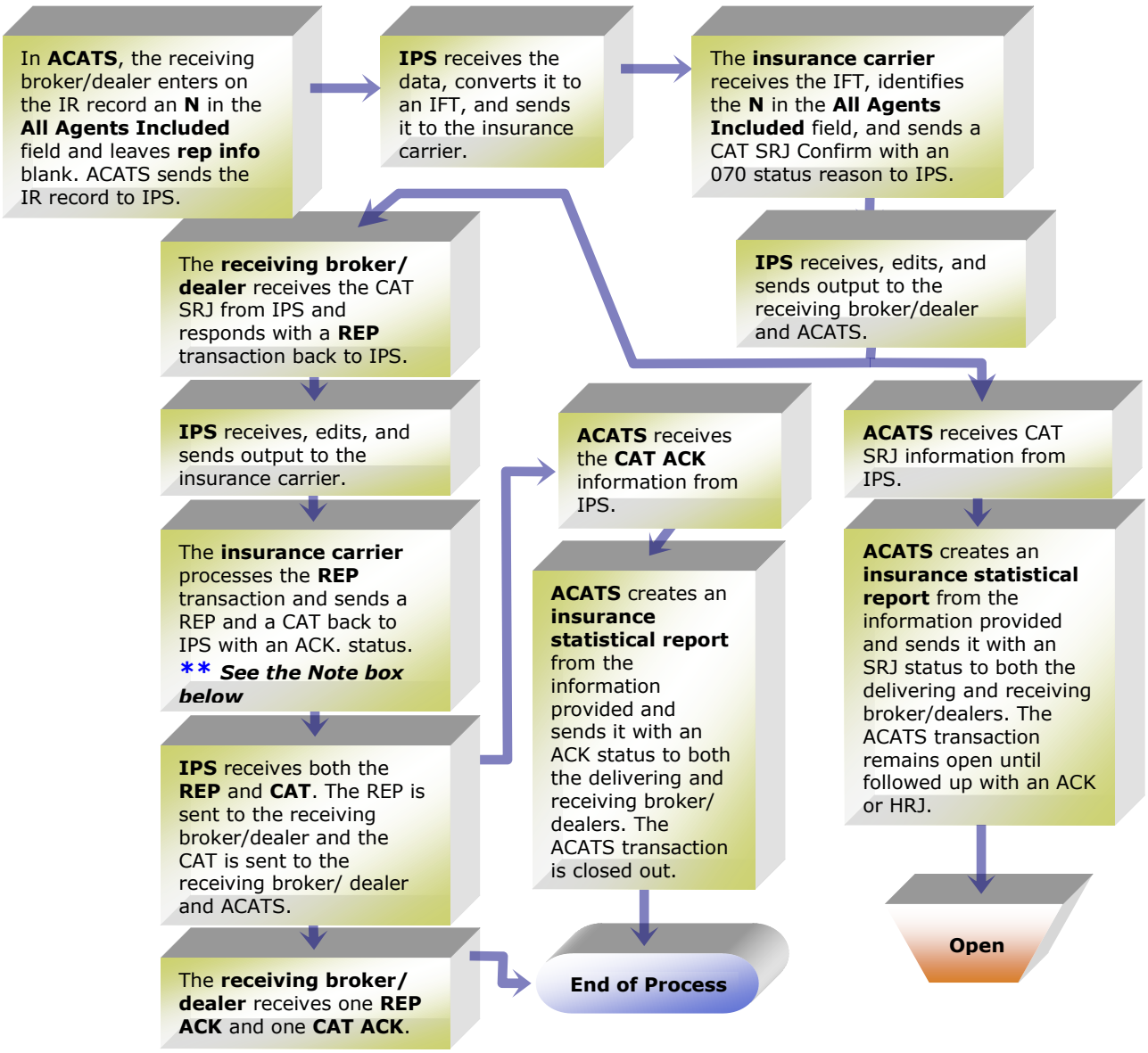
ADDITIONAL REP AND BEN PROCESSING GUIDELINES

Due to record length restriction in ACATS, in certain cases a receiving broker/dealer must submit multiple occurrences of agent and/or beneficiary information. IPS uses the soft-reject process to work around record length restrictions in ACATS.

Case 1: Additional Reps Needed

Receiving broker/dealer needs to communicate to more than four agents on the IR record.

During the IR creation process, a receiving broker/dealer has space to add up to four agents. If there are more than four agents on a contract, the receiving broker/dealer indicates an **N** in the **All Agents Included** field on the IR record. If an N is entered, the receiving broker/dealer does not include any agent information on the IR record. Instead, the receiving broker/dealer creates an IFT REP transaction to list all the agents on a contract. The IFT REP is sent to IPS and IPS sends it to the insurance carrier. The receiving broker/dealer must wait for the insurance carrier to send a CAT SRJ with reason code **052** (need additional reps) before sending the REP transaction.



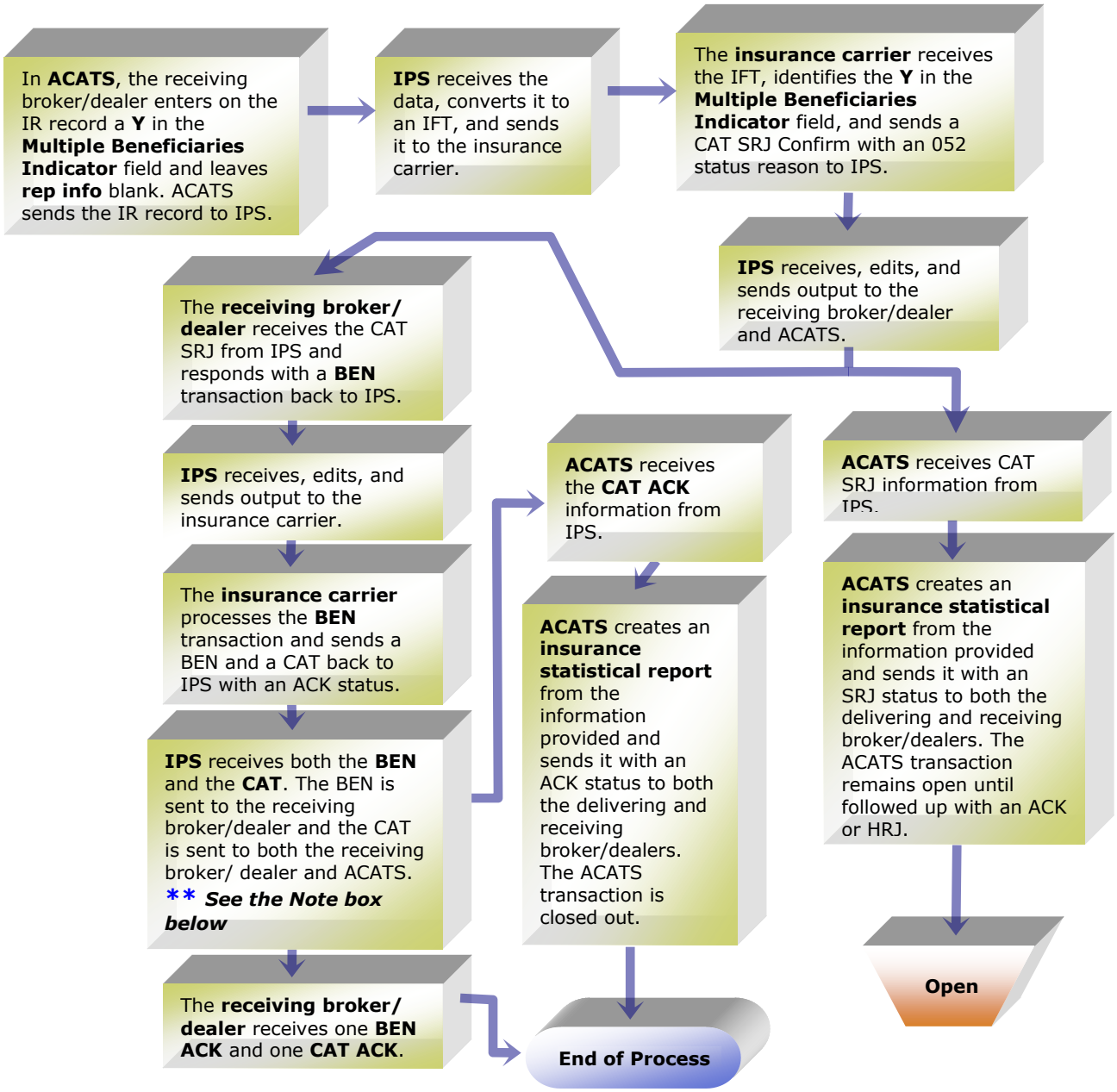
***NOTE**: If the REP and CAT are sent in the same file, the REP must be sequenced first. Otherwise, in IPS editing, the CAT will close out the ACAT transaction before the REP is read and the REP will reject with REJECT CODE 624 - TRANSACTION STATUS ALREADY SET TO ACK/HRJ/TEX.*

Flow Chart: Additional reps needed

Case 2: Additional Beneficiaries Needed

Receiving broker/dealer needs to communicate more than one beneficiary on the IR record.

During the IR process, a receiving broker/dealer has space for only one beneficiary listing. The only case in which there may be a need to communicate more than one beneficiary is when the transfer type is *Custodial to Non-Custodial*. If this case exists, the receiving broker/dealer enters a **Y** in the **Multiple Beneficiary** field on the IR record. If a Y is entered, the receiving broker/dealer does not include any beneficiary information. Instead, the receiving broker/dealer creates an IFT BEN transaction to list all the beneficiaries on a contract. The IFT BEN is sent directly to IPS, which forwards it to the insurance carrier.



****NOTE**: *If the BEN and CAT are sent in the same file, the BEN must be sequenced first. Otherwise, in IPS editing, the CAT will close out the ACAT transaction before the BEN is read and the BEN will reject with REJECT CODE 624 - TRANSACTION STATUS ALREADY SET TO ACK/HRJ/TEX.*

Flow Chart: Additional beneficiaries needed

REP and BEN Processing Rules
As indicated in the preceding flow charts, a REP transaction (used for additional agents) and/or BEN transaction should not be sent by the broker/dealer until the insurance carrier sends a CAT SRJ with reason code **052** (additional reps needed) and/or **070** (additional beneficiaries needed). The CAT SRJ is the trigger for the broker/dealer to send the REP and/or BEN transaction(s). If a broker/dealer sends the REP and/or BEN transaction(s) to IPS before IPS receives the IR information from ACATS, IPS rejects the REP/BEN information since it does not match any ACATS control number.

20-Business-Day Period

There is a 20-business-day period for broker/dealers and insurance carriers to coordinate information and complete re-registration of an insurance asset via the ACATS/IPS system. The time is based on the life cycle of the unique ACATS control number that is created as part of the ACATS process. The 20-business-day period begins when IPS creates the CAT transaction, sends it to the insurance carrier, and stores the ACATS control number. This is considered **Day 0** and is the date that appears in the **Start Date** field of a CAT transaction. The **End Date** is the 20th business day.

What happens when the 20-Business-Day Period Expires?

When an ACATS control number expires at the end of the 20-business day period, IPS is required to notify ACATS, the receiving broker/dealer, and the insurance carrier. Notification closes out the ACATS transaction and the TEX (time expired) transaction is used to notify all parties. Here's how it works:

- At 6:30 p.m. on the 20th business day, IPS creates a pending expiration status regarding the ACATS control number due to expire. Consequently:
    - All broker/dealer submissions after 6 p.m. eastern time on the 20th business day with the expiring ACATS control number are rejected back to the broker/dealer.
    - Insurance carrier submissions after 6:30 p.m. eastern time on the 20th business day with the expiring ACATS control number for CAT, REP, and BEN transactions (with a status of SRJ) are rejected back to the insurance carrier.
    - Insurance carrier submissions after 6 p.m. eastern time on the 20th business day with the expiring ACATS control number for CAT, REP, and BEN transactions (with a status of HRJ or ACK) are allowed to pass until 9:30 a.m. eastern time on the 22nd business day.
- At 9:30 a.m. eastern time on the 22nd business day, a TEX (time expired) is created if the ACATS control number is past expiration. The TEX is sent to the insurance carrier, ACATS, and the receiving broker/dealer. ACATS creates the appropriate receive and deliver instructions.
- If the insurance carrier submits the CAT confirm, REP, or BEN (ACK or HRJ) in time for the 9:30 a.m. eastern time cycle on the 22nd day of business, IPS sends these transactions, not the TEX, and the process ends.

IPS Output Cycles

9:30 a.m. eastern time– Broker/dealers and insurance carriers receive output during this cycle. This is the only cycle in which broker/dealers receive output from IPS directly.

Broker/dealers receive:

- CAT confirmations

- REP confirmations
- BEN confirmations
- TEX transactions.

Note: This is the only output cycle in which broker/dealers receive files.

Insurance carriers receive:

- REP requests
- BEN requests
- TEX transactions.

2:30 p.m. eastern time – Only insurance carriers receive output during this cycle.

Insurance carriers receive:

- REP requests
- BEN requests.

6:30 p.m. eastern time – Only insurance carriers receive output during this cycle.

Insurance carriers receive:

- CAT output
- REP requests
- BEN requests.

ACATS OUTPUT

INSURANCE STATISTICS REPORT

The Insurance Statistics MRO file and Print Image report contains the IPS status information for every ACATS transfer where an insurance registration record (IR) has been processed and passed to IPS.

The report is distributed daily at 11:30 a.m. eastern time and contains:

Record types:

- Acknowledged (ACK) by the insurance carrier
- Soft-rejected (SRJ) by the insurance carrier
- Hard-rejected (HRJ) by the insurance carrier.

Unique record types in the following formats:

- Standard transfer identification and transfer status information
- Insurance registration information and status fields as received from IPS.

ACATS/IPS RECEIVE AND DELIVER INSTRUCTIONS

ACATS/IPS receive and deliver instructions are generated for any insurance registration (IR) that has been hard-rejected (HRJ) by the insurance carrier or has expired (TEX).

Additional IPS Processing

L&A PROCESS IN CONJUNCTION WITH ACATS

There are cases in which an agent that has not been appointed cannot be added to a contract. In such cases, the receiving broker/dealer and insurance carrier need to take steps to appoint the agent. The actual appointment takes place outside of ACATS/IPS. Once the appointment is made, the insurance carrier sends send a CAT confirmation indicating the acknowledgement of the broker/dealer asset re-registration.

POSTING/BOOKING OF ANNUITY ASSETS AND THE IPS POSITION FILE (PNF OR PVF)

The receiving broker/dealer posts the annuity asset to the client brokerage account based on the IPS position file (daily PNF or daily PVF) sent by the insurance carrier.

The delivering broker/dealer deletes or removes the annuity asset from the client's brokerage account based on the receipt of the CAT confirmation (ACK) from the insurance carrier via ACATS.

The insurance carrier is the *keeper* of the posting of the annuity asset(s) at the broker/dealer. Insurance carriers must support the PNF format of the IPS Positions file for broker/dealers that do not receive daily PVF files (the PNF file is an exact duplicate of the PVF file in record structure). PNF files are sent daily by insurance carriers to broker/dealers (unable to receive daily PVF files) for newly created contracts or contracts that are new to the broker/dealer, such as a broker/dealer asset registration change.

Frequently Asked Questions

1 **Why does the AT Record allow for two owners and the IR record only allow for one owner?**

The owner records on the AT record indicate the registration of the asset as held by the delivering broker/dealer. The registration can be single or joint. In the IR record, the only time the **Owner** field is used is if the **Transfer Type** is **2** (Custodial to Custodial), **3** (Custodial to Non-Custodial) or **4** (Non-Custodial to Custodial). In all three transfer types, the asset is considered an IRA and therefore is always single. If the owner was joint on the AT record, the transfer type on the IR record would be **1** (Non-Custodial to Non-Custodial). In this case, the registration information would not change to a broker/dealer asset transfer and the owner information would not be passed on the IR record.

2 **When submitting an annuity asset with settling location 30, how does NSCC/ACATS report that item back to the participants?**

If the submitting participant utilizes pricing category **ANNU** when submitting annuity assets in location **30** (undeliverable), ACATS reports these items back to participants on the ACATS Multi Cycle (M File) MRO and ACATS EOD (E File) MRO. This enables firms to differentiate annuity assets from other asset types settling in location **30** (undeliverable).

3 **Do both the receiving and delivering broker/dealers need to have a selling agreement in place with the insurance carrier for the re-registration of insurance assets to be completed?**

Yes, both need a selling agreement in place for an insurance carrier to acknowledge the insurance re-registration instructions.

4 **If the CUSIP and receiving ACATS participant is not eligible for IPS, how is this reflected on the ACATS output?**

ACATS modifies the settling location to **65** (Insurance Memo) with a settling reason of NIPS (receiving broker/dealer and CUSIP are not ACATS/IPS eligible).