# IMPORTANT NOTICE

## National Securities Clearing Corporation

**DTCC.**

**The Depository Trust & Clearing Corporation**

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|---|---|
| **A#** | 6559 |
| **P&S#** | 6129 |
| **DATE:** | January 9, 2008 |
| **TO:** | **ALL PARTICIPANTS** |
| **ATTENTION:** | **MANAGERS; OPERATIONS DEPT FOR ANNUITIES & LIFE INSURANCE, BROKERAGE OPERATIONS, INFORMATION SYSTEMS** |
| **FROM:** | NSCC Insurance Services |
| **SUBJECT:** | IPS 2008 March Enhancement Release |

## Overview:

In order to support industry requests, the Insurance and Retirement Processing Services (formerly referred to as the Insurance Processing Service[1]) ("IPS") has scheduled an enhancement release for March 2008. This is the first of two scheduled enhancement releases for 2008. IPS Enhancement Releases include User Group Enhancement Requests submitted by participants, as well as maintenance items National Securities Clearing Corporation ("NSCC") deems necessary to improve the overall operational performance of the system.

The enhancements in this release will affect the following functionalities:

AAP - Annuity Asset Pricing

APP/SUB - Initial Application and Subsequent Premium

COM - Commissions

FAR – Financial Activity Reporting

IFT – Inforce Transactions (including ACATS/IPS)

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[1] See NSCC Rule Filing SR-NSCC-2006-16. The full text of the rule change may be obtained by visiting our web site at www.nscc.com. Information regarding the implementation of the changes referenced in this rule filing will be announced via subsequent Important Notice.

LNA – Licensing & Appointments

POV -  Positions and Values, which is made up of 3 types:
- PVF – Positions & Values Full Refresh File
- PNF – Positions New Business File
- PFF – Positions Focused File

## Schedule:
- Test – Thursday, February 14, 2007
- Production – Thursday, March 6, 2007

## Specification Documents:
Documentation is available at the IPS website, http://insurance.dtcc.com.  Click on Participant Section and then Enhancements.  To view the actual enhancement requests, click on Enhancements Approved for Future Release. To view Draft Layouts, Requirements Document and applicable Standard Usage, click on Current Draft Layouts and Specification Documents (most current release).

The following documentation will be listed.   All changes to the record layouts will be highlighted in yellow.  Items may be added to the list below if necessary.

- 2008 March Requirements Document
- Draft AAP Record Layouts
- Draft APP/SUB Record Layouts
- Draft COM Record Layouts
- Draft FAR Record Layouts
- Draft IFT Record Layouts
- Draft LNA Record Layouts
- Draft POV Record Layouts

## Release Specifications:
The following information indicates the exact changes made to the record layouts.  These changes are based on the approved recommendation made by the originator of the enhancement request.

The actual enhancement request can be found at our website under "IPS Enhancements Approved for Future Release" in the User Group section of our website.  Do not use the enhancement documents for programming.  The draft record layouts and detailed specification document should be used for this purpose.  The original enhancement request forms are provided to understand the business purpose of the change.

# 1. AAP –Asset Pricing

**IPS00248 – Mutual Fund CUSIP Number field – <mark>Optional Change</mark>**
Back in 2005, NAVA Data Conformity Working Group and the industry agreed that enhancements were needed for current record layouts involving the underlying funds for variable insurance products. A cross-reference of a carrier products' underlying fund to the actual S&P registered fund CUSIP (if available) needed to be transmitted to distributors.  The enhancement was implemented in 2005 by NSCC for POV, FAR, and COM.  This request adds the mutual fund CUSIP number field to the AAP file as well.

Layout Changes:

Add the following new field to AAP Record 11:

- Mutual Fund CUSIP Number

- Bytes 91 to 99

- 9 Bytes

- Alphanumeric

- Optional

- Item Number 2007

- Reject Code – see record layouts

Edit Rule:

- Besides A to Z and 0 to 9, we should allow the following special characters: *, @ #.  Any other characters will cause the field to be rejected.

- Must be all spaces or all 9 bytes filled.  1 to 8 bytes filled in this field will be rejected.

## 2. APP/SUB – Applications and Subsequent Premiums

**IPS00242 – Agent Record Looping Max Occurrences – <mark>Required for Carriers</mark>\***
The enhancement will increase the looping limit maximum for agents from 10 to 25 occurrences to accommodate contracts that may have more than agents listed.  This may occur when agents are in a team setup.

Layout Changes:

> Change the looping limit on the APP 33-27 and SUB 35-27 from a maximum of 10 occurrences to a maximum of 25 occurrences per contract.

> <mark>\*Carriers must be prepared for the possibility of receiving up to 25 occurrences of the agent record.</mark>

**IPS00255 – Primary Agent / Team Name Change – <mark>Required</mark>**
In an effort to better communicate agent information between Carriers and Distributors, changes have been made to address the following issues:

- Carriers need to know who the Primary Agent is on a policy.  This information helps Carriers in sending the correct (or most familiar) agent on its client statements and or correspondences.  Currently, some Carriers are identifying primary agent by largest percentage allocation received on the initial application or by the first agent listed on the contract.  Percentage allocation or first occurrences of agent does not always dictate who the lead agent on a contract is.  A distributor providing explicit details of the primary agent is optimal.

- Ability to communicate Team Name on contracts between Carrier and Distributors for those companies that support team setups.  This is not currently available in APP/SUB

Layout Changes:

- Code List 4153 – Agent Role Code
    - o Add:
        - PA – Primary Agent
    - o Description Change:
        - H1 – Change from "Representative Registered Investment Advisor" to "Agents/Additional Agents"

- Edit Rule Changes:
  - First occurrence of 33/35-27, Agent Role Type (4153) must be PA.
  - Agent Share Percentage changes from Optional to Conditional.
    - Edit Rule: Sum of Agent Share Percentage fields in all 33/35-27 records must equal 100%. Zero fill will only be allowed on an agent record if other records sum up to 100%.

- Add new field to 33/35-27 record:
  - Agent Natural/Non-Natural Indicator
  - Byte 172
  - 1 byte
  - Alphanumeric
  - **Mandatory**
  - Item Number 4161
  - Must be X or N
  - Reject Code – see Record Layouts

- Add new field to 33/35-27 record:
  - Agent Non-Natural Name
  - Bytes 173 to 277
  - 105 bytes – Redefine of First Name, Last name, Middle Name, Prefix, Suffix fields.
  - Alphanumeric
  - Optional/Conditional
    - Edit Rule: If Natural/Non-Natural Indicator is X, this field is mandatory. Otherwise, not used.
  - Item Number 4162
  - ADM will assign Reject Code

Note: Agent Non-Natural Name will be used to communicate a Team Name. An Agent Role Type of TM would be used in this case.

**IPS00217b – NAVA Data Conformity Group Service Feature Changes – <mark>Required</mark>**

This enhancement is the result of the work done by the NAVA Data Conformity Working Group to standardize the way service features are identified and classified.  Classification can be used as a way to search and select types of products; where as identification is product code that uniquely identifies each product feature.

In September 2007, NSCC modified its layouts to support both the existing way of passing service feature information and the new way recommended by NAVA.

For this release, NSCC will enforce the new way recommended by NAVA.

Layout Changes:

- Record 33-32, Item 4212 – Service Feature Identifier (bytes 61 to 72) will no longer be used. This field will be changed to filler.

- Firms will be expected to use the Service Feature Product Code (4223) to identify the Service Feature on a contract.  The product code is a Carrier defined code that distributors receive via Product Profile for Annuity (PPfA) or whatever Product Profile tool used as part of the Distributor front-end.

## 3. COM – Commissions

**IPS00242 – Agent Record Looping Max Occurrences – <mark>Required for Distributors</mark>**
The enhancement will increase the looping limit maximum for agents from 10 to 25 occurrences to accommodate contracts that may have more than agents listed.  This may occur when agents are in a team setup.

Layout Changes:

> Change the looping limit on the COM 22-05 from a maximum of 10 occurrences to a maximum of 25 occurrences per contract.

> <mark>*Distributors must be prepared for the possibility of receiving up to 25 occurrences of the agent record.</mark>

**IPS00255 – Primary Agent / Team Name Change – <mark>Optional</mark>**
In an effort to better communicate agent information between Carriers and Distributors, changes have been made to address the following issues:

- For APP/SUB, Carriers will be provided with who the Primary Agent on a contract is.  Carriers will be expected to send the Primary Agent back on post-issue transactions. This information helps Carriers and Distributors stay in synch when sending the correct (or most familiar) agent on its client statements and or correspondences.

Layout Changes:

- Code List 2410 – Recipient Role Code
    - Add:
        - PA – Primary Agent

- Description Change:
  - H1 – Change from "Representative Registered Investment Advisor" to "Agents/Additional Agents"
  - 

- Note: For COM, the standard usage will be for Carriers to send the first agent as PA (if known). However, NSCC will not check that the first occurrence of Agent Record as a role code of PA

**IPS00263 – New Commission Basis Reason Codes – <mark>Optional</mark>**
This request is to add two new codes to the Commission Basis Reason Code List. There are many business cases when the Commissions department needs to process commission adjustments at the Firm Level. The only available codes currently within the Direct Firm Comp/Reimbursement area concern "Marketing Allowance". These adjustments are not for "Marketing Allowance" adjustments. Today, Carriers may send firm level adjustments using the CM0 or PM0 codes (marketing allowance) and Distributors are not sure what this commission event is for or credit/debit Marketing Allowance accounts in error. These new codes will differentiate the commission transactions.

Layout Changes:

Code List 2060 – Commission Basis Reason Code

- Add:

  CFC – Chargeback of Firm Level Commission Payment

  PFC – Firm Level Commission Payment

# 4. FAR – Financial Activity Reporting

## IPS00242 – Agent Record Looping Max Occurrences – <mark>Required for Distributors</mark>
The enhancement will increase the looping limit maximum for agents from 10 to 25 occurrences to accommodate contracts that may have more than agents listed.  This may occur when agents are in a team setup.

Layout Changes:

> Change the looping limit on the FAR 43-04 from a maximum of 10 occurrences to a maximum of 25 occurrences per contract.

> <mark>*Distributors must be prepared for the possibility of receiving up to 25 occurrences of the agent record.</mark>

## IPS00255 – Primary Agent / Team Name Change – <mark>Optional</mark>
In an effort to better communicate agent information between Carriers and Distributors, changes have been made to address the following issues:

- For APP/SUB, Carriers will be provided with who the Primary Agent on a contract is.  Carriers will be expected to send the Primary Agent back on post-issue transactions. This information helps Carriers and Distributors stay in synch when sending the correct (or most familiar) agent on its client statements and or correspondences.

Layout Changes:

- Code List 5119 – Agent Role Code
    - Add:
        - PA – Primary Agent
    - Description Change:
        - H1 – Change from "Representative Registered Investment Advisor" to "Agents/Additional Agents"
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- Note: For FAR, the standard usage will be for Carriers to send the first agent as PA (if known).  However, NSCC will not check that the first occurrence of Agent Record as a role code of PA.

**IPS00251 – Application Control Number field – <mark>Required</mark>**
This enhancement enables Distributors to receive an Application Control Number from the Carrier on FAR for transactions that resulted from a NSCC APP.  The Distributor will be able to tie a New Business Order with the Policy Number that was created by the Carrier.

Layout Changes:

Remove the following fields from the 43-05:

- 227 to 242 – Transaction Charges/Benefits – 7

- 243 to 243 – Transaction Charges/Benefits Debit/Credit Indicator - 7

- 244 to 246 – Transaction Charges/Benefits Qualifier - 7

**This is needed to make room for Application Control Number field without expanding record length.

<mark>The charge/benefit-7 removal change above is required.</mark>

Replace with new field in 43-05 record:
- Application Control Number

- Bytes 227 to 246

- Alphanumeric

- Optional

- Item Number 5062

- No Reject Code Needed

<mark>The application control number field change above is optional.</mark>

# 5. IFT – Inforce Transactions

**IPS00255 – Primary Agent / Team Name Change – <mark>Required</mark>**
In an effort to better communicate agent information between Carriers and Distributors, changes have been made to address the following issues:

- Ability to communicate Team Name on contracts between Carrier and Distributors for those companies that support team setups.
- Add new Agent role code to specifically indicate whether the agent is primary, secondary, part of a team, etc.

Layout Changes:

Add new field to 73-30 record:
- Team Name
- Bytes 112 to 216
- 105 bytes
- Alphanumeric
- Optional
- Item Number 7309
- No Reject Code Needed

- Add new field to 73-30 record:
  - Agent Role Code
  - Bytes 217 to 218
  - 2 bytes
  - Alphanumeric
  - Required for REP (non-ACATS), and should be supported for a CAT Output and optional for CAT confirm.

a. Add Code List:
   - o PA = Primary Agent
   - o H1 = Agent / Additional Agents
   - o TM = Team
   - o RM = Split Agents
b. Edit: Must have at least one occurrence of PA.
- Item Number 7310
- Reject Code Needs to be assigned

# 6. LNA – Licensing & Appointments

## IPS00247 – Allow Carrier reject of LC – <mark>Optional</mark>

This enhancement enables Carriers to reject an LC back to the Distributor should there be a problem with the transaction.  Currently, an LC transaction only permits a Distributor to Carrier flow.

Layout Changes:

Edit Rule Change:

- For LC transaction type, change Transaction Status (6104) from Not Used to Conditional.

    o   Condition: For LC, Carrier must fill with RJ if this transaction type is sent.  Not used by B/D on this transaction type.

- For LC transaction type, change Transaction Reason (6105) from Not Used to Conditional.

    o   Condition: For LC, Carrier must fill with applicable 6105 code if this transaction type is sent.  Not used by B/D on this transaction type

## IPS00260 – Producer Type Edit Changes – <mark>Required</mark>

There are certain data elements that are critical to Carriers for straight though processing of appointments, but in many cases are not submitted.  A request has been made to make certain fields required.  These are all fields that Distributors have information on but may not be sending in their files.  NSCC will now ensure that Date of Birth, License Number and certain addresses are sent for specific transaction types.

Record Layout Changes:

53-01 Record:

New Edit: For AA, AI, LI and LA, if Producer Type (6108) = 1 (person), Date of Birth (6114) is required.  Currently, if Producer Type = 1, this field is optional.

53-11 Record:

New Edit: For AA, AI or LC, if Producer Type (6108) on 53-01 record = 1, State/Province License Number (6556) is required.   Currently, 6108 is optional for these transaction types.

53-04 Record:

New Edit: For AA, AI, LA, and LI, if Producer Type (6108) on 53-01 record = 1, a minimum of two occurrences of 53-04 must be sent.  One occurrence must have an Address Type (6250) of BB and one occurrence must have an Address Type of RS.

Note: The record layout actually indicates to do this; however, NSCC has not been enforcing it. NSCC will start enforcing it.

## IPS00261 – Immediate Appointment Indicator – <mark>Optional</mark>

This indicator will allow a Distributor to communicate to a Carrier that an appointment request should be processed immediately.

Layout Change:

Add new field to 53-11 record:
- Immediate Appointment Indicator
- Bytes 213
- 1 byte
- Y or Space
  - Y = Immediate Appointment
  - Space = No Immediate Appointment, process normally
- Alphanumeric
- Optional
- Item Number 6521
- Reject Code Need - TBD

# 7. POV – Positions and Values

### IPS00255 – Primary Agent / Team Name Change – <mark>Optional</mark>
In an effort to better communicate agent information between Carriers and Distributors, changes have been made to address the following issues:

- For APP/SUB, Carriers will be provided with who the Primary Agent on a contract is.  Carriers will be expected to send the Primary Agent back on post-issue transactions. This information helps Carriers and Distributors stay in synch when sending the correct (or most familiar) agent on its client statements and or correspondences.

Layout Changes:

- Code List 3303 – Agent Role Code
    - Add:
        - PA – Primary Agent
    - Description Change:
        - H1 – Change from "Representative Registered Investment Advisor" to "Agents/Additional Agents"
- Note: For POV, the standard usage will be for Carriers to send the first agent as PA (if known). However, NSCC will not check that the first occurrence of Agent Record as a role code of PA.


### IPS00254 – Security Type Code List Modifications – <mark>Required</mark>
The IPS Advisory Group recommended changing the current Security Type code list (item 3118) in Positions and Values.

The current code list does not reflect descriptions of an underlying fund.  It describes the product level type.  The group agreed to modify the list to make it more logical for a description of an underlying fund

Layout Changes:

Code List 3118 – Security Type

- Delete:

    LIF – Fixed Life Insurance Products

    VLI – Variable Life Insurance Products

- Changes Description:

    FIX – Change from "Fixed Annuity Products" to "Fixed Security"

    VAR – Change from "Variable Annuity Products" to "Variable Security"

    MMT – Change from "Money Market Products" to "Money Market Security"

**IPS00245 – Annuity Payout Record Changes – <mark>Required</mark>**

As part of the Retirement Income Working Group, one of the issues identified is the need to link a payee party with an annuity payout record. Currently, there is no way to do this.

Layout Changes:

- 13-08 Record – Annuitization Payout will change to 13-11 record. All fields remain the same.
- 13-08 Record will no longer exist.
- New 13-11 Record will be positioned after the 13-10 record and loop under 13-09 – Party Record as an optional record with a maximum of 10 occurrences per 13-09 record.

Example

| 13-09 – Party Record |
|---|

| 13-10 – Party Address Record |
|---|
| 13-11 – Annuitization Payout Record. |
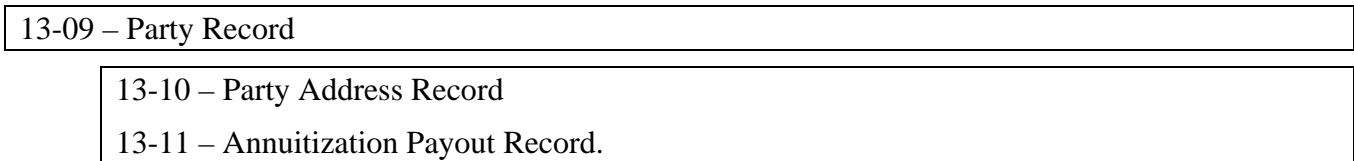
Note: This will allow Carriers to indicate a party designated as a payee to the actual payout record.

**IPS00217b – NAVA Data Conformity Group Service Feature Changes – <mark>Required</mark>**

This enhancement is the result of the work done by the NAVA Data Conformity Working Group to standardize the way service features are identified and classified. Classification can be used as a way to search and select types of products; where as identification is product code that uniquely identifies each product feature.

In September 2007, NSCC modified its layouts to support both the existing way of passing service feature information and the new way recommended by NAVA.

For this release, NSCC will enforce the new way recommended by NAVA.

Layout Changes:

Changes to 13-15 – Service Feature Record

- Remove the following field and change to filler:
    - 3601 – Service Feature Identifier
    - Bytes 36 to 39


- The following fields will become mandatory
    - 3604 – Service Feature Product Code
    - 3614 - Service Feature Program Type
    - 3611 – Service Feature Type Code – 1
    - 3612 - Service Feature Sub-type Code – 1


Note: These changes are mandatory only if you utilize the 13-15 record.  The 13-15 record remains an optional record.



**IPS00259 – Retirement Income Group Payout Record – <mark>Required</mark>**
The Retirement Income working group has requested additional information be supplied by the carrier to support contract information in a payout phase. The following requirements have been added:
- Payment start and end date on 13-11 Payout Record
- Contract Value Qualifier that enables Carriers to communicate the Remaining Guaranteed Payout Value (this code is optional).


Layout Changes:

Add new field to 13-11 Annuitization Payout Record:
- Payment Start Date
- Bytes 137 to 144
- 8 bytes
- Date
- **Mandatory**
- Item Number 3722
- Reject Code – See Record Layouts

Add new field to 13-11 Annuitization Payout Record:

- Payment End Date

- Bytes 145 to 152

- 8 bytes

- Date

- Optional

- Item Number 3723

- Reject Code – See Record Layouts

For additional information on this enhancement release, contact your Account Relationship Manager.

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