IMPORTANT NOTICE

National Securities Clearing Corporation

DTCC®

The Depository Trust & Clearing Corporation

A#6662

P&S#6232

DATE:	July 22, 2008
TO:	**ALL PARTICIPANTS**
ATTENTION:	**OPERATIONS PARTNER/OFFICER; MANAGERS; OPERATIONS DEPT FOR ANNUITIES & LIFE INSURANCE, BROKERAGE OPERATIONS, INFORMATION SYSTEMS**
FROM:	NSCC Insurance Services
SUBJECT:	IPS 2008 September Enhancement Release

Overview:

In order to support industry requests, the Insurance and Retirement Processing Services ("IPS") has scheduled an enhancement release for September 2008. This is the second 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:

APP/SUB - Initial Application and Subsequent Premium

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, August 28, 2008
- Production – Thursday, September 18, 2008

Specification Documents:

Documentation is available at the IPS website, http://www.dtcc.com/products/insurance/. 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 September Requirements Document
- Draft APP/SUB 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. APP/SUB – Applications and Subsequent Premiums

IPS00217b – NAVA Data Conformity Group Service Feature Changes – DTCC Mandatory*

***This enhancement is mandatory to all APP/SUB users that use the 33-32 (APP) or 35-32 (SUB) records. If you do intend to use these records, which are optional, then this enhancement is optional.**

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

For this release, DTCC 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.

IPS00270 – Attachments fields – DTCC Optional unless 33-44 record is utilized*

This enhancement is only mandatory for APP/SUB users that use the 33-44 (APP) or 35-44(SUB) records. If you do intend to use these records, which are optional, then this enhancement is optional.
Mandatory change:
Document Counter on 33/35-44 record. This field requires zero fill if the record is sent.

In support of a new service, Attachments, being introduced late 2008; several fields are needed within the APP/SUB to link new business attachment documents with the actual APP or SUB. For more information on Attachments, contact your Account Relationship Manager or visit the insurance website.

Layout Changes:
- Add new field to 33/35-01 record:

  o Field Name: Attachments Indicator
  o Byte ~~96~~ 127
  o 1 Byte
  o Alphanumeric
  o Optional
  o Only values allowed are Y, N or Space
      o Y = Attachment with APP
      o N = No Attachment in conjunction with APP
      o Space = Field not implemented
  o Item Number 4054
  o Reject Code – See Record Layouts

- Rename 33/35-44 record from Paperwork Record to Attachments Record

- Remove the follow fields from the 33/35-44 record:
  - Form List (4272) – bytes 26 to 105
  - Form List Qualifier (4271) – bytes 106 to 108

- Add new field to 33/35-44 record:
  - Field Name: Document Control Number
  - Bytes 26 to 45
  - 20 Byte
  - Alphanumeric
  - Optional
  - Item Number 4273
  - Reject Code – See Record Layouts

- Add new field to 33/35-44 record:
  - Document Counter
  - Bytes 56 to 61
  - 6 Bytes
  - **Numeric – at minimum, zero fill required**
  - Optional/Conditional
  - Item Number 4274
  - Reject Code – See Record Layouts
  - Condition: Required to be greater than zero if Document Control Number is filled, otherwise this field is optional. Zero fill required on Optional.

- Add new field to 33/35-44 record:
  - Signature Method
  - Bytes 62 to 63
  - 2 Bytes
  - Alphanumeric
  - Optional/Conditional
  - Item Number 4275
  - ADM will assign Reject Code
  - Condition: Required if Document Control Number is filled, otherwise this field is optional.

  - Signature Method Code List :
    - 00 - None
    - 01 - Voice
    - 02 - Signature Pad
    - 03 - Wet Signature Scanned
    - 04 - Bio-Metric
    - 05 - Click Through

2. LNA – Licensing & Appointments

IPS00272 – Distribution Channel Codes – <mark>DTCC Optional</mark>

Layout Changes:

Code List 6112 – Distribution Channel

- Add:

    BK – Bank

    IP – Independent Planner

3. POV – Positions and Values

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

<mark>*This enhancement is mandatory to all POV users that use the 13-15 record.   If you do not intend to use this record, which is optional, then this enhancement is optional.</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, DTCC modified its layouts to support both the existing way of passing service feature information and the new way recommended by NAVA.

For this release, DTCC 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:

    o 3601 – Service Feature Identifier

    o Bytes 36 to 39

- The following fields will become mandatory
    - o 3604 – Service Feature Product Code
    - o 3614 - Service Feature Program Type
    - o 3611 – Service Feature Type Code – 1
    - o 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.

IPS00256 – New Service Feature Sub-type Codes – <mark>DTCC Optional</mark>

Layout Changes:

Code List 3612 – Service Feature Sub-type
- Add:

42 – Charge-Free Withdrawal

This rider provides the right to withdraw a specified amount of money at the clients' discretion without surrender charges.

- Used with 202 SF Type – Surrender Charge Waivers

43 – Reduced Minimum Purchase

Allows a client to invest premiums that are less than the product minimums (either initial premiums or subsequent premiums) for a charge.

- Used with 214 SF Type – Administrative Riders

IPS00264 – Standing Allocation fields – <mark>DTCC Optional</mark>

Positions and Values will now allow Carriers to indicate which underlying funds are part of a standing allocation program and the specific percentage allocated to the particular fund. If Carriers implement this enhancement, they will need to communicate all funds that are part of the standing allocation, even if the fund does not currently have a value. DTCC will ensure the standing allocation equals to 100%.

Layout Changes:

- Add new field to 13-03 record:

  - Field Name: Standing Allocation Indicator
  - Byte 163
  - 1 Byte
  - Alphanumeric
  - Optional
  - Only values allowed are Y or Space
    - Y = Fund is part of a Standing Allocation
    - Space = Field is not part of a standing allocation or field not implemented
  - Item Number 3122
  - Reject Code – See Record Layouts

- Add new field to 13-03 record:

  - Field Name: Standing Allocation Percentage
  - Byte 164 to 173
  - 10 Byte
  - Numeric – 9v9(9)
  - Optional/Conditional
  - Item Number 3123
  - Reject Code – See Record Layouts
  - Condition:
    - If 3122 is Y, all 10 bytes of 3123 must be filled with a number greater than zero. Zero fill is not allowed.
    - If 3122 is space, 3123 must be spaces.
    - The sum of all 13-03 records with a Y in Standing Allocation Indicator field must be equal to 100%.

IPS00271 – Fee Information – <mark>DTCC Optional</mark>

Additional fee and expense information needs to be provided to distributors in order to properly complete disclosure / product comparison data for replacement business.

For the most part this data will be static. As such, it should not be necessary to send these records on a frequent process. Standard Usage still needs to be defined.

Layout Changes:

- Add new field to 13-02 record:

  - Field Name:
    - Contract Percentage Amount #1 – Bytes 136 to 145

- o Contract Percentage Amount #2 – Bytes 150 to 159
- o Contract Percentage Amount #3 – Bytes 164 to 173
- o 10 Bytes for each occurrence
- o Numeric – 9v9(9)
  - o Ex – 100% = 1000000000, 50% = 0500000000, 5% = 0050000000
- o Optional – spaces allowed, however if filled, all 10 bytes must be filled. Zeros allowed.
- o Item Number 3103 for all three occurrences
- o Reject Code – See Record Layouts

- Add new field to 13-02 record:

  - o Field Name:
    - o Contract Percentage Amount Qualifier #1 – Bytes 146 to 148
    - o Contract Percentage Amount Qualifier #2 – Bytes 160 to 162
    - o Contract Percentage Amount Qualifier #3 – Bytes 174 to 176
  - o 3 Bytes for each occurrence
  - o Alphanumeric
  - o Optional/Conditional
  - o Item Number 3104 for all three occurrences
  - o See New Code List
  - o Reject Code – See Record Layouts
  - o Contract Percentage Amount Qualifier Code List

    - o AWH – Annual Withdrawal % - No Surrender Charge

      - Definition - The product's free withdrawal amount as a percent. This may be a percent of premium, anniversary value, contract value, or some other specified amount. For more specific rules please contact the carrier directly or refer to the product prospectus.

        If a product has no surrender charge, the amount transmitted should be 100%. If the calculation needs to be done daily, then pass 0%. since the product will always be subject to some charge.

      - Standard Usage - Since it is product detail, this percent amount should be non-changing over the life of the policy. Therefore, it does not need to be sent daily, but should be sent at a minimum of quarterly for distributors to store and refer to as needed. However, some Carriers may choose to send on every position file they send due to system capabilities. Distributors can choose to ignore until the dates in which it is required or refresh the data on each file. Distributors should NOT ask Carriers to omit the data.

    - o TBF – Total Base Fee %

- Definition – This should be the product's total annual expenses and/or fees expressed as a % of the overall contract value. Typically this includes M&E, Distribution and Administrative charges, and any other annual percentage fees that would apply to the overall product, but excluding fund expenses. This fee also should not include any costs associated with individual service features or riders. The fees associated with those programs would be reported on the Service Feature record. (Ex - typically, annuity products may have a total base fee of 1-2% per year).

- Standard Usage – Because these are product fees and not individual contract fees the data does not need to be transmitted daily but should be transmitted at a minimum of quarterly for distributors to store and refer to as needed. However, some Carriers may choose to send on every position file they send due to system capabilities. Distributors can choose to ignore until the dates in which it is required or refresh the data on each file. Distributors should NOT ask Carriers to omit the data.

- o Condition:
  - o 3104 is required when 3103 is filled, otherwise not used.
  - o Fields must be inputted in sequential order. You must fill occurrence #1 in order to fill occurrence #2, etc.

- Code List 3402 – Contract Date Qualifier

  - o Add:

    280 – Surrender Charge Expiration Date

    - Definition – the first date that the contract is free of all surrender charges. If the surrender charge is based on individual premiums paid into the contract, this date will change whenever a premium is paid into the contract.

    - Standard Usage - Ideally, the date should be transmitted whenever the date changes, and at a minimum sent quarterly if it hasn't changed. However, some Carriers may choose to send on every position file they send due to system capabilities. Distributors can choose to ignore until the dates in which it is required or refresh the data on each file. Distributors should NOT ask Carriers to omit the data.
    - The expiration should continue to be sent even once past expiration date.

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

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