Commission Netting – Configuration and Mapping Guide

Version:

08.24 – V1

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Purpose

This document outlines the steps necessary for uploading the DPfA (Distributor Profile for Annuities) file into FireLight and ensuring the proper Commission Netting business logic is configured correctly.

Roles and Responsibilities

Carrier: The Carrier creates the DPfA file and, if they're responsible for their own FireLight Admin configurations, uploads the file into FireLight.

Clearing Firm/Distributor: If the Clearing Firm/Distributor is responsible for their own FireLight Admin configurations, then they enter the *DTCC Member ID* value in FireLight Admin and create a custom list called "DPfA Association List".

FireLight Configuration Specialist: The Configuration Specialist carries out the necessary Commission Netting configurations in the Carrier's and Clearing Firm/Distributor's FireLight instances if the organizations opt for Hexure to do them.

FireLight Integration Developer: The Integration Developer writes business logic in the Provider.

Definitions

DPfA File: The DPfA (Distributor Profile for Annuities) is an XML file the Carrier creates, which contains data about the Carrier, Distributor, products, commission rates, and commission schedules. It's shared between the Carrier and Distributor to establish which Carrier products the Distributor is allowed to sell, as well as to provide commission information, like rates and schedules.

Procedure

Uploading the DPfA File and Configuration Requirements for Commission Netting

Hexure loads commission information into FireLight through the Carrier's DPfA file. The steps in this document's section must occur to successfully upload the DPfA file into the Carrier's FireLight instance.

If the Carrier does their own forms/wizard development, then they can perform step 1 below. Otherwise, Hexure is responsible for this step as part of a work order that requires the necessary Provider code updates to support Commission Netting.

If the Clearing Firm/Distributor does their own forms/wizard development, then they can perform steps 2-4 below. If not, the FireLight Configuration Specialist carries out these steps.

NOTE: All DTCC File updates and Provider Code updates needed must be completed by Hexure's Integration Developer.

1. **Carrier Step**: In the Carrier's FireLight Admin instance, go to the **Products** module, and for every product, provide its **Product Code** value under the *Product Details* tab.
    - This value will be matched to the DPfA's **<ProductCode>** value.


```xml
<PolicyProductInfo CommScheduleID="CS_0d6c689b-7347-46c1-81c2-134916fd5f5b">
  <ProductCode>597637297</ProductCode>
  <CarrierCode>12345</CarrierCode>
  <PlanName>Verisure Demo FIA</PlanName>
  <NettingAllowedInd tc="1">True</NettingAllowedInd>
  <CommScheduleCode>597637297-DFLT</CommScheduleCode>
</PolicyProductInfo>
```


2. **Clearing Firm/Distributor Step**: In the Clearing Firm/Distributor FireLight Admin instance, go to the **Organization Settings** module and enter the Clearing Firm/Distributor's **DTCC Member ID** value under the *Organization* tab. If the Clearing Firm/Distributor does not have a **DTCC Member ID**, then this will remain blank in **Organization Settings**.
    - This value will be matched to the DPfA's **<DTCCMemberCode>** value.


```xml
  <FullName>City Crest Financial</FullName>
<Organization>
  <OrgCode>CCFL</OrgCode>
  <DTCCMemberCode>9999</DTCCMemberCode>
</Organization>
```


    - In the case where the Clearing Firm/Distributor does not have a **DTCC Member ID**, then **<OrgCode>** will be used instead. **<OrgCode>** should equal the value of **FL_ORGANIZATION_CODE** and can be obtained from the Hexure Project Team for each **Clearing Firm/Distributor** the Carrier will be working with. **<DTCCMemberCode**> should be set to **0000** in the DPFA.

3. **Clearing Firm/Distributor Step**: If commissions' rates are based on firms within a FireLight Distributor instance, then a custom list named "*DPfA Association List*" must be created for every Clearing Firm/Distributor. This list does the following:
    - Maps the firm identified within the SSO to the DPfA's **`<DistributionChannelCode>`**.
    - Contains information on all sub-firms within a Clearing Firm/Distributor instance with the appropriate values entered for each sub-firm.
    - Maps the SSO firm identifier (**FireLight Firm ID**) to the Associated Firm ID (**DTCC ASCC ID**) in the outbound DTCC App/Sub file for the Clearing Firms/Distributors that have their own **DTCC Member ID**.
        i. For Clearing Firms/Distributors that don't have a **DTCC Member ID**, the SSO firm identifier (**FireLight Firm ID**) maps to Settling Firm ID (**DTCC ASCC ID**) in the outbound App/Sub file.

    NOTE: Distributors must receive the **DPfA Subfirm ID** from their Carrier partners to create the list.

    Below is a sample spreadsheet that shows the required custom list data for mapping in FireLight. Your custom list should match this layout:

	A	B	C	D
1	Organization	FireLight Firm ID	DTCC ASSC ID	DPFA Subfirm ID
2	[BD 1 Name]	NE1	SNE1	[enter the Subfirm ID used in your Carrier DPfA]
3	[BD 2 Name]	HI8	SHI8	[enter the Subfirm ID used in your Carrier DPfA]
4	[BD 3 Name]	OHE	SOHE	[enter the Subfirm ID used in your Carrier DPfA]
5	[BD 4 Name]	01A	S01A	[enter the Subfirm ID used in your Carrier DPfA]
6	[BD 5 Name]	SNN	SSNN	[enter the Subfirm ID used in your Carrier DPfA]
7				

    - A rule must be added in the Clearing Firm/Distributor environment to set **FLI_SUB_FIRM_ID** to match the value in the list's "*DPFA Subfirm ID*" column (column D). Once the rule has been added, it won't need any further updates.
    - When a new firm is onboarded, the "**DPfA Association List**" custom list in the Clearing Firm/Distributor FireLight instance must be updated.
    - The following rule is based on the above custom list. This rule sets **FLI_SUB_FIRM_ID** based on the value in the "*FireLight Firm ID*" column (column B), which matches the **FLI_FIRM_ID** value.

```
      <block>
        <set name="result">
          <listfirstordefault>
          <getcustomlist list="DPfA Association List"
      searchcol="FireLight Firm ID" returncol="DPFA Subfirm ID"
```

```
        option="Exact">
                <diget dataitemid="FLI_FIRM_ID" />
              </getcustomlist>
            </listfirstordefault>
          </set>
          <diset dataitemid="FLI_SUB_FIRM_ID">
            <get name="result" />
          </diset>
        </block>
```

- **PLEASE REFERENCE THE FOLLOWING STANDARDS WHEN CREATING A CUSTOM LIST:**
  - Use Microsoft Excel to define or update your custom list. The workbook should only have one spreadsheet.
  - The custom list only uses the first 9 columns within the spreadsheet. Any additional sheets or columns are ignored. Please make sure all column names are unique.
  - Save the workbook as a Tab Delimited Text file. Within Excel, select **Save As→Text (Tab Delimited) (*.txt)** and save the file under any name you want, but with an extension of ".txt".

4. **Clearing Firm/Distributor Step**: If the sub-firms within a Clearing Firm/Distributor org meet the following conditions, then rules must be written in the Clearing Firm's instance to allow member ID information to be passed to the Carrier's DTCC App/Sub file:
   - The sub-firms' **DTCC Member IDs** aren't classified as associated firms under the Clearing Firm/Distributor's member ID.
   - The Clearing Firm/Distributor doesn't have a member ID.

   Most of the Carrier's App/Sub Provider code should have logic like this (Hexure is responsible for verifying that this exists in the Carrier's Provider):

```
if (TryGetDataItemString(KnownDataItemIds.FLI_DTCC_STL_FIRM_ID, out OutValue,
true))
 Request.Submitter_ID_Settling_Firm = OutValue;
 if (String.IsNullOrEmpty(Request.Submitter_Name_Settling_Firm) &&
 TryGetDataItemString(KnownDataItemIds.FLI_DTCC_STL_FIRM_NAME, out OutValue,
true))
 Request.Submitter_Name_Settling_Firm = OutValue;
```

   In this logic, the Provider code searches for **FLI_DTCC_STL_FIRM_ID** and

FLI_DTCC_STL_FIRM NAME to receive information pertaining to the submitting firm's **DTCC Member ID**.

Business rules must be written in the Clearing Firm/Distributor instance to set these values for the Broker/Dealers with their own DTCC Member ID as the **FLI_DTCC_STL_FIRM_ID**. In this scenario, the DTCC Member ID would NOT be set at the organization level as noted in step 2 in this document's section.

NOTE: The business can be written in the FireLight Admin or Provider, depending on what the business need is.

FireLight Commission Rate Lookup Logic

FireLight can determine the proper rate based on a single path in the DPfA.

For FireLight to calculate submissions and update App/Sub mappings, it must look up the commission rate via commission parameters. The commission parameters are set through the FireLight specific data items noted below.

CommissionOption
#region Get Age, Duration, Date, Amount Parameters
Commission_Age
Commission_Duration
Commission_Date
Commission_Amount
Commission_Key_Code
#region Commission Event(s) with Commission Amount(s)
Commission_Event_Cash_With_App
Commission_Premium_Cash_With_App

The Carrier must use the *Hidden Comm Netting* wizard to set these data items, which enables them to be used for whichever commission event type(s) are needed for the transaction. Only the premium amounts that can have comm netting applied should be set on the wizard.

NOTE: The **CommissionOption**, **Commission_Event_Cash_With_App**, and **Commission_Premium_Cash_With_App** data items are required. The data items under the *#region Get Age, Duration, Date, Amount Parameters* section are optional, **but you must set at least one of them**. You can choose to set more though, depending on how you calculate your commission.

Additional Rule Conditions for Commission Netting

For Commission Netting to work properly, specific FireLight data items must be set in accordance with the targeted commission schedule in the DPfA. This can be done in the FireLight Admin Tool using business rules (this is the recommended approach for maximum flexibility and configurability), or it can be done in the Provider code by Hexure integration resources. These data items must be set via the *Hidden Comm Netting* wizard, which the base code will use.

NOTE: The XML snippets in this section originate from a DPfA.

- If the Commission Schedule is based on *Date* (e.g., ScaleType 1 – Date), then the **Commission_Date** data item must be set. This would be set based on the *Contract Date/Owner Signed Date*.

```
<AxisDef id="_8384b93a-7c3e-492f-9457-ed1a4fb5eaa3">
 <ScaleType tc="1"> Date</ScaleType>
 <ScaleSubType tc="13">Contract Date </ScaleSubType>
 <AxisName>Contract Date</AxisName>
 <Continuous tc="1">True</Continuous>
 <EnumeratedValue DT="YYYY-MM-DD" />
 <EnumeratedValue DT="YYYY-MM-DD" />
 <EnumeratedValue DT="YYYY-MM-DD" />
</AxisDef>
```

  NOTE: The **Commission_Date** data item must be set in the Provider since the Signed Date is NOT available until the application is locked and signed. It is the exception for being set by business rules.

- If the Commission Schedule is based on *Duration* (e.g., ScaleType 2 – Duration), then the **Commission_Duration** data item must be set. This would be set based on the *Guarantee Period*.

```
<AxisDef id="_8384b93a-7c3e-492f-9457-ed1a4fb5eaa3">
```

```
  <ScaleType tc="2">Duration - e.g. Years, Months, Weeks</ScaleType>
  <ScaleSubType tc="20">(2) Period Certain</ScaleSubType>
  <AxisName>Period Certain</AxisName>
  <DimensionSequence>2</DimensionSequence>
  <MinScaleValue>5</MinScaleValue>
  <MaxScaleValue>40</MaxScaleValue>
  <Mode tc="1">Annual</Mode>
  <Continuous tc="1">True</Continuous>
  <EnumeratedValue T="5" />
  <EnumeratedValue T="7" />
  <EnumeratedValue T="15" />
</AxisDef>
```

- If the Commission Schedule is based on *Age* (e.g., ScaleType 3 – Age), then the **Commission_Age** data item must be set. This would be based on the Issue Age.

```
<AxisDef id="_8f0f9a1e-6454-4a25-9f31-c5fc8cc5c415">
  <ScaleType tc="3">Age</ScaleType>
  <ScaleSubType tc="1">(3) Issue Age</ScaleSubType>
  <AxisName>Min Age</AxisName>
  <DimensionSequence>1</DimensionSequence>
  <MinScaleValue>0</MinScaleValue>
  <MaxScaleValue>90</MaxScaleValue>
  <Continuous tc="1">True</Continuous>
  <EnumeratedValue T="0" />
  <EnumeratedValue T="86" />
</AxisDef>
```

- If the Commission Schedule is based on *Currency* (e.g., ScaleType 5 – Currency), then the **Commission_Amount** data item must be set. This would be based on the *Total Contract Value*.

```
  <ScaleType tc="5">Currency</ScaleType>
  <ScaleSubType tc="12">Contract Value</ScaleSubType>
  <AxisName>Contract Value</AxisName>
  <DimensionSequence>1</DimensionSequence>
  <MinScaleValue>100000</MinScaleValue>
  <MaxScaleValue>1000000</MaxScaleValue>
  <Continuous tc="1">True</Continuous>
  <EnumeratedValue T="100000" />
  <EnumeratedValue T="199999" />
</AxisDef>
```

- If the Commission Schedule is based on a rider or feature of the product, then the **Commision_Key_Code** data item must be set. This would be based on the *Rider Income Option*.

```
<KeyDef id="_4658e7af-36e2-44d3-ae58-a7e34898b852">
  <KeyType tc="2">String</KeyType>
  <KeySubType tc="21">Product Code</KeySubType>
  <KeySubClassType tc="26">Payout</KeySubClassType>
  <KeyName>Income Option</KeyName>
  <DimensionSequence>1</DimensionSequence>
  <EnumeratedStringValue>*</EnumeratedStringValue>
  <EnumeratedStringValue>TCO</EnumeratedStringValue>
</KeyDef>
```

DTCC File Updates for Commission Netting

Once the Carrier has a signed SOW that indicates the need for DTCC file updates, Hexure resources will update the Provider.

NOTE: For Commission Netting to be triggered at the DTCC, Hexure must implement Provider updates for ALL Carriers. After forms/rules logic implementation is complete, the Carrier is responsible for requesting Hexure to have the following DTCC mappings added to their Provider. All mapping requirements are standard across all Carriers.

The following DTCC items are part of the 33-01, 33-03, and 33-04 records for APP and 35-01, 35-03, and 35-04 for SUB:

Record ID	FireLight Tag	Item #
33-03/ 35-03	**CommissionOption**	4028
33-04/ 35-04	**Commission_Total_Calc_Amount**	4055
33-01/ 35-01	**Commission_Total_Calc_Amount**	4052

***Commission_Total_Calc_Amount** will only be applied to the Brokerage account Premium Method record.*

Data Items Used by FireLight Commission Netting

Items identified as ‘CustomAction’ are set if commission calculation is called from a custom action within a wizard/form, not through the call via the provider. Custom Action is the recommended method for returning data during data entry, which enables the data to be set in the outbound App/Sub file.

If a Custom Action button is used, the data items listed in the table below must be set. This can be done through a hidden mapping form/wizard to facilitate the commission calculation for netting commissions.

FireLight Tag	Usage	Description
Commission_ProductCode (optional)	Input	Allows rules to set the product code rather than getting the **ProductCode** from *Product Details*.
CommissionOption	Input	Contains the value of whichever **CommOption/CommCode** was selected.
Commission_Key_Code	Input	Used when commissions banding is done with non-ordered items.
Commission_Date	Input	Used when banding around dates is done.
Commission_Duration	Input	Contains duration value for commission netting.
Commission_Age	Input	Used when banding around age is done.
Commission_Amount	Input	Used when banding around currency values is done.
Commission_Event_Cash_With_App	Input	**Cash With App** event triggers the commission.
Commission_Premium_Cash_With_App	Input	Amount to be used to determine the comm netting amount when there's a **Cash with App** event.
Commission_Netting_ErrorMessage	Output	System error message if an error occurs.
Commission_Total_Netting_Value	Not Used	Total Net Commission Amount. It will be the product of the total amount of premiums (i.e.**,** CashWithAppCalcPremium, InternalExchangeCalcPremium, etc.) - the Total Commission Amount.
Commission_Total_Calc_Amount	Custom Action	Total Commission Amount. It will be the sum of the calculated commission amounts. **Note**: This is only available through the CustomAction call.
Commission_Calc_Cash_With_App_Rate	Custom Action	The comm netting rate found for the **Cash with App** event.
Commission_Table_Identity_Set_Rate	Custom Action	The comm netting rate found once the **Table Identity** is set.
TableIdentitySetCalcPremium	Custom Action	The comm netting premium amount used in commission calculation once the **Table Identity** is set.
CashWithAppCalcAmtType	Custom Action	The comm netting premium amount type used in commission calculation for the **Cash with App** event.
CashWithAppCalcPremium	Custom Action	The comm netting premium amount used in commission calculation for the **Cash With App** event.
Commission_Cash_With_App_Calc_Amount	Custom Action	The comm netting commission calculated amount for the **Cash With App** event.

Commission_Internal_Exchange_Rate	Custom Action	The comm netting rate found for the **Internal Exchange** event.
InternalExchangeCalcAmtType	Not Used	The comm netting premium amount type used in commission calculation for the **Internal Exchange** event.
InternalExchangeCalcPremium	Custom Action	The comm netting premium amount used in commission calculation for the **Internal Exchange** event.
Commission_Internal_Exchange_Calc_Amount	Custom Action	The comm netting commission calculated amount for the **Internal Exchange** event.
Commission_External_Exchange_Rate	Custom Action	The comm netting rate found for the **External Exchange** event.
ExternalExchangeCalcAmtType	Custom Action	The comm netting premium amount type used in commission calculation for the **External Exchange** event.
ExternalExchangeCalcPremium	Custom Action	The comm netting premium amount used in commission calculation for the **External Exchange** event.
Commission_External_Exchange_Calc_Amount	Custom Action	The comm netting commission calculated amount for the **External Exchange** event.
Commission_Calc_Result	Custom Action	The comm netting commission calculation result. This indicates whether the commission calculation is successful or not.

Supplemental Documents and Wizards for Commission Netting

The fields listed below are part of the *Commission Netting Tags Hidden Wizard*

This hidden wizard must be uploaded to the Carrier instance. However, it can also be uploaded to the Distributor instance for testing purposes only. The Carrier wizard will require a rule set to map some of the application data to the Carrier tags.

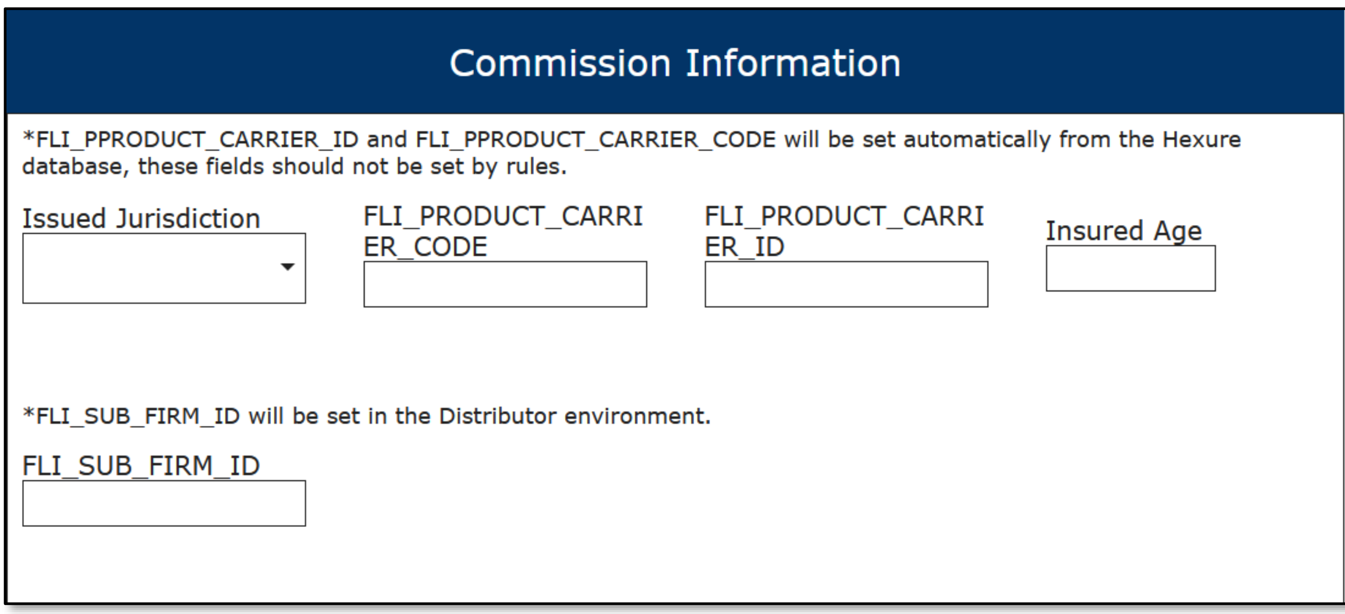
The *Commission Netting Tags Hidden Wizard* is a standard template that should be used by all FireLight clients participating in Commission Netting through the DTCC. It can be provided via email or loaded to a client's FireLight instance upon request.

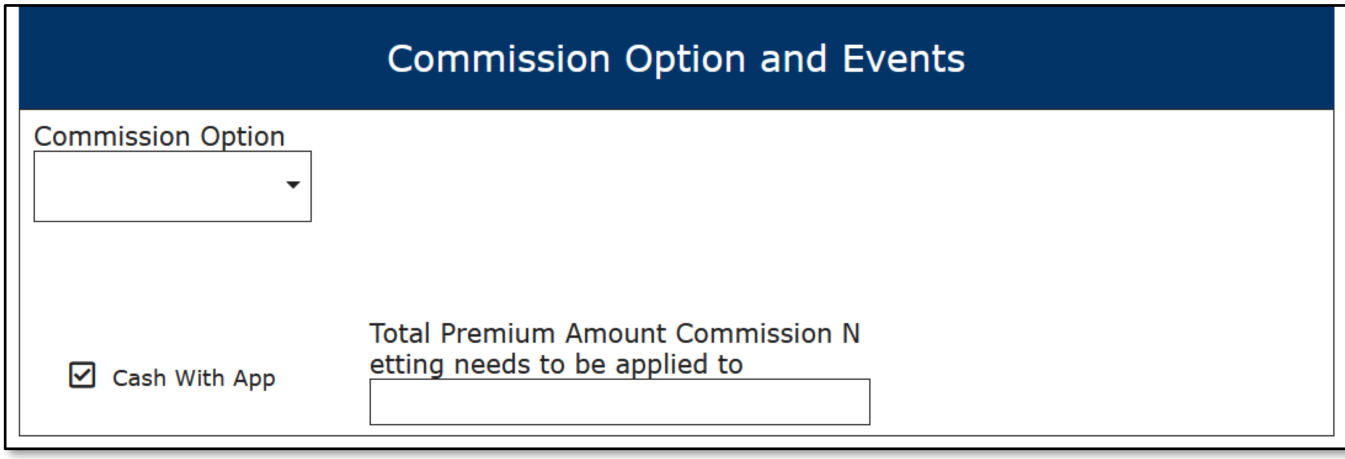
FireLight Distributor Tags (these are optional)	Carrier Tags	Field Type	Export Value
D_CommissionOption	**CommissionOption**	Text Box	
	Commission_Date	Text Box	
D_Commission_Event_Cash_With_App	**Commission_Event_Cash_With_App**	Check Box	true

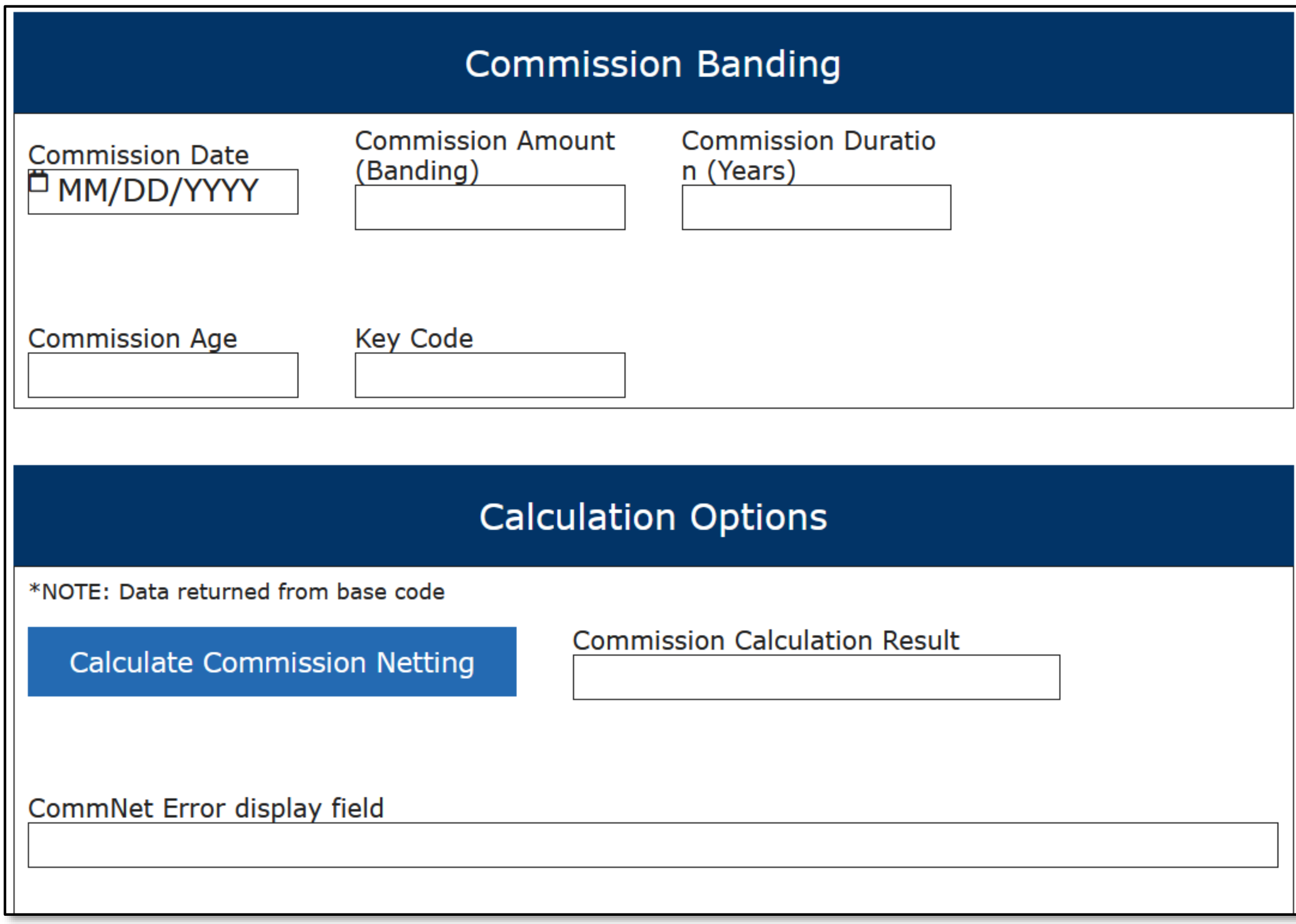
D_Commission_Premium_Cash_With_App	**Commission_Premium_Cash_With_App**	Text Box	
	Commission_Duration	Text Box	
	Commission_Age	Text Box	
	Commission_Amount	Text Box	
	Commission_Key_Code	Text Box	

NOTE: There are rules that must be written to set these values in the Carrier instance. These rules ensure the calculations will process effectively.

Reference the images below to see the Commission Netting Test Wizard's fields:







As mentioned above, this wizard can be provided upon request to clients who want to use it. Please contact your Project Manager or Sales Account Manager (SAM) to either have this wizard emailed to you or have it loaded into your FireLight instance.