

DTCC'S MONEY SETTLEMENT SYSTEM

One of the key advantages of using DTCC's services is the money settlement system run by its subsidiary, National Securities Clearing Corporation (NSCC). While you cannot opt in or out of money settlement, it does provide a number of key advantages you should be aware of. Not only does DTCC, through its subsidiaries, move data and information through its systems, it also moves the money involved in many transactions.

The money settlement system is designed to get you funds in the fastest, easiest way possible. It eliminates the extensive manual process currently required, thus reducing your expenses, and provides you with faster use of the monies transferred. This system, which has been used by broker/dealers, banks and mutual fund companies for years, handles billions of dollars every day. The money settlement system can provide you with a competitive advantage in an increasingly competitive world.

For insurance carriers, this system provides a critical advantage in time, efficiency and money use. Currently, when you receive payments from customers or distributors, you must deal with checks, many of them drawn on out-of-state banks. There can be one per distributor firm, or there can be hundreds, representing each new account or payment made by each individual customer. Individual checks must be matched manually to individual accounts, the accounts must be credited and the checks deposited. You don't have immediate use of the funds, and must wait until funds clear. All that takes time and effort.

On the payment side, you need to pay commissions on sales of your products to various brokers. That can involve individual checks or a single check to each brokerage firm or bank distributing your products each month. In addition, you have to cut checks for monthly payments of annuities, and send them directly to the customer or to the brokerage firm who maintains the account. Again, this can involve a lot of manual work and a lot of time and expense.

With our money settlement system, all this time, expense and effort are minimized. All payment obligations to and from you and your distributors are aggregated. You receive details of each product or service that has a money settlement component in separate standardized reports, sent to you at specific times during the day, which assists you in reconciliation. A final money settlement report, summarizing all payments and receipts obligations, is made available to each participant every day, providing an overall end-of-day settlement obligation. From there, you instruct your bank to pay the amount owed, or you receive the amount you are owed from DTCC.

If at the end of the business day, you are owed money, that payment is made to your bank from DTCC over the Fedwire, directly into a bank you designate. No check handling, no manual matching to accounts, no manual labor. The money settlement process is the same for each insurance carrier, whether it has one distributor to deal with or hundreds. In short, it makes dealing with distributors a whole lot easier and less complicated. And it is an advantage few, if any, distribution networks can offer.