Memorandum

To: The SPARK Institute 403(b) Plans Task Force

From: Larry H. Goldbrum, General Counsel

Date: April 24, 2008

Re: **403(b) Plans Information Sharing Technology Best Practices Summary**

This Memorandum summarizes the preliminary agreements and open issues that were developed during the Technology Summit on March 26, 2008. The agreements and open issues, with the exception of certain completed items, are the same as those that were included in the minutes from the Summit that were distributed earlier.

Information Sharing Models

Agreement No. 1 - There are multiple models and possibilities for how data will be transmitted and shared among the affected companies, but we agreed that it was neither necessary nor possible for the group to identify a single or preferred model at the time. One or more central and neutral clearinghouses may emerge to facilitate the exchange of information. Multiple models and approaches for the exchange of data may emerge, including a business model that incorporates DTCC (or a similar organization) as the central hub. The models or approaches will emerge over time as a result of market forces and independent business decisions made by the various players in the market.

Open Issue A - How will information be shared or provided to employers who self administer their plans? Additionally, in such arrangements, who is responsible for verifying and approving transaction requests, e.g. loans?

Data Transmission, Frequency of Data Transmission, Data Terminology and Data File Layout

Agreement No. 2 - The preferred current best practices standard for the format of data is ASCII.

Agreement No. 3 - The preferred current best practices standard for data transmission is "secure FTP-PGP." Other transmission methods will likely be available but the preferred method will likely be acceptable to most affected parties.

Agreement No. 4 **-** The preferred current best practices standard for sharing "point in time" data is through a "push" approach. Point in time data refers to the data elements identified in Part II of the SPARK Institute's data elements document.

Agreement No. 5 **-** The preferred current best practices standard for transaction data could be either a "push" or "pull" approach. The approach of choice will be dictated in large part by the workflow among the affected parties.

Agreement No. 6 **-** The preferred current best practices standard with respect to the scope of information sharing among vendors is that not all data will be shared with all vendors all of the time, but instead, will be only be shared with those who need it based on agreement by, and direction from, the employer. Privacy risk and competitive concerns were noted as reasons for this position.

Agreement No. 7 **-** The preferred current best practices standard specifically with respect to sharing point in time data is that it would be shared with and among those who are expressly authorized by the employer to receive the information, at least monthly, except as otherwise directed by the employer. Whether the point in time information that is shared is for all or some of the participants will be determined on a case by case basis depending on who the information is going to and employer directions.

Open Issue B **-** How does a vendor verify the identity of an entity that may ask for information and whether the entity is allowed to receive the information?

Open Issue C - Service level standards for vendor to vendor information sharing should be included in the best practices.

Other Best Practices and Issues

Agreement No. 8 **-** Data retention issues such as "what data must be retained and for how long," are internal issues for each institution that cannot be resolved though a best practices industry standard.

Agreement No. 9 **-** Any vendor that expects to receive information from another vendor may be subject to a due diligence review conducted by the sending vendor. The security standard will be determined by the affected parties on a case by case basis.

Open Issue D - Define the transaction data that would be shared for in-service withdrawals, loans, hardships, separation from service distributions, and contract exchanges.

Open Issue E - Arrange a conference call with DTCC and other interested parties to explore this further. A call was conducted on April 18, 2008.

Open Issue F - The sample ISA should be revised before it is released to the public. One of the agreed upon changes was that Section 6 would be revised to state that shared information will only be used for its intended purposes and not for marketing by the recipient. The revised sample ISA will be released approximately one week after the data elements document. This item was completed.