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On the Road to STP

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Important Next Steps in Independent Channel

In July of last year, NAVA and the **Financial Services Institute** (FSI), an advocacy and membership organization for independent broker-dealers and financial advisors (IBD), formed a strategic alliance to extend NAVA's Straight-through Processing (STP) Initiative to the independent annuity distribution channel. Since that time, an IBD STP working group has been formed and the group has been meeting monthly. In late March of this year, 32 members of the working group gathered for two days in Dallas, Texas to get consensus on a process model that works in this segment of the market and to decide next steps.

Initially the working group had identified six categories of IBD firms; this was simplified to three basic groups during the meeting:

- * Self-Clearing Broker-Dealers
- * Clearing Firm Broker-Dealers
- * Non-Clearing Broker-Dealers

The participants analyzed the entire STP process using the yellow' STP flow diagram (the current one defined by the large brokerage firms and wire houses) as a reference point. Initial observations were that the steps identified on this diagram are all valid across all IBD channels and, for the most part, are what the IBDs wish to conform to. The self-clearing and clearing firm broker-dealers will use this as their model. A new (second) flow diagram, labeled STP Lite' was created for the non-clearing broker-dealers whose current model includes paper check and application. STP Lite focuses on a need for these companies to get on an order entry system to automate the application and check processing, prior to tackling other STP-related functionality that requires e-consents.

For more information about this project or to participate in the IBD working group, please contact NAVA at STP@navanet.org.

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---- INDEX REFERENCES ----

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