

Enabling the Schwab Overnight Import Process for Morningstar Direct Advisory Suite

Overview

This document explains how Direct Advisory Suite (DAS) users can enable the overnight import process from Charles Schwab. The following content is offered here:

- ▶ What is the general process for importing content overnight from Schwab?
- ▶ How do I determine what to bring over as part of the import process?
- ▶ What if an advisor wants to change the associations with the Master Accounts and Direct Advisory Suite (DAS)?
- ▶ Once authenticated, what is the timeline for the import process?
- ▶ What happens to portfolios in Direct Advisory Suite (DAS) once the import process runs each night?
- ▶ How are portfolios saved when brought over to Direct Advisory Suite (DAS)?
- ▶ What process should an advisor follow to enable this integration?
- ▶ How does an advisor complete the authentication process?
- ▶ What else may users need to consider with this data integration?

What is the general process for importing content overnight from Schwab?

Schwab transmits data for each Schwab advisor grouped by Master Account. A Master Account is essentially a grouping/ collection of accounts and is entirely defined by the Schwab advisor themselves. Thus, no rules exist which govern the population of a given Master Account; the data contained therein may represent a given advisor's book of business, an entire firm's book of business, or all accounts for a given account type. Each Schwab advisor must define a Master Account and assign/include accounts at their discretion.

Additionally, the same account may exist in multiple Master Accounts – and multiple advisors may be authorized for the same Master Account. Because Schwab does not provide an identifier for the advisor of a specific client or account (no Rep ID or Advisor ID is passed to Direct Advisory Suite (DAS)) an authentication process is used as part of the setup for the data integration to create these account-to-Direct Advisory Suite (DAS) user associations. This ensures the proper data is visible and accessible for the appropriate user in Direct Advisory Suite (DAS).

The files provided by Schwab and imported into Direct Advisory Suite (DAS) contain information for a client, account, and holdings. If more than one user is authorized for the same Master Account, each user will receive their own independent copy of the data contained therein.

How do I determine what to bring over as part of the import process?

Schwab transmits data only for the Master Accounts which were enrolled by the advisor. This downloaded data drives the process. Therefore, even though Morningstar stores all Master Account associations for a given user, these associations are used only as a reference when processing the imports.

When a file for a given Master Account is received from Schwab, these stored associations are polled to determine which user(s) should receive a copy of the data. Thus, it is possible for a given user to have fewer enrolled Master Accounts than authenticated Master Accounts. Take the following example:

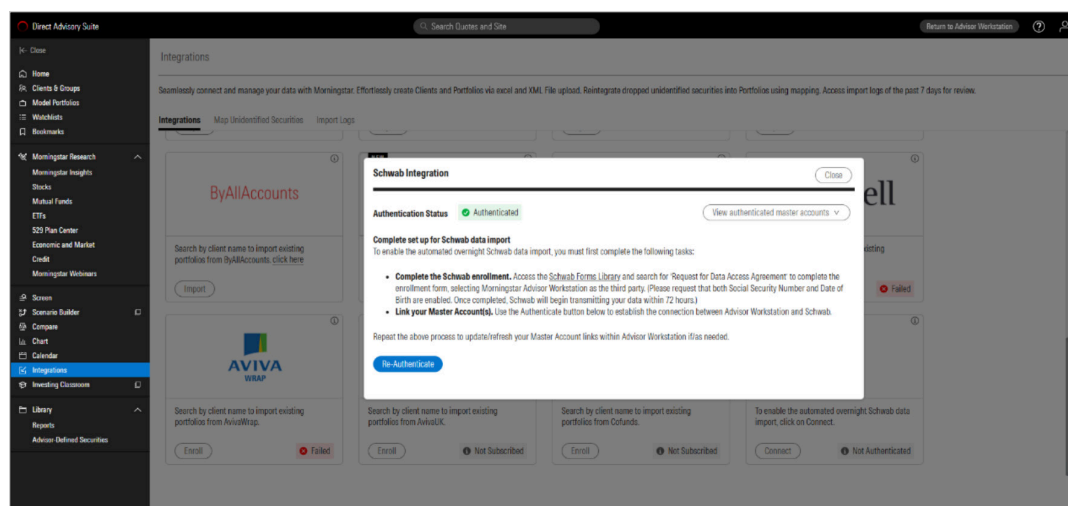
Advisor A has five Master Accounts on file at Schwab. When the advisor completes the authentication process within Direct Advisory Suite (DAS), Morningstar creates five Master Account associations for the advisor's User ID in the Morningstar database. If, however, when completing the Schwab Enrollment form, this user chooses to include only two of the five Master Accounts, then Schwab will transmit data for only those two Master Accounts to Direct Advisory Suite (DAS).

Upon receipt of this data, Morningstar will look up the Master Account IDs to determine which user they belong to and will find the two associations in the Morningstar database and process the imports for that user; the other three associations stored in the database for the user are simply ignored.

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What if an advisor wants to change the associations with the Master Accounts and Direct Advisory Suite (DAS)?

To account for changes in Master Account assignments and additions, note that users may repeat the authentication process in order to refresh these associations. The user may visit the User Profile window in Direct Advisory Suite (DAS) to view their current list of authenticated Master Accounts at any time.



Once authenticated, what is the timeline for the import process?

All Schwab data files are transmitted by Schwab daily between Midnight and 8 AM (ET). The files require one business day to prepare and process accurately; thus, client and portfolio information is refreshed by 6 AM (CT) on a daily basis and reflect holdings as of the second previous business day.

What happens to portfolios in Direct Advisory Suite (DAS) once the import process runs each night?

Any portfolio in Direct Advisory Suite (DAS) which was previously brought in via the Schwab overnight import process and is also included in the latest batch will be overwritten with a new version. Users cannot retrieve past portfolios. If you wish to save an existing version of a client portfolio from Schwab and not have it be overwritten, open the portfolio, then use the Save As command to give it a unique name so it does not share a name with the client's portfolios coming in via the overnight batch process.

How are portfolios saved when brought over to Direct Advisory Suite (DAS)?

Portfolios created via import from Schwab are defined as 'Floating' (as opposed to 'Fixed') within Direct Advisory Suite (DAS). Remember that all portfolios in Direct Advisory Suite (DAS) are positional, not transactional.

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What process should an advisor follow to enable this integration?

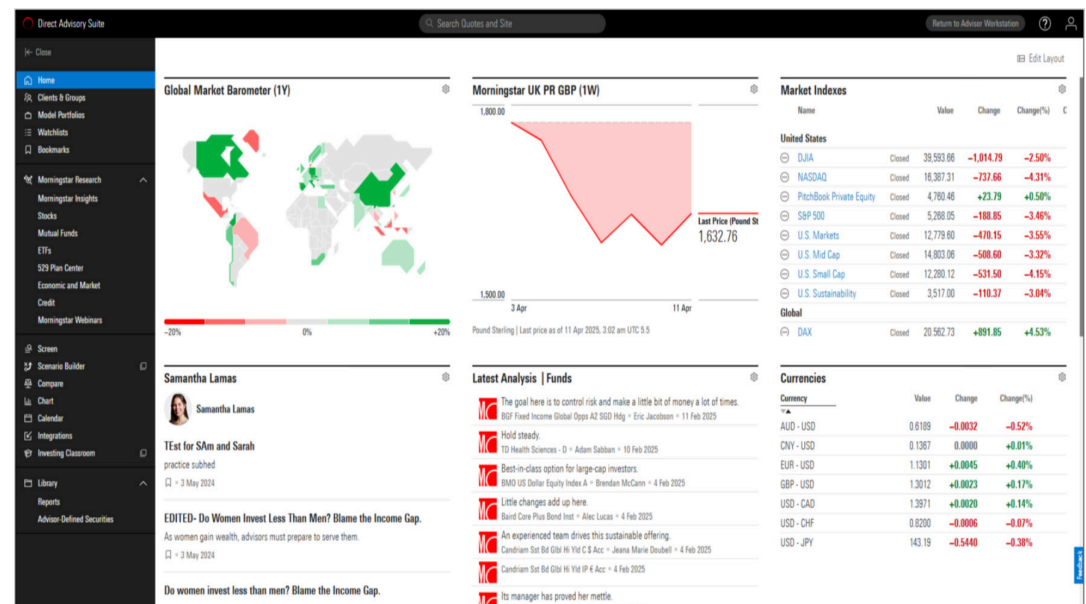
For a user's data to begin appearing in Direct Advisory Suite (DAS) via the automated overnight batch import, the following steps must be completed:

- ▶ Complete the enrollment process at Schwab by filling out a Schwab form. Once the enrollment form (which simply authorizes Schwab to transmit data for the Master Accounts indicated on the form to Direct Advisory Suite (DAS)) is submitted, it can take up to three business days for the data to begin transmitting.
- ▶ Complete the Authentication process within Direct Advisory Suite (DAS). This can be done via the User Profile window within Direct Advisory Suite (DAS). For details, see the next section.

The above steps can be completed in either order, but it is recommended to complete the form first, as it will take three business days to process. Once the above steps are completed, no further action is required from the user to enable the automated overnight batch import for Schwab.

To enable the overnight batch process within Direct Advisory Suite (DAS), do the following:

- ▶ Login to Direct Advisory Suite (DAS).
- ▶ From the left navigation menu, select 'Integrations'.

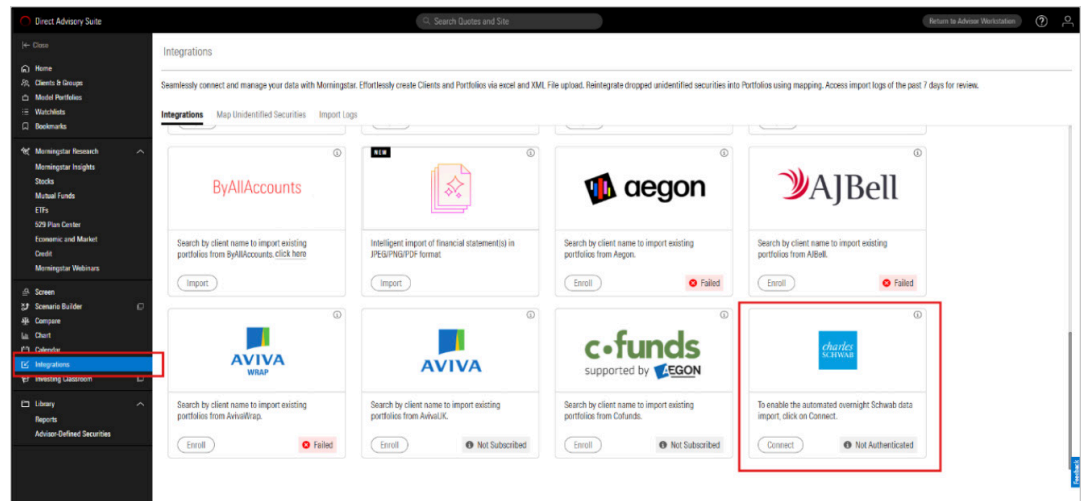


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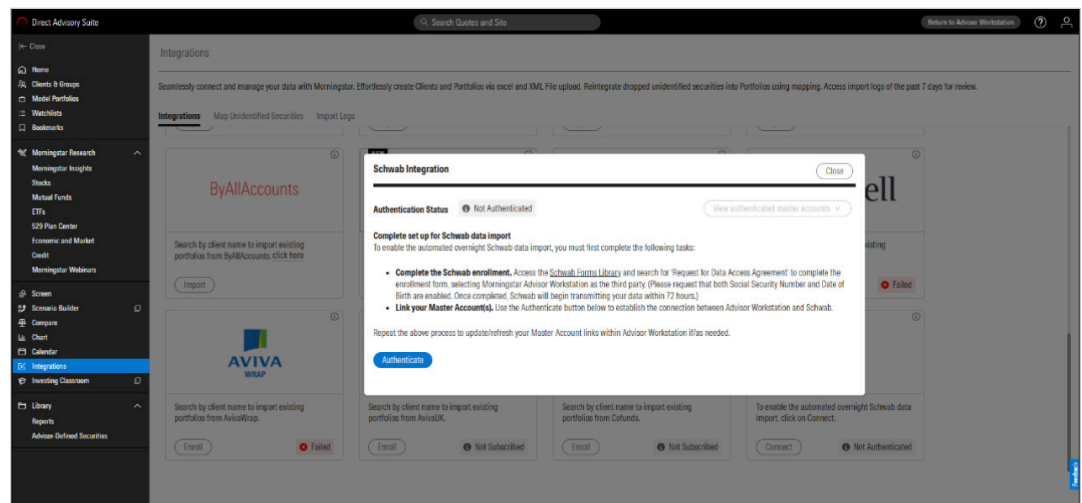
How does an advisor complete the authentication process?

- ▶ On the Integrations page select the integration card for Schwab. Initially you are shown as “Not Authenticated,” which means none of your Master Accounts are being maintained within Direct Advisory Suite (DAS).

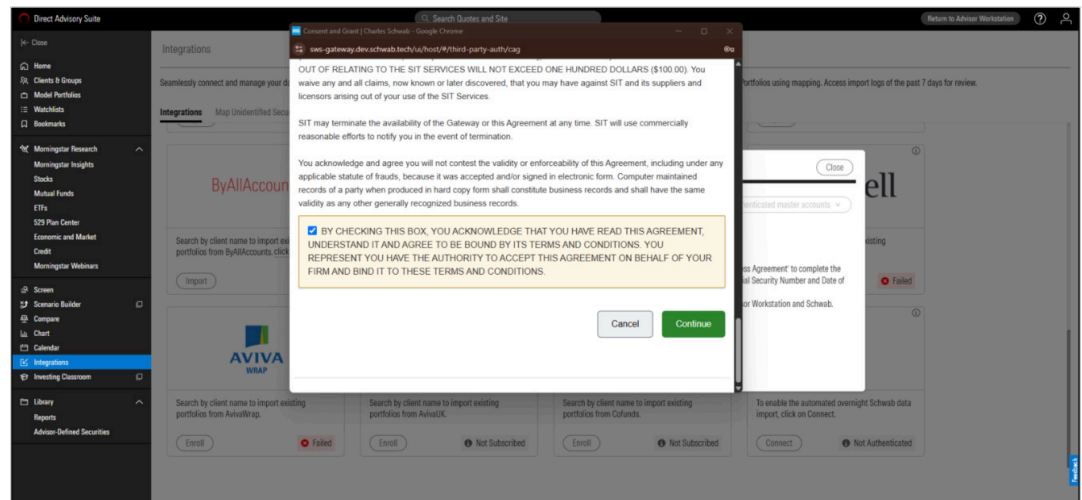
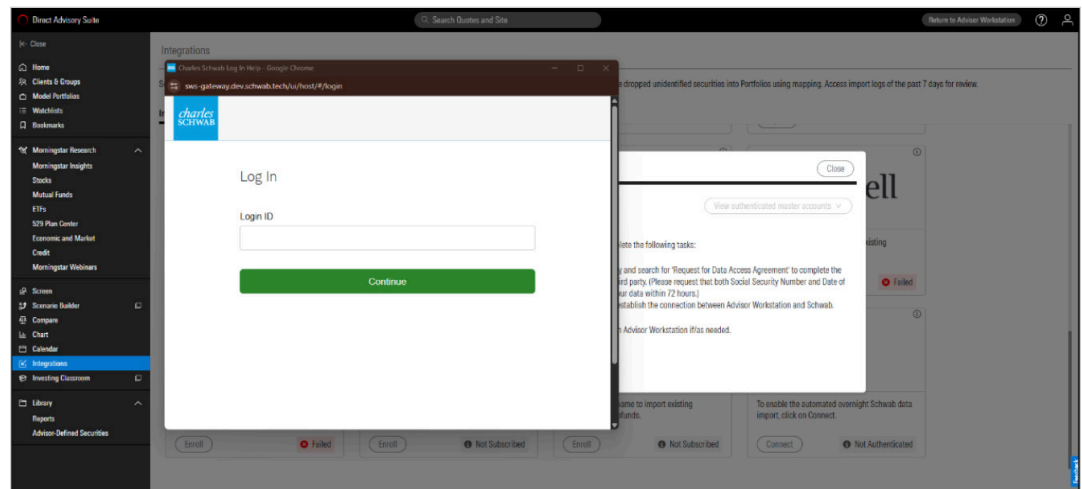
To start, click Connect. You are redirected to the Schwab authentication gateway.



- ▶ Enter your Schwab credentials, then click Continue. Once these are validated, the Enrollment Use agreement opens.
- ▶ Read the agreement. Once you scroll to the bottom, check the box to acknowledge reading the agreement and agreeing to its terms, click Continue, then Accept when the Endpoint Agreement confirmation opens.



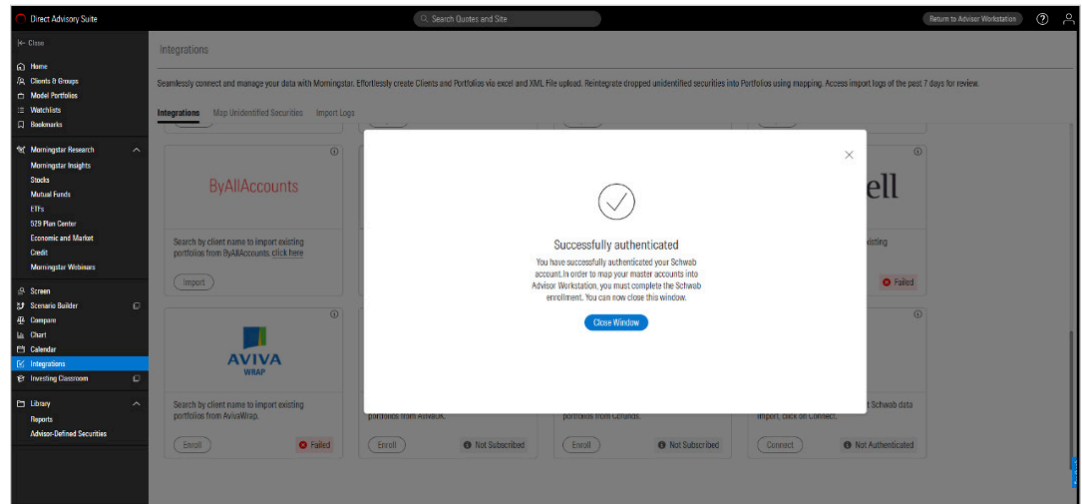
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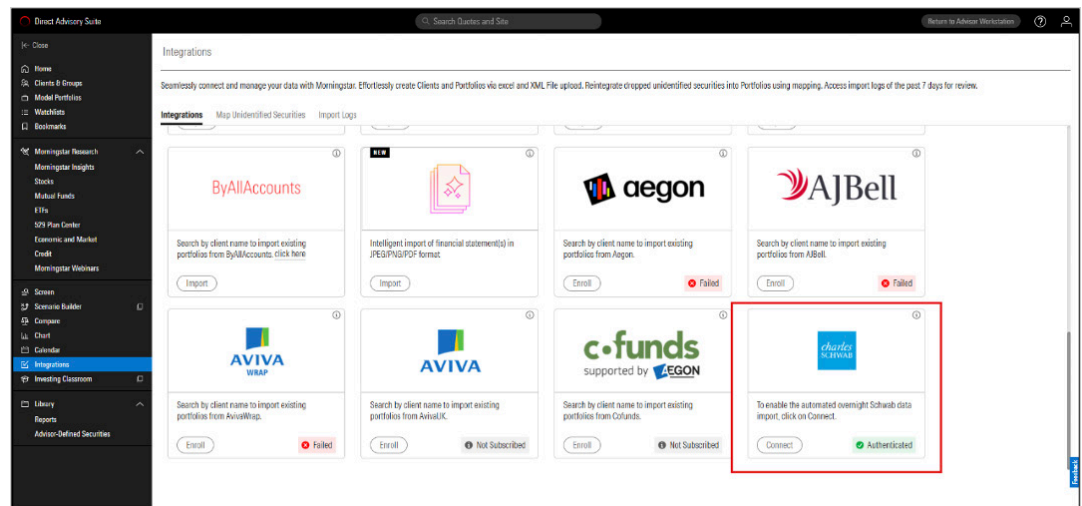
What else may users need to consider with this data integration?

- Click Done. Upon doing so, Schwab provides Morningstar an authentication code used to populate a list of all the Master Accounts associated with the advisor within Direct Advisory Suite (DAS). In addition to this authentication, remember to also complete the Schwab enrollment process, which is performed separately and directly through Schwab. For convenience, a link to the Schwab Forms Library is provided on the Client Integrations sub-tab in the User Profile window.
- Note: The Schwab enrollment process typically takes up to three business days to complete.*

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- To confirm that the enrollment is live, repeat steps 1-3. You should now see that you are authenticated on the Schwab card in the Integrations screen.



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Once the setup is complete and data begins importing to Direct Advisory Suite (DAS), users may need to take the following actions over time:

- ▶ If the overnight batch process results in unrecognized securities from Schwab to Direct Advisory Suite (DAS), users will need to map these unrecognized securities to Morningstar-tracked investments in Direct Advisory Suite (DAS). These mappings are saved, so this work will need to be done only once for a given security.
- ▶ To refresh the list of authorized Master Accounts—whether that means to add or remove Master Accounts sending data to Direct Advisory Suite (DAS)—users can click the Re-authenticate button in the User Profile window. This automatically removes any existing Master Accounts a user is no longer authorized to receive, as well as adds any new Master Accounts created/authorized since the last authentication. Remember, too, to resubmit an enrollment form with Schwab indicating which new or existing Master Accounts should be added or removed.

