

IACA – Business Process Design and the High Volume Filer, Best Practices

Overview

Every jurisdiction deals with a wide range of clientele, from one-time filers to high-volume filers. Most jurisdictions have built websites to assist individuals and small firms to file documents and to search state company and UCC databases, with minimal interaction with the filing office. However, systems designed to support one or only a few transactions may not serve the filing office as well when dealing with high-volume filers. Business processes designed for processing transactions one at a time often do not scale effectively.

This document was developed to suggest ideas each filing office should consider when designing future upgrades to their filing system. Not all ideas presented in this document are right for every state. Rather, the ideas presented were judged worth considering when developing your next RFP for system upgrades, business process improvement program, or even entire system replacement.

It is not the intention of IACA to establish technical standards for all of the proposals at this time or to dictate which services are implemented. Where ever possible, existing technical specifications are referenced to encourage uniformity across jurisdictions.

1. General Interface Recommendations

- 1.1. We recommend each filing office consider exposing their customer facing business processes as interfaces. Interface definitions support the development of automation by third parties while the filing office retains full control over the business process. Not every business process handles the volume of transactions necessary to justify either the filing office or an outside party investing in developing system to implement an interface. We recommend each state evaluate each of their customer facing business processes, in consultation with system vendors and service companies, to identify those business processes where the benefits of developing and exposing an interface add value.
 - 1.1.1. Note: All modern programming platforms provide the ability to interact with web services through generic XML text as well as strongly-defined SOAP web service XML schemas. This document does not however dictate a single approach.
- 1.2. We recommend that interfaces should be capable of operating 24 x 7 x 365.
 - 1.2.1. Note: If the interface requires regularly scheduled maintenance downtime windows, notice should be given to the users of the interface so that they can adapt in anticipation of scheduled downtime. For example, a mailing list can be used to give notice to filers of both scheduled and unscheduled downtime.
- 1.3. We recommend that high volume filers expose a “Client Listener” to the filing office for receipt of messages when the filing office’s system has anything to communicate, such as: evidence of filing, invoices, exceptions when there are failures, or for receipt of notices, demands, and

service of process. A Client Listener can be as simple as an email address to which the filing office will send all notices; or, where beneficial, a web service.

- 1.3.1.1. Note: If the filing office requires service companies to expose a web service for receipt of messages from the filing office, the filing office should publish the technical specifications for the client listener necessary for filers to successfully develop working code.
- 1.3.2. Depending on the operation being performed, filing officers should consider sending evidence of filing or search results to customers via the client listener service. Data as well as images or PDF files can be exchanged.
- 1.4. Retrieving documents from State records. We recommend the filing office consider providing the option to order results/document packages in multiple formats. Recommended formats include: Paper, Email (with attached PDFs), CD/DVD, and XML reply posted to the Client Listener.
- 1.5. When filings are being performed via the interface, provide real-time acknowledgement of filing if possible. If not possible, provide an immediate/synchronous receipt of submission and implement an asynchronous acknowledgement process as outlined in the IACA XML Technical Specifications for UCC RA9.

2. Error Handling

- 2.1. If a filing office elects to return error messages when a document is rejected, there are benefits in returning error codes that identify the specific defect in the document that caused the rejection. This is valuable for two reasons. First, it supports the development of business processes to respond to a rejection and, probably more important, supports quantitative analysis of the cause of rejections, assisting service companies to incrementally improve business processes and automation to drive down rejections.
- 2.2. If advantageous, the filing office can also expose interfaces to resubmit corrected documents, preserving filing dates, and facilitating the completion of transactions.

3. Payment

- 3.1. The high level requirement is that filers need a method to pay the filing office for a filing and to receive back from the filing office an itemized statement of the charges.
- 3.2. The previous standard payment method was for the filer to staple a paper check to a paper document. While this method has served all parties well in the past, it does not work in the online / ecommerce model the filing offices are increasingly moving to. There are multiple methods that can be used to pay for a filing online. Examples of current technologies include credit cards, purchasing cards (P-Card), draw down accounts, and, ACH payments to refill draw down accounts.
- 3.3. Processing paper checks is an expensive option, both for the filing office and for the service company.

- 3.4. However, for the more modern, electronic, payment methods to provide their optimum benefit, the following should be considered.
 - 3.4.1. Time frame to clear transactions: From the service company perspective, the optimum time period to receive a statement from the filing office with an itemized list of transactions is daily, with weekly in second place. Service companies pass filing fees and taxes paid back to the ultimate client.
 - 3.4.2. Reconciliation: In order for filers to efficiently reconcile payments back to the underlying transactions, we recommend that for each filing, the filer submits a unique identifier for each transaction and the filing office reflects the filer's transaction identifier back to identify the charges associated with a specific transaction. The best case is for the itemized list of transactions to be returned as data to support automated reconciliation.
 - 3.4.2.1. Note: Filing offices should consider supporting either a push or a pull model to exchange payment records.
 - 3.4.3. Funding alerts: When draw down accounts are used, the filer should have access to a method to determine the balance in the account. This will assist filers to ensure sufficient funds are available to finance future transactions. Options to achieve this include implementing a query so that filers can check (pull) the balance on deposit in the draw down account online; or, by implementing an alert function (push) – sending the filer a notice each time the balance in the draw down account goes below a threshold set by the filer. Both of these methods can be combined with an option to permit the filers to “reload” the account via ACH or another online payment method.
- 3.5. A best practice is for the filing office to draw from a draw down account daily and to return to the filer, daily, a data file containing a breakdown of the day's transactions. Each transaction should reference the filer's transaction identifier.
- 3.6. If the filing office offers filers the option of paying with a purchasing card, it would be beneficial to the filers to receive from the filing office, daily, a data file containing a line by line breakdown of the day's transactions, again, with each transaction associated with the filer's transaction identifier.
 - 3.6.1. Note: Associating each transaction to the filer's transaction identifier assists filers to reconcile their books and to pass charges along to the ultimate client accurately and timely.
- 3.7. The most useful option from the filer's perspective would be for each large filer to provide the filing office with a template to generate custom reports, based on approved queries against the filing offices databases. There are benefits to returning transaction data for payments both as data and as a document. Data supports reconciliation and eliminates the error prone process of re-keying data, eliminating a source of error that degrades the ultimate customer's experience working with the filing office via the service company. Documents support internal controls and audit functions.

4. Interfaces to Support Business Entity Filings

- 4.1. If the filing office requires an entity-specific password to file documents, allow the mechanisms outlined below to be utilized only by the listed registered agent without requiring the entity-specific password.
- 4.2. Periodic/Annual Reports
 - 4.2.1. Provide an interface for the filing of annual/periodic reports.
- 4.3. Formations/Qualifications
 - 4.3.1. Provide an interface for the filing of formation documents and foreign entity qualifications.
 - 4.3.2. If possible, automate the document review process and provide synchronous acknowledgement of filing.
 - 4.3.3. If manual review of the documents is required, provide a synchronous receipt of submission and an asynchronous acknowledgement.
 - 4.3.4. Provide an interface for the correction and resubmission of rejected filings.
- 4.4. Name Reservations
 - 4.4.1. Provide an interface for reserving an entity name.
 - 4.4.2. Consider automating the review process and provide synchronous acknowledgement of filing.
 - 4.4.3. If manual review of the request is required, provide a synchronous receipt of submission and an asynchronous acknowledgement.
- 4.5. Business Entity Document Filing
 - 4.5.1. Provide an interface for electronically submitting business entity documents for review and filing.
 - 4.5.2. Provide a synchronous receipt of submission and an asynchronous acknowledgement.
 - 4.5.3. Provide an interface for the correction and resubmission of rejected filings.
- 4.6. Registered Agent Filings
 - 4.6.1. Provide an interface for filing registered agent-related documents, including:
 - 4.6.1.1. commercial registered agent listing statement
 - 4.6.1.2. commercial registered agent termination statement
 - 4.6.1.3. change of commercial registered agent address
 - 4.6.1.4. statement of change
 - 4.6.1.5. statement of resignation
 - 4.6.1.6. statement appointing an agent for service of process
 - 4.6.1.7. correction of registered agent name
 - 4.6.2. Return an acknowledgement of filing.
 - 4.6.3. Return notice of franchise tax due; online method to pay the tax; and return evidence of payment.

5. Interfaces to Support Business Entity Research

- 5.1. Interface to check availability of a name, reserve said name, and renew a name reservation.
- 5.2. Entity Search

- 5.2.1. Provide an interface to find entity details based on exact name match or identification number.
- 5.2.2. Entity details should be returned synchronously and would include information such as:
 - 5.2.2.1. current legal name
 - 5.2.2.2. registered agent
 - 5.2.2.3. state identification number
 - 5.2.2.4. data of formation
 - 5.2.2.5. status
 - 5.2.2.6. entity type
 - 5.2.2.7. address
 - 5.2.2.8. list of officers and directors or incorporators
 - 5.2.2.9. filing history
 - 5.2.2.10. upcoming filing deadlines
- 5.3. Document Retrieval
 - 5.3.1. Provide an interface to retrieve images of entity filings/documents.
 - 5.3.2. Where possible, provide certified copies with a black-and-white certification copy.
 - 5.3.2.1. This would require the development of a separate certification verification website.
 - 5.3.3. If possible, provide synchronous/immediate results.
 - 5.3.4. If manual retrieval or review of the documents is required, provide a synchronous receipt of request and send results asynchronously.
- 5.4. Entity Listings
 - 5.4.1. Entity listings should minimally provide a listing of entity names and identification numbers. If possible, include details as outlined in section 5.2.2.
 - 5.4.2. Provide an interface to search for a list of entities by partial name. Return a list of matches including their entity identification number.
 - 5.4.3. Provide an interface to list all entities with the customer (a commercial registered agent) listed as agent.
 - 5.4.4. Provide an interface to list all entities matching other specific criteria such as agent name, address, entity type, etc.
 - 5.4.4.1. Note that providing a search mechanism by partial agent name will allow commercial registered agents to audit the filing office's records and ensure that any filings with misspelled names are corrected. See section 4.6.1.7.
 - 5.4.5. Provide an interface to retrieve a complete entity listing.

6. Interfaces to Support UCC Filings and Research

- 6.1. See the IACA XML Technical Specifications for Uniform Commercial Code Revised Article 9.

7. Event Notification

- 7.1. Allow the high-volume customer to request notification of various events to be posted to their client listener. These notifications would be posted as the activity occurs or in batch at the end

of the day. If applicable, evidence of the event as a document image should be included.

Examples of events include:

7.1.1. Change of Entity Status

7.1.1.1. Notification should include: Entity Name, Identification Number, Old Status, New Status, Status Change Date, Reason for Change

7.1.2. Upcoming Filing Deadline/Requirement

7.1.2.1. Notification should include: Entity Name, Identification Number, Description of Upcoming Deadline/Requirement, Date of Deadline/Requirement

7.1.3. Filing Deadline/Requirement Delinquency

7.1.3.1. Deliver delinquency notices via the entity's associated registered agent.

7.1.3.2. Notification should include: Entity Name, Identification Number, Description of Delinquency, Deadline.

7.1.4. Appointment as Agent

7.1.4.1. Notification should include: Entity Name, Identification Number, Date of Appointment, Evidence of Appointment

7.1.5. Termination as Agent

7.1.5.1. Notification should include: Entity Name, Identification Number, Date of Termination, Evidence of Termination

7.1.6. Filing of Entity Documents

7.1.6.1. Notification should include: Entity Name, Identification Number, Description of Filing, Date of Filing, Filing Image

7.1.7. Service of Process Received by Filing Office

7.1.7.1. Notification should include: Entity Name, Identification Number, Method of Service, Date of Service, SOP Document Image

7.1.7.2. For jurisdictions where filing offices are served directly, this notification serves as delivery of process to the ultimate recipient via their appointed agent for service of process. Implementation of this capability will in most states require an amendment to either the rules of civil procedure or the rules of court before the feature can go live.

7.1.7.3. Service of process requires secure and verifiable method of document delivery. At all times, the sender and the recipient must know the document was both sent and delivered.

7.1.8. Business License Notifications

7.1.8.1. Notification should include: Entity Name, Identification Number, License Type, Description of Event, Date of Event

7.1.9. Charge Against Drawdown/Depository Account

7.1.9.1. Notification should include: Filer's Transaction Control number, Filing Offices Payment Identification Number, Charge Amount, Date of Charge, Reason for Charge.

7.1.9.2. Customers can use this notification to retrieve a copy of the invoice/receipt which will include details about what transactions were included in the charge.

8. Interfaces to Support Transaction Auditing and Invoicing

- 8.1. Provide an interface for checking the status of any asynchronous operation using its immediate/synchronous transaction receipt ID.
 - 8.1.1. Include a real-time update on the progress of the filing, including where the filing sits in the filing office workflow.
 - 8.1.2. Allow the customer to initiate resubmission of an acknowledgement to the client listener.
- 8.2. Provide an interface to support depository/drawdown accounts:
 - 8.2.1. Deposit funds via ACH or credit card
 - 8.2.2. Check the balance of funds available
 - 8.2.3. Retrieve a listing of invoices/transactions charged within a given date range
- 8.3. Provide an interface to retrieve a list of invoices associated with the customer within a given date range.
- 8.4. Provide an interface to return an individual invoice, regardless of whether the work was performed as an individual transaction or as part of a work session by invoice number or filing/transaction identification number.
 - 8.4.1. Provide transaction details as well as summary information in an electronic/XML format.
- 8.5. Provide an interface to retrieve an image of an invoice and payment receipt.

9. Reporting and Other Access to Data

- 9.1. Standardized reporting, preferably exchanged as data may be the most significant opportunity to enhance our mutual business processes. When we speak of data, we are thinking of exchanging files, such as .csv or other common data files, files that spreadsheets and automation can read, potentially avoiding any need to re-key the content of the report. To be most useful, the structure of the data in each standardized report must be defined with that degree of specificity necessary to support machines to read and process the reports, without human intervention.
- 9.2. Each filing office should consider what reporting supports their business processes and then expose the interface to pull each report.
- 9.3. The following are examples of possible standardized reports each filing office should evaluate their business processes to determine when exposing a business report benefits the filing office's business processes.
 - 9.3.1. REGISTERED AGENT REPRESENTATION REPORT: Upon request, return a list of all entities the registered agent serves, as reflected in the records of the filing office. This report assists service companies to identify data in the records of the filing office that diverges from the records of the service company identifying who they represent and assisting the service companies to submit filings to correct / update the official record. See section 5.4.3.
 - 9.3.2. REGISTERED AGENT APPOINTMENT REPORT: When a registered agent is appointed, return, as data, to a registered agent who requests notification, a notice of the appointment. This report prevents the appointment of a registered agent without the knowledge of the

registered agent. In the alternative, the filing office could expose a search interface that permits filings to be identified by the data of the filing and by the name of the registered agent named in the filing. See section 7.1.4.

- 9.3.3. ENTITY STATUS REPORT: By registered agent, return status each represented entity, preferably with dates of upcoming deadlines related to staying in good standing. See section 5.4.
- 9.3.4. ALL DATA ON A PER ENTITY BASIS: Return a set of all data on a per entity basis. This data will assist service companies to merge the data into their business processes. Currently, service companies often have to view multiple web pages on the filing office's web site to find all necessary data to complete a transaction. See section 5.2.
- 9.3.5. RETURN TO ACTIVE STATUS REPORT: If an entity in an inactive status is brought back to an active status, return a notice to the entity's registered agent (Designed to counter corporate identity theft). See section 7.1.1.
- 9.3.6. MASTER LIST OF ENTITIES: Return a list of all entities in the records of the filing office, their registered agent, state identification number, date of formation, status, entity type, where available a list of officers/directors/managers and other data elements in the records of the filing office. See section 5.4.5.
- 9.3.7. STATUS OF FILING REPORT: The filing office should consider providing a real-time interface returning the status of all pending transactions per service company. (status of filings; filing rejections, repairs and resubmissions; status of evidence; status of invoice and payment, etc.). This may be more important when there is a separate document review step. See section 8.1.

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