



MEMORANDUM

TO: Kevin Fry, Chair, Valuation of Securities (E) Task Force
Members of the Valuation of Securities (E) Task Force

FROM: Bob Carcano, Senior Counsel, NAIC Investment Analysis Office

CC: Charles Therriault, Director, NAIC Securities Valuation Office

DATE: November 1, 2016

RE: Proposed Amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to delete instructions related to the NAIC Integrated Securities Information System computer platform and to provide information for the new VISION platform.

1. Introduction – The NAIC’s new computer platform for the NAIC Securities Valuation Office (SVO) is called VISION. VISION replaced the SVO’s Integrated Securities Information System platform effective Sept. 6, 2016. The SVO proposes an amendment to the P&P Manual that would delete existing (now obsolete) information about the Integrated Securities Information System platform and direct the reader to an NAIC website that houses information about VISION, including general information, user guides, online demonstrations, help desk contacts, links to the web-based application, information about systems issues and release notes/updates. The text to be deleted and the reference to the new website are shown below.

2. Amendments

Part One - Purposes, General Policies and Instructions to the SVO

Section 2. Policies Defining the SVO Staff Function

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g) Review of SVO Credit, Classification or Valuation Decisions

(i) Requests for Clarification of SVO Decisions

Any insurer that owns a security for which the SVO has provided an NAIC Designation, a classification or a valuation, or which is an SCA investment, may request a clarification of the decision from the SVO. The SVO analyst responsible for the decision may respond informally to informal requests for clarification and, in response to written requests, shall provide as much clarification as possible in writing within 10 days after receipt of the written request. Any reply from the SVO shall be a confidential communication between the SVO and the insurer.

(ii) Appeals of SVO Analytical Decisions

(A) *Condition to Filing of an Appeal*

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Any insurer that owns a security for which the SVO has performed a credit assessment, a classification analysis or a valuation, or which is an SCA investment, may appeal the SVO credit assessment, classification or valuation decision, provided that the appeal must be filed within 120 days of the SVO decision. Any insurer can ascertain the date of the original SVO decision by accessing the ~~ISIS-VISION Inquiry Service~~ and noting the Review Date shown therein. The Review Date is the date of the original decision.

An appeal is initiated by filing a completed Appeal ATF with a written correspondence specifically and clearly identifying the analytic basis of the appeal, supported by such documents or financial or other information or data as in the insurer's opinion supports the claim that the original decision of the SVO should be reviewed.

(B) Procedure for Filing an Appeal

Filing an appeal with the SVO is accomplished through a computer linkup with the ~~ISIS-VISION~~ computer system of the SVO. ~~The following is a summary description of the steps in the filing process.~~ See [Part Two, Section 6 of this Manual](#) for a more complete description of the filing process.

- ~~(1) — Link up with ISIS-VISION~~
- ~~(2) — Login by presenting an appropriate username and password~~
- ~~(3) — Go to the Authorization to File (ATF) process~~
- ~~(4) — Enter the valid CUSIP/PPN/CINS identifier of the security to be filed~~
- ~~(5) — Select the analytical Department involved in the decision~~
- ~~(6) — Select an Option for Security Type and the Appeal option under the Filing Type List~~
- ~~(7) — Enter the relevant information into the Appeal ATF~~
- ~~(8) — Finish and submit the Appeal ATF. Include a letter in support of the appeal.~~

This appeal procedure applies only to situations where the SVO has expressed an analytical conclusion in the exercise of its credit, classification, valuation functions or its analysis of Subsidiary, Controlled and Affiliated (SCA) investments. The stated procedure encompasses initial filings, annual updates and securities not rated by an NAIC CRP.

Securities rated by an NAIC CRP may be appealed only if the SVO designates securities differently than the NAIC CRP and the SVO retains responsibility for review of NAIC CRP rated transactions.

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Part Two – Filing with the SVO

Section 1. General Definitions Used in This Manual

The following definitions are intended to have relevance only for this Manual. No suggestion is intended that these definitions have any relevance to any other NAIC publication.

Association Value means, collectively, an NAIC Designation and the Unit Price published in the AVS+ Products for a security.

Audited Financial Statement means, collectively, for any given year, the auditor's Opinion, the issuer's income statement, balance sheet, the statement of cash flows, all notes to the financial statements, and any supplementary information thereto typically created, generated or otherwise provided to investors, in English, and prepared by a certified public accountant or the international equivalent thereto, showing financial results for the reported year together with the prior year prepared and presented in accordance with a Global Financial Presentation Standard, a

Reconciled Financial Presentation Standard or a National Financial Presentation Standard. For purposes of this definition:

Global Financial Presentation Standard means:

- U.S. Generally Accepted Accounting Principles (US GAAP); or
- International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB).

Reconciled Financial Presentation Standard means:

- A standard other than Global Financial Presentation Standard or National Financial Presentation Standard with a reconciliation to US GAAP or IASB IFRS; or
- National IFRS with such additional information as required by IASB standards to make National IFRS comparable to IASB IFRS.

National Financial Presentation Standard means:

- National GAAP or National IFRS, without a reconciliation to US GAAP or IASB IFRS, authorized to be used for filing a transaction with the SVO pursuant to the procedure specified in [Section 10\(c\)\(i\)\(D\)](#) of this Part below.
- In this definition, National GAAP refers to the generally accepted accounting policies as required by a country's national accounting standards board and National IFRS refers to the international financial reporting standards required by the country's national accounting standards board.
- Please refer to [Section 10\(c\)\(i\)\(D\)\(5\)](#) of this Part below for the List of Countries and Associated National Financial Presentation Standard.
- Foreign issuers not using the accounting standards of a country on the List of Countries and Associated National Financial Presentation Standard must provide the SVO with an Audited Financial Statement prepared in accordance with a Global Financial Presentation Standard or a Reconciled Financial Presentation Standard.

For insurance companies, an Audited Financial Statement will be prepared in accordance with SAP.

For municipal and U.S. Government securities, an Audited Financial Statement will be prepared in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller General of the United States. For municipal securities only, the statements will be accepted if they have been submitted to, reviewed and certified by a state comptroller's office.

Authorization to File (ATF) means the component of ~~ISIS-VISION~~ that permits reporting insurance companies to file a security with the SVO.

Automated Valuation Service (AVS) means a subscription service offered by the NAIC permitting access to portions of the VOS Database and showing updated Association Values prior to publication in the AVS+ Products.

AVS+ products refers to the quarterly compilation of the SVO List of Securities and the Other Information as those terms are defined in [Part One, Section 3 \(k\) of this Manual](#).

Bond means any Obligation with a stated maturity at the time of issuance longer than one year.

CINS stands for **CUSIP International Numbering System** and refers to a numbering system used to identify foreign securities administered by S&P CUSIP.

Credit Rating Services is used in connection with the NAIC Credit Rating Provider List discussed in [Part One, Section 4](#) and [Part One, Section 7 \(d\) \(i\) of this Manual](#) and means:

- Electronic data feed transmissions of credit ratings assigned by the NRSRO with their corresponding CUSIP number and other pertinent security specific information in English, updated as frequently as provided to other customers;
- Other analytical services or products, in English, provided to other customers; and
- Access to the NRSRO's rating analysts by SVO staff.

CRP stands for **Credit Rating Provider** and refers to the NRSROs on the NAIC Credit Rating Provider List discussed in Part One, Section 4 of this Manual and identified in Part One, Section 7(d)(i) of this Manual.

CUSIP stands for the **Committee for Uniform Securities Identification Procedures** and, as used herein, refers to a numbering system owned by the American Bankers Association and administered by S&P CUSIP that is used to identify publicly traded U.S. securities.

CUSIP Identifier means a security identification number assigned to publicly traded U.S. securities by S&P CUSIP.

Derivative Counterparties Process means a file in NAIC electronic systems used to store the names of counterparties on the List of Counterparties for Schedule DB – Part D – Section 1 for purposes of netting of derivative exposures that is used in connection with the publication of the AVS+ products.

Exchange Rates Process means a file in NAIC electronic systems used to store currency exchange rates used by insurance companies to convert the value of foreign investments into U.S. dollars for reporting purposes and used in connection with the publication of the AVS+ products.

Exempt U.S. Government Securities Process refers to a process within NAIC electronic computer systems used to store the names and descriptions of U.S. Government Securities that are exempt from filing with the SVO and that is used in connection with the publication of the AVS+ products.

Ex-Dividend Process means a file created in NAIC electronic systems used to store information about stock dividends and that is used in connection with the publication of the AVS+ products.

Executive Headquarters means the NAIC staff function responsible for day-to-day conduct of activity in support of the NAIC members and includes the SVO.

Filing Exempt Process File refers to an electronic file within NAIC electronic computer systems used to store the names and descriptions of securities owned by state-regulated insurance companies that are exempt from filing with the SVO because they are assigned credit ratings by NAIC CRPs and that insurers: 1) have reported in quarterly or annual statements (NAIC Financial Statement Blank) filed with the NAIC; or 2) requested to be included in the FE Data File through the ~~Integrated Securities Information~~ VISION System (~~ISIS~~ VISION) and in both cases, for which an NAIC CRP rating has been confirmed by the NAIC and that is used in connection with the publication of the AVS+ products.

Guaranteed or insured means that a guarantor or insurer has made an unconditional and irrevocable promise to perform, insure or purchase the obligation of an obligor upon the default of such obligor.

Initial Report means the report and documentation filed with the SVO by a reporting insurance company as discussed in Section 10(a) of this Part below.

InfoReq means an information request sent by the SVO to a reporting insurance company detailing informational deficiencies associated with an Initial or a Subsequent Report, as discussed in Section 10 (b) of this Part below.

~~**Inquiry Service** means the reporting insurance company's view of the Work Flow component of ISIS VISION.~~

~~ISIVISION~~ stands for ~~Integrated Securities Information System and~~ refers to the SVO's electronic computer system for reporting and tracking securities.

Letter of Credit Process means a file in NAIC electronic systems used to store the names of banks that issue letters of credit in support of credit for reinsurance arrangements and that meet eligibility criteria to be placed on the NAIC Bank List that is used in connection with the publication of the AVS+ products.

Money Market and Exchange Traded Fund Process refers to the component of NAIC electronic systems used to store the names of Money Market Funds and Exchange Traded Funds eligible for reporting as bonds used in connection with the publication of the AVS+ products.

NAIC Designation means any one of the symbols defined in [Part One, Section 3\(b\)\(i\) of this Manual](#) and may reflect notching pursuant to one or both of the notching procedures discussed in [Part One, Section 3 \(b\) \(iii\) of this Manual](#).

NAIC Financial Conditions Framework means the instructions, formulas, regulatory treatment, devices or mechanisms set forth in the *NAIC Accounting Practices & Procedures Manual*, [Annual Statement Instructions](#) and [Financial Condition Examiners Handbook](#) as adopted by the states.

NAIC Financial Statement Blank means the Quarterly and the Annual Statement Blank, as the context may require, in the form then in use by the NAIC that is used by state-regulated insurance companies to report investments to a state insurance department.

NAIC Member means the chief insurance regulatory official from any one of the 50 states, the District of Columbia or the four U.S. territories, or their duly authorized representatives.

Obligation means bonds, notes, debentures, certificates, including equipment trust certificates, production payments, bank certificates of deposit, bankers' acceptances, credit tenant loans, loans secured by financing net leases and other evidences of indebtedness for the payment of money (or a participation, certificates or other evidences of an interest in any of the foregoing), whether constituting general obligations of the issuer or payable only out of certain revenues or certain funds pledged or otherwise dedicated for payment.

Person means an individual, a business entity, a multilateral development bank or a government or quasi-governmental body, such as a political subdivision or a government-sponsored enterprise.

Preferred Stock means preferred, preference or guaranteed stock of a corporation, or other business entity authorized to issue such stock, that has a preference in liquidation over the common stock of the corporation or other business entity.

PPN stands for **Private Placement Number** and refers to a security identification number assigned to privately placed U.S. securities by S&P CUSIP.

RMBS/CMBS Modeled Securities Process refers to a Process within NAIC electronic computer systems used to store the names and descriptions of residential mortgage-backed securities and commercial mortgage-backed securities that have been financially modeled by the Structured Securities Group (SSG) and that is used in connection with the publication of the AVS+ products.

SAP stands for **Statutory Accounting Principles**.

S&P CUSIP means the **CUSIP Service Bureau of Standard & Poor's Corporation**.

SCA (Subsidiary, Controlled or Affiliated) company, as used in [Part Five, Section 2 of this Manual](#) and other portions of this Manual related to [Part Five, Section 2 of this Manual](#), means a company (the SCA company) that is

in a relationship with another company ("person") that possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the SCA company, whether through the ownership of voting securities, by contract (other than a commercial contract for goods or non-management services) by common management or otherwise, unless the power is the result of an official position with or corporate office held by the company. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of any other person.

SIC Code stands for **Standard Industrial Code** and refers to a 4-digit classification scheme established by the U.S. Department of Commerce for organizing commercial entities by industry specialization.

SSAP stands for **Statement of Statutory Accounting Principles** and refers to one or more individual statements of statutory accounting principles contained in the *NAIC Accounting Practices and Procedures Manual*. When used in this Manual, the phrase SSAP is followed by a reference to the specific number (i.e., No 1) and the title of the SSAP.

Subsequent Report means the report and documentation filed with the SVO by a reporting insurance company as discussed in [Section 11 of this Part](#) below.

SVO stands for the **Securities Valuation Office** of the NAIC and refers to the portion of the Executive Headquarters that serves as the professional staff of the Valuation of Securities (E) Task Force (VOS/TF).

~~**Unconfirmed FE** refers to a security that is neither in the VOS Database nor in the FE Datafile with a current year NAIC Designation. This includes but is not limited to securities in the VOS Database that have not been reviewed in the current year by the SVO; securities submitted for FE status using ISIS, but an independent check of the NAIC CRP rating status of the security by the NAIC could not verify an NAIC CRP rating for the FE security; and securities with private letter ratings.~~

Unit Price means the value determined for a security by the SVO pursuant to [Part Five, Section 1 of this Manual](#) for purposes of valuation under SAP.

U.S. Treasury Securities Process refers to a process within NAIC electronic computer systems used to store the names and descriptions of U.S. Treasury Securities and that is used in connection with the publication of the AVS+ products.

VOS Database means the **Valuation of Securities Database** and refers to that component of the SVO's **Integrated Securities Information VISION** System (**ISISVISION**) used to store the names and descriptions of securities owned by state-regulated insurance companies, together with the NAIC Designation categories and/or Unit Price assigned to them.

VOS Process means the Valuation of Securities Process and refers to a process within NAIC electronic computer systems used to store the names and descriptions of securities owned by state-regulated insurance companies, and the NAIC Designation categories and/or Unit Price assigned to them by the SVO and that is used in connection with the publication of the AVS+ products.

VOS/TF stands for the **Valuation of Securities (E) Task Force** of the NAIC and refers to the NAIC member group responsible for formulating and implementing NAIC's credit assessment and securities valuation policy.

~~**Work Flow** means the component of the SVO's Integrated Securities Information System (ISIS) that tracks submission and status of all Initial and Subsequent Reports filed by, or on behalf of, reporting insurance companies.~~

Part Two – Filing With the SVO

Section 2. General Reporting Framework

a) Obligation to Report

Insurance companies domiciled in any state of the United States, or any of its territories or possessions, and required by the law of their domiciliary state or territory to report NAIC Association Values for their Investment Securities in the NAIC Financial Statement Blank, shall report purchases of Investment Securities to the SVO or, in the case of Investment Securities exempt from filing with the SVO, for example, pursuant to Section 4 (d) of this Part below, to the NAIC, as required by this Manual.

For purposes of this Part Two, Section 2 (a), an Investment Security means an instrument evidencing a lending transaction between an insurance company as lender and a non-affiliated borrower, where the borrower's sole motivation is to borrow money and the insurance company's sole motivation is to make a profit on the loan that the state of domicile regulates by reference to the NAIC Financial Conditions Framework.

The SVO shall have no authority to issue NAIC Designations or any other NAIC analytical product to an insurance company for a Regulatory Transaction under this Section 2 (a).

See Part Three, Section 2 (e) of this Manual below for the definition of Regulatory Transaction and a description of the processes governing their assessment.

b) Authority to Require a Filing with the SVO

The existence of a filing exemption for a transaction, security, financial asset or investment activity in any part of this Manual is not intended to, and shall not be read as, prohibiting a state insurance regulator from requiring its domiciled insurance company to file a transaction, security, financial asset or investment activity with the SVO for analysis.

In addition, nothing in this Manual should be read as prohibiting a state insurance regulator from asking for SVO or SSG analytical assistance with respect to any investment related activity, or in connection with assessment of investment-related aspects of a Regulatory Transaction, as defined in Part Three, Section 2 (e) of this Manual and directing an insurance company to file relevant information with the SVO or the SSG for that purpose.

c) Reporting

Reporting to the SVO is accomplished by filing the appropriate form or application and providing the initial and continuing information required by this Manual or such additional information as may be requested by SVO staff.

d) Reporting Responsibilities

Reporting is the responsibility of the insurance company that has purchased the investment. There are procedures that reduce multiple reporting on the same securities by different insurance companies. These procedures are discussed below.

As a general rule, the reporting of privately placed securities is the responsibility of the insurance company lender with the largest dollar investment in the transaction. Also, only previously unreported investments need be reported to the SVO. To ascertain whether another insurance company has previously reported a security to the SVO, the reporting insurance company should consult the most recent AVS+ Products, the Automated Valuation Service or [Inquiry Service VISION](#).

No reporting is necessary if the security (i) is listed in the AVS+ Products with a recently assigned NAIC Designation/Unit Price, (ii) is listed in the Automated Valuation Service with a current year review date and a symbol that is other than an **NR** or **UP** or (iii) has been logged into [Inquiry Service VISION](#).

e) Use of a Filing Agent

Insurance companies may designate an agent to perform filings with the SVO by providing the SVO with written notification of the agent's appointment, on the insurance company's letterhead, identifying the agent, detailing the agent's authority, expiration date of the authority and an acknowledgment that the insurance company remains legally obligated to file all necessary information and to pay all appropriate fees.

f) Security Identification Numbers

No security may be reported to the SVO without a valid CUSIP, PPN or CINS Identifier. Only S&P CUSIP may assign CUSIP Identifiers, PPNs and CINS.

To obtain filing and fee information and a CUSIP Identifier, PPN or CINS number, reporting insurance companies must contact S&P CUSIP at: CUSIP Service Bureau, Standard & Poor's Corporation, Attention: Senior Copy Editor, 55 Water Street, 47th Floor, New York, N.Y. 10041, e-mail address is cusip_ppn@standardandpoors.com, Facsimile (212) 438-6572.

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Section 6. The Mechanics of Reporting With the SVO

[Information about the VISION platform, including general information, user guides and on-line demonstrations can be found at http://www.naic.org/svo_vision.htm](http://www.naic.org/svo_vision.htm) and the application itself can be found at <https://vision.naic.org>.

~~Determining whether a security subject to reporting under Section 2(a) of this Part above has been reported to the SVO is accomplished through a computer link up with SVO's Integrated Securities Information System (ISIS). If the security has not been previously reported to the SVO and is not known to be exempt, ISIS will assign an Authorization To File (ATF) number at the end of the ATF process. The reporting entity receiving an ATF number must then file the completed ATF form and required documentation with the SVO office. The following is a summary description of the steps in the reporting confirmation process:~~

- ~~(a) — Link to ISIS~~
- ~~(b) — Login by presenting appropriate username and password~~
- ~~(c) — Go to the Authorization to File (ATF) process~~
- ~~(d) — Enter the valid CUSIP/PPN/CINS identifier of the security to be reported. ISIS will then process that security based on its identifier:~~
 - ~~(i) — Already Contained in VOS Database:~~

~~If the CUSIP identifier is found in the VOS database with a current year review date, ISIS will deny the reporting entity's request to file an initial or subsequent report and display a message that the CUSIP/PPN/CINS already exists in VOS. If so, this ends the reporting process for that security.~~
 - ~~(ii) — Previously Reported/ATF Already Issued:~~
 - ~~(A) — If the CUSIP/PPN/CINS identifier does not exist in the VOS database but is found in Inquiry Service due to reporting by another reporting entity, ISIS will deny the entity's request to file an initial or subsequent report and will display a message that an ATF number has been issued or an ATF filing has been received.~~
 - ~~(B) — If an ATF number has been issued, Inquiry will display the CUSIP/PPN/CINS identifier, ATF number, and the date of ATF expiration or the date the SVO received the ATF submission.~~
 - ~~(C) — If the ATF submission is not received at the SVO by the ATF expiration date, ISIS will delete the CUSIP/PPN/CINS identifier from Inquiry. If this occurs, it is the responsibility of the reporting entity to re-report the security.~~
 - ~~(D) — If an ATF submission has been received at the SVO, this ends the reporting process for that security.~~

~~(iii) — Already Deemed to be Filing Exempt:~~

~~(A) — If the CUSIP/PPN/CINS identifier is found in the Filing Exempt data file, ISIS will display a message that informs the entity that the security is Filing Exempt.~~

~~(B) — The entity is then given the option to continue the ATF process in spite of the security's FE status (for instance, if required by a state regulator). If the answer is "No" that ends the reporting process for that security.~~

~~(iv) — Not Yet Deemed to be Filing Exempt:~~

~~(A) — If the CUSIP/PPN/CINS identifier is not found in the Filing Exempt data file, the reporting entity may request through ISIS that the security be run through the filing exempt application. This can be done even if the security is found in the VOS database or Inquiry Service.~~

~~(B) — ISIS will search the NAIC CRP feeds for a match and, if a match is found, the application will translate the NAIC CRP ratings into the equivalent NAIC designation, which will be available in the subsequent FE data file. The reporting entity will have to access the FE data file contained within AVS on the following day in order to view the equivalent NAIC designation.~~

~~(C) — The entity is then given the option to continue the ATF process in spite of the security's FE status (for instance, if required by a state regulator). If the answer is "No," that ends the reporting process for that security.~~

~~(v) — Filing Required:~~

~~(A) — If the CUSIP/PPN/CINS identifier entered by the reporting entity is not Filing Exempt, in VOS, or in Inquiry Service, ISIS will grant the filer access to a series of menu options designed to permit the entity to bring up the appropriate ATF filing form on its personal computers, fill out necessary information and generate a hard copy form of the ATF for filing with the SVO.~~

~~(B) — ISIS will permit the reporting entity to access, electronically, all of the forms that are required to be filed with the SVO, (with the exception of the Application for Regulatory Treatment Analysis Service, which can only be submitted on an original hard copy form obtained from the SVO). The printed ATF and other applicable forms are then to be forwarded to the SVO with the required documentation for the security within 120 days of the triggering event. The reporting process for this security is complete when the ATF submission and filing has been received by the SVO.~~

~~(C) — When the ISIS processing of a security is complete (an ATF is either issued or denied), ISIS will ask the entity if it wishes to enter the CUSIP/PPN/CINS identifier of a new security. If you have a question about filing requirements for a given security, consult the *How To Comply Manual*, which is available from the NAIC Publications Department. See the notice at the end of the table of contents.~~

~~Section 7. — When to Use the Securities Acquisition Report (SAR)~~

~~A security issued by an entity unaffiliated with the reporting company is reported by creating, completing and submitting the SAR form. The reporting insurance company must submit the SAR to the SVO not later than 120 days after the purchase of the security.~~

~~a) — SIC Code~~

~~As an internal administrative matter, for all Corporate securities, the SVO will distribute Initial and Subsequent Reports in accordance with the industry specialization of SVO's credit analysts. Therefore, the Industry Code identified on the SAR must be accurate. The reporting insurance company chooses the correct Industry Code from a menu embedded in ISIS. Only the first two digits of the Code itself are necessary for SVO purposes. For example, the SIC Code for a luggage manufacturing company is 3160 but, for SVO~~

purposes, the SIC Code 3100 (Leather and Leather Products) is sufficient. The SVO Help Desk will provide assistance in determining the correct SIC Code.

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Section 9. ~~Specialized SVO Forms, Products and Systems~~

~~Certain transactions between the SVO and a reporting insurance company will require submission of a form, an application or a letter in addition to an SAR. This section describes these transactions and the appropriate form to be used. Please note that all of these forms are accessible directly through ISIS, or indirectly through a link to the SVO's page on the NAIC website. Also note that the information on these forms is used to enter these transactions into Work Flow. If the form is not completely and accurately filled out, it will not be processed. Work Flow will record that the submission could not be processed due to informational deficiency.~~

~~a) Official Forms Only~~

~~ISIS pre-prints bar codes that link the ATF and other forms submitted to the SVO with Inquiry Service. However, the ATF and other forms must be accompanied by supporting documentation as detailed in other sections of this Manual. ATFs and/or forms that are not completely and accurately filled out will not be processed. Work Flow will record that the submission could not be processed due to informational deficiency.~~

~~b) Counterparty Rating Report~~

~~An insurance company that intends to use a Person as a counterparty in a derivatives transaction, or a Person engaged in the business of serving as counterparty in such transactions, will file Form CRR-1 (the Counterparty Rating Report) with the SVO. The reporting insurance company obtains this form directly from ISIS and in the case of this transaction, only this particular form is filed.~~

~~c) Bond Lease Based and Credit Lease Based CTL Evaluation Forms~~

~~These Evaluation Forms are used to report Credit Tenant Loans that are defined in Part Four, Section 1(a) of this Manual. The reporting insurance company is required to provide a summary of the transaction and other analysis of data and should obtain the Evaluation Forms prior to the time the transaction must be filed with the SVO. A Credit Tenant Loan Form must also be accompanied by an ISIS-generated SAR. Questions regarding substantive aspects of Credit Tenant Loans should be directed to the Structured Securities Group of the SVO.~~

~~d) Project Information Memorandum (PIM) and Power and Pipeline Projects Annual Review Summary~~

~~PIM is used to report non-NAIC CRP rated power and pipeline projects. It requires the reporting insurance company to provide a summary of the analysis, as well as detailed attachments of information, and therefore should be obtained prior to the time the transaction actually has to be filed. PIM must be accompanied by an ISIS-generated SAR. The Summary is used to make Subsequent Reports for all power and pipeline projects whether rated or not by an NAIC CRP. The Summary must be accompanied by the Audited Financial Statement of the issuer and by an ISIS-generated Annual Update ATF. Questions regarding substantive aspects of the transactions should be addressed to the Corporate Securities Group of the SVO.~~

~~e) Mutual Fund Forms~~

~~Mutual funds, including money market funds, are typically classified as common stock and reported in Schedule D—Part 2—Section 2 of the NAIC Financial Statement Blank. The VOS/TF has determined that money market funds that meet the conditions of 17 C.F.R. 270.2a-7 and certain bond mutual funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), and which also~~

~~meet the conditions set forth in Part Six, Section 2 of this Manual, may be reported on Schedule DA—Part 1 and Schedule D—Part 1, respectively, of the NAIC Financial Statement Blank.~~

~~The SVO maintains two lists of money market funds and one list of bond mutual funds. Investments in these funds by reporting insurance companies are eligible for more favorable reserve treatment than funds not so listed, as noted above. These lists are published on a quarterly basis.~~

~~Money market funds that meet certain criteria for exemption from NAIC reserve requirements may be listed on the U.S. Direct Obligations/Full Faith and Credit Exempt List.~~

~~Other money market funds that meet certain criteria may be listed on the class 1 list (Class 1 List) and insurance companies that own investments in these funds may reserve for them by using the more favorable bond class one reserve factor.~~

~~Bond mutual funds that meet certain criteria may be listed on the bond mutual fund list (Bond List) and insurance companies that own these bond mutual funds are permitted to maintain a reserve using the more favorable bond class one reserve factor.~~

~~The U.S. Direct Obligations/Full Faith and Credit Exempt List Application Form is used to list a money market fund on the U.S. Direct Obligations/Full Faith and Credit Exempt List. The Class 1 Application Form is used to list a money market fund on the Class 1 List. The Class 1 Bond Application Form is used to list a bond mutual fund on the Bond List. Refer to Part Six, Section 2 of this Manual for additional information on the process. Any questions regarding the process or its purpose should be addressed to the Corporate Securities Group of the SVO.~~

~~f) Application Form for Listing on Bank List~~

~~This Application Form is used by a bank that seeks listing on the Bank List. The Bank List is updated on a quarterly basis. Questions regarding the procedure for being placed on the Bank List should be addressed to the Corporate Securities Group of the SVO.~~

~~g) Regulatory Treatment Analysis Service Application Form~~

~~This form is used to request that the SVO conduct an assessment or valuation and/or to request guidance within the NAIC Financial Conditions Framework with respect to an emerging investment vehicle (EIV). As a convenience to the filer, the form is provided in electronic form. However, only an original signed copy of the form will be accepted. Facsimiles and photocopies are not acceptable. The SVO has discretion to refuse an application for Regulatory Treatment Analysis Service. The requesting person is urged to contact the SVO as early in the investment process as is feasible if it contemplates making use of this service. For details about the service and SVO policies related to them, refer to Part Four, Section 3 of this Manual. Questions regarding the Regulatory Treatment Analysis Service should be addressed to the Corporate Securities Group of the SVO.~~

~~h) Valuation Information Memorandum~~

~~The Valuation Information Memorandum (VIM) is used whenever the reporting insurance company is unable to supply a prospectus, private placement memorandum or official statement. The form requires a substantial degree of information as well as summaries, analysis and Audited Financial Statements and, therefore, the form should be obtained prior to the time the transaction actually has to be filed with the SVO. Questions regarding substantive aspects of transactions, or the nature and meaning of the information requested by the memorandum, should be addressed to the Manager of the analytical group responsible for the Initial or Subsequent Report.~~

~~i) Treasury Stock and Reciprocal Ownership Elimination Worksheet (Worksheet)~~

~~The Worksheet is used in conjunction with SCA company filings to eliminate the proportional statutory value of an SCA when an issuer owns itself via (i) direct ownership of shares of an upstream intermediate or ultimate parent or (ii) treasury stock, via direct or indirect ownership of a downstream SCA. Questions regarding substantive aspects of the SCA reporting process or the Worksheet should be addressed to the SCA Companies Group of the SVO.~~

~~j) Collateral Loan Form~~

~~This form accompanies any transaction wholly or partially secured by collateral if the reporting insurance company anticipates that SVO's credit assessment may be substantially affected by the nature and value of such collateral.~~

~~k) The Automated Valuation Service (AVS) Subscription Package~~

~~Persons interested in subscribing to the SVO's Automated Valuation Service may obtain appropriate subscription forms from the AVS Administrator in the Database Products Department in the Kansas City NAIC office.~~

~~l) Inquiry Service~~

~~This service is provided by the SVO to allow insurance companies to ascertain whether a security has been filed with the SVO.~~

~~m) Discount Factor Form~~

~~This form is used to enable a reporting insurance company to request from the SVO SCA Companies Group the discount factor to be applied to the market value of an SCA investment. For details about the market value valuation option or the SCA investment reporting process, refer to Part Five, Section 2 of this Manual.~~

~~n) Military Housing Bond or Securities Certification Form~~

~~This form is used in connection with the certification process discussed in Part Four, Section 5 of this Manual. This form permits an investment officer of an insurance company that has filed a military housing bond or security with the SVO to attest to the accuracy of the facts, data and analytical conclusions discussed in the analytical memorandum required to be provided to the SVO. Please note that this form is a required part of the submission package and that a transaction cannot be analyzed until a completed copy of this form has been received. Please also note that the investment officer who gives the certification is required to be familiar with the financial status of the housing project/investment.~~

~~o) Filing Instructions for Working Capital Finance Investments~~

~~A request for assignment of an NAIC Designation to a Working Capital Finance Program by an Investor who wants to purchase Working Capital Finance Investments is made by filing an RTAS Application with the SVO. Please refer to Part Four, Section 3 of this Manual for a description of the RTAS process. The RTAS application is available at www.naic.org/documents/svo_rtas_app.pdf.~~

~~Please note that the RTAS Application is a required part of the submission package, that the form requires the submission of specified documents and that a submission for a proposed program cannot be analyzed until a completed copy of this form and all accompanying documentation has been received.~~

~~Please refer to Part Three, Section 6 of this Manual for a discussion of Working Capital Finance Investments and for the meaning ascribed to the terms used above.~~

~~Please refer to *SSAP No. 105—Working Capital Finance Investments* for detailed requirements that must be met for a Working Capital Finance Program and Working Capital Finance Investments generated thereunder to be~~

~~considered an admitted asset. Readers are urged to familiarize themselves with this guidance before filing an RTAS Application with the SVO.~~

Section 10. Reporting Conventions and Required Documents

a) Initial Report

An initial filing consists of a completed form(s) and information, documentation and data in quantity and quality sufficient to permit the SVO to conduct an analysis of the creditworthiness of the issuer and the terms of the security to determine an Association Value. It is the obligation of the reporting insurance company to provide the SVO with all necessary information. It is the responsibility of the SVO to determine whether the information provided is sufficient and reliable for its purposes and to communicate informational deficiencies to the reporting insurance company.

b) Informational Deficiencies

Upon receipt of a submission by a reporting insurance company, the submission is logged ~~into Work Flow~~ by date and time received and assigned to the appropriate staff analyst for credit assessment or unit pricing. If the staff analyst determines that there is an informational deficiency, he or she will ~~so advise~~ ~~complete an InfoReq letter, log the InfoReq into Work Flow and provide a copy to~~ the reporting insurance company.

The transaction for which ~~a request for additional information is requested the InfoReq was issued~~ will be held without processing for a period not to exceed 45 days. If, at the completion of the 45 days, the reporting insurance company has failed to provide the information requested, the SVO will discard the filing and all documentation submitted with it ~~in VISION and Work Flow~~ will reflect that the filing was discarded due to insufficient information.

On an exception basis, the SVO may grant an ~~InfoReq response~~ extension to the reporting insurance company but not to exceed 90-days in total with the time-period to begin on the date that the ~~information request~~ ~~InfoReq~~ was issued. If such an extension is granted, and if the reporting insurance company has failed to provide the information requested within the time provided, the SVO will discard the filing and all documentation submitted with it at the end of the 90-day period and Work Flow will reflect that the filing was discarded due to insufficient information.

Either at the expiration of the 45-day or 90-day period ~~InfoReq response period~~, the reporting insurance company shall be obligated to file the security again if it wishes to obtain an NAIC Designation.

If the SVO determines it requires additional information after ~~it has received a response to its request for additional information an InfoReq response has been received~~, a new 45-day period shall ~~being~~ ~~begin~~, unless an ~~InfoReq response~~ extension is granted as indicated above, in which case a new 90-day period will begin.

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