

**Statutory Accounting Principles (E) Working Group
Hearing Agenda
October 6, 2025**

ROLL CALL

Dale Bruggeman, Chair	Ohio	Steve Mayhew/Kristin Hynes	Michigan
Kevin Clark, Vice Chair	Iowa	Ned Cataldo	New Hampshire
Sheila Travis/Richard Russell	Alabama	Bob Kasinow	New York
Kim Hudson	California	Diana Sherman	Pennsylvania
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Rylynn Brown	Delaware	Doug Stolte/Jennifer Blizzard	Virginia
Cindy Andersen	Illinois	Amy Malm/Levi Olson	Wisconsin
Melissa Gibson/Shantell Taylor	Louisiana		

NAIC Support Staff: Julie Gann, Robin Marcotte, Jake Stultz, Jason Farr, Wil Oden

Note: This meeting will be recorded for subsequent use.

REVIEW of COMMENTS on EXPOSED ITEMS

The following item is open for discussion and will be considered separately.

1. Ref #2025-19: Private Placement Securities

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-19 (Julie)	Private Placement Securities	1 – Agenda Item	Comments Received	1 - IPs

Summary:

On August 11, 2025, the Working Group exposed revisions to incorporate a new electronic reporting column to identify private placement securities by type of private placement (Rule 144A, Reg D or General Exemption) in the investment schedules and incorporate an aggregate disclosure that details key investment information by type of security (public and private placement type). This item was exposed for a shortened comment period ending September 19, 2025, to allow for comments to be considered prior to sponsoring a blanks proposal.

The private placement categories are summarized as follows:

- **Rule 144A** – Rule 144A is a U.S. SEC rule that allows qualified institutional buyers (QIBs) to trade restricted unregistered securities privately to other QIBs. This rule permits the *resale* of securities, not initial offerings, among institutional investors that own and invest on a discretionary basis at least \$100 million worth of unaffiliated securities. Resales under Rule 144A are conducted by entities and security issuers are specifically excluded. (There are other less-common exemptions for private resales for asset-backed securities under Section 4(a)7 and Section “4(1½)” that have specific requirements for compliance. For purposes of this agenda item and simplicity, exemptions involving resales that do not involve the issuer, underwriter or dealer will be collectively captured under Rule 144A.)

- Regulation D – A private placement under Regulation D is an unregistered securities offering conducted by the securities *issuer*. It allows companies to issue securities without registering them with the SEC if they satisfy certain requirements. There are two primary rules under Regulation D that determine whether SEC registration is not necessary:
 - Rule 504: Allows issuers to offer up to \$10 million in private placements to accredited or non-accredited investors in a 12-month period. Except in limited circumstances, the purchasers of securities offered under Rule 504 cannot sell the securities for a designated period of time without registering them. (The SEC explanation indicates at least 6 months or a year so this may vary based on the circumstances.) (The acquired securities are considered “restricted.”)
 - Rule 506: A “safe harbor” under Section 4(a)(2), it allows issuers to directly offer unregistered securities to an unlimited number of accredited investors and up to 35 non-accredited (but “sophisticated”) investors. Public solicitation is permitted as long as all investors are accredited investors. Similar to Rule 504, purchasers of securities under Rule 506 receive “restricted” securities meaning that they cannot be sold for a designated holding period without registering them. (Similar to Rule 504, the SEC explanation indicates at least 6 months or a year.) (Rule 506 is the most common exemption for private placements.)

Note: Insurance companies are accredited investors if they have a total net worth exceeding \$5 million or if all equity owners are accredited investors. (Individuals are accredited investors with net worth over \$1 million, income over \$200,000, or by meeting various professional criteria.)

Companies that issue securities under Regulation D do not have to register their offerings of securities with the SEC, but they must file a “Form D” electronically with the SEC after the first sale of their securities. This is a brief notice that includes the names and addresses of the company’s promoters, executive officers and directors, and some details about the offering, but contains little information on the company. Form D filings can be obtained from the SEC’s Edgar Database.

- Section 4(a)(2) (General) Exemption: This Securities Act 1933 exemption allows unregistered securities offerings for issuances that do not involve a “public offering”. The Securities Act does not define “public offering” and unlike the other registration exemptions, Section 4(a)(2) does not expressly define a maximum number of investors, investor suitability or a maximum dollar value. However, case law and SEC rulings have provided guidance which includes the following factors: the number of investors, whether the offer was only made to “sophisticated” investors, whether there was a general solicitation or public advertising, whether the securities are restricted and the information provided to prospective investors. A “sophisticated” investor is determined based on either 1) having sufficient knowledge and experience to evaluate the risks and merits of the investment, or 2) having sufficient financial resources able to bear the economic risk of investing. If the securities are offered to just one person who does not meet the conditions, the entire offering may violate the Securities Act. A key aspect of Section 4(a)(2) is that the issuer must ensure that investors agree not to resell or distribute the securities to the public. Securities offered under Section 4(a)(2) are more likely to be subject to legal issues if the SEC deems the security offering did not comply with the exemption requirements and from investors filing fraud claims based on inadequate disclosures.

Interested Parties' Comments:

Interested parties support additional disclosures that are necessary for regulators to achieve their regulatory objectives but want to ensure they do not provide unnecessary burden on industry if they do not provide necessary information toward achieving those objectives.

Additional SSAP Disclosures

We note that the Exposure Draft lists four SSAPs that require disclosures [SSAP No's 2, 21 (in part), 26, and 43] while the Exposure Draft highlights seven reporting schedules impacted:

1. Schedule DA (SSAP No. 2)
2. Schedule E2 (SSAP No. 2)
3. Schedule D-1-1 (SSAP No. 26)
4. Schedule D-1-2 (SSAP No. 43)
5. Schedule D-2-1 (**SSAP No. 32**)
6. Schedule D-2-2 (**SSAP No. 30**)
7. Schedule BA (SSAP No. 21, in part)

Interested parties note that SSAP No's. 32 and 30 will also need disclosures added to accommodate the data that is desired to be disclosed for schedules D-2-1 and D-2-2, respectively.

Clarity Needed for Disclosures

We understand that the first 6 of these schedules are intended to include disclosures for the totality of the investments on the respective schedules (i.e., if there are \$100 of investments on the respective schedule, the aggregate of the amounts of the disclosure – Public, 144A, Reg D, Section 4(a)2, and N/A – should also equal \$100). We also understand the 7th category is only for two components of schedule BA (i.e., residual tranches and debt securities that do not qualify as bonds). With this understanding, interested parties have three comments:

1. The disclosures and reporting schedules should clarify that for the first 6 schedules, the disclosures should total the totality of the investments on the respective reporting schedule while the disclosures and reporting schedules for the 7th category should only reflect residual tranches and debt securities that do not qualify as bonds.
2. The disclosures should be adjusted, as the population of investments should not be “securities in scope” but investments in scope, as not all investments listed on the schedules are securities. Also, for some investments that are to be included in the disclosures, they are not securities, but are in “substance securities” (e.g., bank loans, other loans issued by insurers that qualify for Schedule D, Bond reporting).
3. For schedule BA, other than for residual tranches and debt securities that do not qualify for bonds, while an absolute statement can never really be given, each of the other BA categories would almost universally not be publicly traded securities. For example, limited partnerships, limited liability corporations, tax credit investments, etc. We agree that these should be excluded from the disclosure requirements for schedule BA for simplicity, usefulness to regulators, and cost benefit efficiencies for insurance companies.

Interested parties have suggested specific changes to the disclosures as an attachment to this letter.

Other Cost benefit Efficiencies

The disclosures require the breakout of Reg D and Section 4(a) 2 exemptions. We do not believe this breakout provides any meaningful information to regulators; however, if adopted, it would significantly increase the burden of the disclosures for insurance companies.

We highlight three important points related to these two different types of exemptions that support this view:

1. The use of Reg D or 4(a)2 accrues primarily for the benefit of the issuer, based on its own unique situation. The buyer of the security is generally agnostic on which exemption the private security falls under, as the exemption classification has no material impact for a security's secondary trading liquidity, reporting transparency, or investment risk. Reg D generally has a 6-to-12 month restriction on trading while 4(a)2 generally has no timing restrictions. However, most insurance companies purchase privately placed investments with an intent to hold them long term (usually to maturity for privately placed debt). It is most often when investment concerns arise that an insurer would consider selling such securities, and these concerns tend to manifest later in an investment's life cycle vs. within the first 12 months after issue. Therefore, despite the temporary trading restrictions for Reg D securities, there is no material difference in the liquidity afforded by these investments for insurers' portfolios. In fact, insurance companies (and the market overall) tend to lump both exemption categories into the same bucket, and label them solely as Private. Likewise, if regulators have liquidity concerns with privately placed securities, we would expect those concerns to be of long-term nature but not in the period right after issuance.
2. While Reg D is primarily, but not always, used for equity type investments and 4(a)2 is primarily, but not always, used for private placement debt investments, the debt/equity distinction, if relevant for regulators, can be determined through reporting on the schedules themselves (e.g., schedule D-2-2 common stock, schedule D-1-1, debt instruments, etc.).
3. The new disclosures as written will require a very meaningful effort by companies to accurately report. While companies generally have this data available, and/or are already required to disclose it, this is something that will have to be "rewired" in internal company systems – which is time intensive and expensive – to provide it in the new format required by the disclosure. Otherwise, it will be extremely manually intensive, subject to error, and extremely burdensome. Most importantly, the biggest burden would be the breakout of the Reg D and 4(a)2 categories, as this distinction is not meaningfully relevant for issuers (for the reasons stated above), nor is the distinction consistently listed on marketing or legal documents for private transactions. Therefore, the Reg D/4(a)2 distinction is not something tracked internally by most insurers or maintained in investment systems (whether internal or external), as it is not relevant to investment decisions, risk or liquidity. As such, this breakout between the two private placement categories would extensively increase the burden for companies to comply with this disclosure, with little added benefit for regulators (for the reasons stated in 1 and 2 above).

Lastly, to remove the redundancy from the existing data reported for Total Publicly Traded and Total Privately Placed bonds on Schedule D – Part 1A, we recommend that the following items be removed from Schedule D – Part 1A:

- Column 11 – Total Publicly Traded
- Column 12 – Total Privately Placed
- Row 53 – Total Publicly Traded Bonds
- Row 54 – Total Privately Placed Bonds

For the ‘Supplemental Schedule of Selected Statutory-Basis Financial Data’ in the audited financial statements, consider modifying the following:

From:

- Total Bonds Publicly Traded
- Total Bonds Privately Placed

To:

- Total Bonds – Publicly Traded
- Total Bonds – Rule 144A
- Total Bonds – Private Placement Securities (Reg D and 4(a)2 Exemptions)
- Total Bonds – Other

Recommendation:

NAIC staff recommend that the Working Group direct NAIC staff to incorporate clarifying edits as recommended by interested parties (clarifying inclusion of SSAP No. 30 & SSAP No. 32, the use of the word “investment” instead of “security” along with the updated categories for the audited financial statements in the “Supplemental Schedule of Selected Statutory-Basis Financial Data”), and then direct NAIC staff to incorporate changes pursuant to the specific noted items, with exposure of the updated proposal. Two options are proposed for exposure. The first is to expose with a shortened comment deadline of Oct. 31, 2025. With this timeline, the Working Group can consider additional comments and adoption at the Fall National Meeting and then sponsor the blanks proposal. The second option is to expose with a longer-timeframe and proceed with sponsoring the blanks exposure (concurrent exposure). The intent is for the revisions to be fully adopted and incorporated in time for a year-end 2026 effective date. Feedback on the preferred exposure option is requested.

Direction Requested on the Following Items:

- Combine Private Placement Categories
- Schedule BA Reporting Categories
- Reporting Frequency – Quarterly or Annual Only
- Schedule D-Part 1A Reporting

1. **Collapse Private Placement Categories:** The original agenda item proposed to separate private placements by issuers between Reg D (filed with SEC) and those that were issued under the General Exemption. The interested parties’ comments have questioned whether this breakout provides meaningful information and has noted the operational cost to provide these allocations. **The Working Group is requested to advise whether the division between Reg D and the General Exemption is desired for reporting and assessment purposes.** It has been identified that the general exemption category may have more bespoke investments and therefore of more interest, but the reporting would not be able to identify that population. Also, even though interested parties identify that Reg D is more equity-focused, it would not be possible to identify the population that is reported for debt securities. **If these categories are collapsed, the separate reporting for Rule 144A private placements will still be retained. If this separate reporting is not necessary for regulator review, then NAIC staff will incorporate revisions to collapse the Reg D and General Exemption buckets into one category “Private Placement Securities” as recommended by interested parties.**

Interested parties’ have also proposed that the last category be revised from “N/A – Not Applicable” to “Other.” NAIC staff has proposed edits to clarify the intent of the last category but have kept the reference to “Not Applicable.” **Ultimately, only investments that are not subject to the SEC rules shall be identified as**

N/A. In staff's view, the term "Other" implies a potential private classifications / SEC registration exemption not captured in the other categories. All investments subject to the SEC rules shall be identified as a public or private investment. As such, the "not applicable" term seems to fit best for items not subject to the SEC rules. (Although it depends on the investment, examples could include bank loans and certificate of deposits in scope of SSAP No. 26 and reported on Schedule D-1-1.)

2. **Schedule BA Reporting Categories:** The interested parties' comments are seeking clarification that only the Schedule BA reporting categories for non-bond debt investments and residuals would be subject to the private placement reporting, with proposed revisions to clarify these restrictions. NAIC staff has received preliminary feedback from the SVO team that the other Schedule BA reporting lines would primarily be unregistered. (Meaning not subject to the SEC rules for registration.) However, there could be investments that would be subject to registration that would not be identified if the reporting lines are limited. **The Working Group is requested to advise whether the reporting on Schedule BA shall be limited to non-bond debt securities and residuals, or whether other reporting categories should be captured.**
3. **Reporting Frequency – Quarterly vs Annual:** The interested parties' edits have proposed to eliminate disclosure from the acquisition and disposal schedules and only identify the public/private classification with what is held annually at year-end. This change would hinder a regulator from having information on an increase or decrease in private securities throughout the year. **The Working Group is requested to advise whether year-end reporting is sufficient for regulatory purposes, or whether it should be retained in the quarterly acquisition and disposal schedules. (The edits below reflect the IP proposal to remove from the acquired / disposal quarterly schedules.)**
4. **Schedule D-1A Reporting:** The interested parties' comment letter has identified that Schedule D-1A currently details the information on publicly traded and privately placed by Schedule D-1-1 and Schedule D-1-2 reporting category and NAIC designation. This schedule does not currently differentiate between Rule 144A and other private securities, but there is a footnote that identifies the total of the private securities to Rule 144. **With the proposed reporting to identify the private securities by investment, with a separate aggregate disclosure, the interested parties have proposed to remove the reporting from Schedule D-Part 1A. NAIC staff does not oppose this request as the new information will be more granular but wanted to verify with the Working Group before supporting the removal. Schedule D-1A is also only provided annually, as such, keeping the detail on Schedule D-1A would not provide timelier information on private securities. (Schedule D-1B is completed quarterly, but it does not have public/private information.)**

Illustration of Proposed Edits:

Note: These edits will be revised accordingly based on the items directed above:

A. Clarify the disclosure within the following SSAPs / SSAP Sections (recommended by IPs):

Note: This clarification would limit the Schedule BA reporting to non-bond debt securities and residuals. If other BA reporting lines should be captured, those should be specifically noted.

- SSAP No. 2—Cash, Cash Equivalents, Drafts and Short-Term Investments, paragraph 18f.
- SSAP No. 21—Other Admitted Assets [\[Debt Securities That Do Not Qualify as Bonds\]](#), paragraph 27m
- SSAP No. 21—Other Admitted Assets [\[Residual Tranches or Interests/Loss Positions\]](#), paragraph 38 (remaining paragraphs to be renumbered)
- [SSAP No. 26—Bonds](#), paragraph 40m.

- [SSAP No. 30—Unaffiliated Common Stock](#)
- [SSAP No. 32—Preferred Stock](#)
- SSAP No. 43—Asset-Backed Securities, paragraph 44.m. (Remaining paragraph to be renumbered.)

B. Clarify the disclosure language for the noted SSAPs as follows (recommended by IPs with NAIC staff modifications shaded): *The staff modifications simply clarify that all investments that are not publicly registered but that are subject to the Securities Act of 1933 shall be classified as a private placement security.*

For all ~~securities-investments~~ in scope, identify whether each ~~security-investment~~ is ~~not subject to SEC security registration~~, publicly registered, ~~is~~ a private placement under Rule 144A (collectively capturing all exclusions for resales that do not involve the issuer, underwriter or dealer), [private placement securities \(i.e., including](#) Regulation D, ~~or as~~ a general exemption pursuant to Section 4(a)2 of the Securities Act of 1933 [or other exclusion from SEC registration for investments captured under the Securities Act of 1933, excluding Rule 144A\)](#). (The individual ~~security-investment~~ disclosure shall be completed within the investment schedules.) For all securities in scope, the reporting entity must aggregate each type by investment schedule, capturing the total BACV, fair value (with fair values determined by level 2 and level 3 reported), the total amount of aggregate deferred interest and paid-in-kind interest, and the total BACV supported by private letter ratings.

C. Clarify the disclosure instruction/illustrations as follows (recommended by IPs with NAIC staff modifications shaded): *Note: These edits would remove reporting in the quarterly schedules and only the specified sections of Schedule BA. These edits will be updated as needed for Working Group direction. The edits also clarify that all items subject to the 1933 Act, but not registered as a public security, shall be captured as a “Private Placement Security.” The NAIC has reinstated the term “Not Applicable” with definition that it shall only include investments that are not subject to the Securities Act of 1933.*

- 1) New Electronic column in ~~all~~ investment reporting schedules (held, ~~acquired, disposed~~) for Schedule DA, Schedule E – [Part 2](#), Schedule D-1-1, Schedule D-1-2, Schedule D-2-1, Schedule D-2-2, and Schedule BA [\(select categories\)](#):

Identify whether the ~~security-investment~~ is ~~not required to be SEC registered~~, publicly registered, or is a private placement under Rule 144A (collectively capturing all exclusions for resales that do not involve the issuer, underwriter or dealer), [private placement securities \(i.e., including](#) Regulation D (collectively included those under Rule 504 and 506), ~~or as~~ a general exemption pursuant to Section 4(a)2 of the Securities Act of 1933 [or other exclusion from SEC registration for investments captured under the Securities Act of 1933, excluding Rule 144A\)](#). One of the following codes shall be captured for each reported ~~security-investment~~:

- Public
- 144A – Includes all permitted exclusions for resales that do not involve the issuer, underwriter or dealer.
- [Private Placement Securities – Includes ‘Reg D – Includes both Exemptions under Rule 504 and 506’ and- ‘Section 4\(a\)2 – General exemption’ as well as any other exclusion from SEC registration for investments captured under the Securities Act of 1933, excluding Rule 144A.](#)
- [N/AOther Not Applicable \(N/A\)– Security is not required to be registered with the SECInvestments not included in the other categories. This should only include investments that are not within the scope of the Securities Act of 1933.](#)

2) The aggregate disclosure is proposed as follows:

	Total BACV	Total Fair Value	Fair Value L2	Fair Value L3	Aggregate Deferred Interest	Aggregate Paid-In-Kind (PIK) Interest	BACV with Private Letter Rating (PLR) as NAIC Designation
Schedule DA							
Public							
144A							
Reg-D <u>Private Placement Securities</u>							
Section 4(a)2							
N/A <u>Other Not Applicable (N/A)</u>							
Schedule E2							
Public							
144A							
<u>Private Placement Securities</u> Reg-D							
Section 4(a)2							
<u>Not Applicable (N/A)</u> N/A Other							
Schedule D-1-1							
Public							
144A							
<u>Private Placement Securities</u> Reg-D							
Section 4(a)2							
<u>Not Applicable (N/A)</u> N/A Other							
Schedule D-1-2							
Public							
144A							
<u>Private Placement Securities</u> Reg-D							
Section 4(a)2							
<u>Not Applicable (N/A)</u> N/A Other							

Schedule D-2-1							
Public							
144A							
Private Placement Securities Reg-D							
Section 4(a)2							
Not Applicable (N/A) N/A Other							
Schedule D-2-2							
Public							
144A							
Private Placement Securities Reg-D							
Section 4(a)2							
Not Applicable (N/A) N/A Other							
Schedule BA (select categories)							
Public							
144A							
Private Placement Securities Reg-D							
Section 4(a)2							
Not Applicable (N/A) N/A Other							

D. Update the Annual Statement Instructions for the Annual Audited Financial Reports – Supplemental Schedule of Assets and Liabilities:

Bonds by NAIC Designation – Statement Value:

NAIC 1 _____

NAIC 2 _____

NAIC 3 _____

NAIC 4 _____

NAIC 5 _____

NAIC 6 _____

Total by NAIC Designation _____

Total Bonds Publicly Traded _____

Total Bonds ~~Privately Placed~~[Rule-144A](#) _____

[Total Bonds – All Private Placement Securities \(Excluding Rule 144A\)](#) _____

[Total Bonds – Not Applicable to 1933 Act](#) _____

The comment letters are included in Attachment 2: Comment Letters (12 pages)

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2025/10-06-2025 - Private Securities/00 - 10-06-2025 - SAPWG Hearing Agenda.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National%20Meetings/A.%20National%20Meeting%20Materials/2025/10-06-2025%20-%20Private%20Securities/00%20-%2010-06-2025%20-%20SAPWG%20Hearing%20Agenda.docx)

**Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A**

Issue: Private Placement Securities

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
New Issue or SSAP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interpretation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Description of Issue: This agenda item has been prepared in response to interest expressed by regulators to propose new disclosure and reporting requirements to better identify different types of private placement securities. Specifically, although broad information on private placement securities can be identified when a company reports a Private Placement Number (PPN) instead of a CUSIP, the intent is to distinguish between different types of private placements, for example those that reflect unregistered resales compliant with Rule 144A from other private placements. Further, as identifying PPNs from public CUSIPs requires scrutiny of the reported identifier, the revisions intend to make it easier to quickly identify a private placement security in the investment schedules. These revisions are supported due to the increase in private placement securities, the increase in private letter ratings often used for private placements, as well as potential concerns on the increase in, and reliance on, level 3 fair values for private placement securities.

This agenda item proposes new individual investment reporting disclosures, to be satisfied through the investment schedules on classifying private placements, as well as new note disclosures to provide aggregate reporting information on aspects of private placements within the financial statements. These disclosure requirements are proposed to be effective December 31, 2026, for reporting in the year-end 2026 financials.

SEC Registration Requirement:

Under the Securities Act of 1933, securities are required to be registered unless they meet a “private placement” exemption. The definition of security pursuant to Section 2(a)(1) of that act is as follows:

“any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security”, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.”

Information on Private Placement Securities:

- Rule 144A – Rule 144A is a U.S. SEC rule that allows qualified institutional buyers (QIBs) to trade restricted unregistered securities privately to other QIBs. This rule permits the *resale* of securities, not initial offerings, among institutional investors that own and invest on a discretionary basis at least \$100 million

worth of unaffiliated securities. Resales under Rule 144A are conducted by entities and security issuers are specifically excluded. (There are other less-common exemptions for private resales for asset-backed securities under Section 4(a)7 and Section “4(1½)” that have specific requirements for compliance. For purposes of this agenda item and simplicity, exemptions involving resales that do not involve the issuer, underwriter or dealer will be collectively captured under Rule 144A.)

- **Regulation D** – A private placement under Regulation D is an unregistered securities offering conducted by the securities issuer. It allows companies to issue securities without registering them with the SEC if they satisfy certain requirements. There are two primary rules under Regulation D that determine whether SEC registration is not necessary:
 - **Rule 504:** Allows issuers to offer up to \$10 million in private placements to accredited or non-accredited investors in a 12-month period. Except in limited circumstances, the purchasers of securities offered under Rule 504 cannot sell the securities for a designated period of time without registering them. (The SEC explanation indicates at least 6 months or a year so this may vary based on the circumstances.) (The acquired securities are considered “restricted.”)
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Note: Insurance companies are accredited investors if they have a total net worth exceeding \$5 million or if all equity owners are accredited investors. (Individuals are accredited investors with net worth over \$1 million, income over \$200,000, or by meeting various professional criteria.)

Companies that issue securities under Regulation D do not have to register their offerings of securities with the SEC, but they must file a “Form D” electronically with the SEC after the first sale of their securities. This is a brief notice that includes the names and addresses of the company’s promoters, executive officers and directors, and some details about the offering, but contains little information on the company. Form D filings can be obtained from the SEC’s Edgar Database.

- **Section 4(a)(2) Exemption:** This Securities Act 1933 exemption allows unregistered securities offerings for issuances that do not involve a “public offering”. The Securities Act does not define “public offering” and unlike the other registration exemptions, Section 4(a)(2) does not expressly define a maximum number of investors, investor suitability or a maximum dollar value. However, case law and SEC rulings have provided guidance which includes the following factors: the number of investors, whether the offer was only made to “sophisticated” investors, whether there was a general solicitation or public advertising, whether the securities are restricted and the information provided to prospective investors. A “sophisticated” investor is determined based on either 1) having sufficient knowledge and experience to evaluate the risks and merits of the investment, or 2) having sufficient financial resources able to bear the economic risk of investing. If the securities are offered to just one person who does not meet the conditions, the entire offering may violate the Securities Act. A key aspect of Section 4(a)(2) is that the issuer must ensure that investors agree not to resell or distribute the securities to the public. Securities offered under Section 4(a)(2) are more likely to be subject to legal issues if the SEC deems the security

offering did not comply with the exemption requirements and from investors filing fraud claims based on inadequate disclosures.

Although exempt from SEC registration, private placements (Regulation D and Section 4(a)(2)) are required to provide investors with information about the investment, risks involved and the issuer's financial situation. These details are often provided via a private placement memorandum (PPM), although a PPM is not specifically required under federal law or regulation. Although private placement issuers are exempt from public disclosure requirements, they must still comply with anti-fraud provisions under securities laws. As such, if the issuer fails to provide adequate and complete information, it can result in legal consequences. Items captured in a PPM typically include an executive summary, risk factors, terms of the offering, use of the proceeds (including an outline of fees), financial projections, as well as information on the management team, business structure and the securities law compliance.

Although the SEC definition of security is broad, there could be limited situations where an instrument is not subject to the registration requirement "security" schedules. The statutory accounting guidance adopts the U.S. GAAP definition for a "security," but that definition does not match the SEC. As such, certain lending arrangements might not be securities according to the Securities Act (and therefore not require registration.) Also, exceptions exist for certain structures that are captured under *SSAP No. 26—Bonds* that may not reflect securities. For example, bank loans are in scope of *SSAP No. 26* and reported on Schedule D-1-1: Issuer Creditor Obligations, and they may not meet the SAP securities definition, nor be required to be registered with the SEC. Schedule BA: Other Invested Assets, includes both security and non-security investments, as such, there could be entire categories of investments that are not subject to the SEC registration requirement.

Existing Authoritative Literature:

SSAP References:

There is no specific SSAP guidance for the reporting of private placement securities. Various guidance addresses private placements, including the following:

- **Various investment SSAPs:** References that private placements are recorded on the funding date and not the trade date.
- **SSAP No. 100—Fair Value:** Paragraphs 44-45 provides guidance on equity securities with contractual sale restrictions, and how those restrictions could impact the fair value of the equity security.
- **SSAP No. 103—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities:** Securities issued under Rule 144A or debt placed privately are examples that constrain a transferee from pledging or exchanging a financial asset.

Annual Statement Reporting that Separates Private Placements / Securities:

- **Annual Audited Financial Reports:** The report divides total bonds between those publicly traded and privately placed.
- **AVR Equity and Other Invested Asset Component – Basic Contribution, Reserve Objective and Maximum Reserve Calculations: Line 2 – Unaffiliated Common Stocks Private:** This category captures the book/adjusted carrying value of all privately held common stocks, including mutual funds, unit investment trusts, closed-end funds, and ETFs reported as common stock, owned in unaffiliated companies.

- **Schedule D – Part 1A – Section 1: Quality and Maturity Distribution of all Bonds Owned December 31 by Major Type and NAIC Designation:** Section 54 (as of 2025) is for total bonds privately placed. Also, Column 12 identifies total privately placed for all categories (Schedule D-1-1 and Schedule D-1-2 reporting lines) except for Section 53 that addresses publicly traded bonds. A footnote to this schedule identifies the total that is freely tradeable under SEC Rule 144 or qualified for resale under Sec Rule 144A. (Column 11 includes publicly traded, with instruction that all short-term investments are considered publicly traded for annual statement purposes.)
- **Supplemental Investment Risks Interrogatories – Line 14 – Amounts and percentages of the reporting entity’s total admitted assets held in nonaffiliated, privately placed equities.** This identifies whether the private placement equities are less than 2.5% of total admitted assets, the aggregate statement value of nonaffiliated privately placed equities, and the largest three investments held per this description.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None

Convergence with International Financial Reporting Standards (IFRS): N/A

Staff Recommendation:

NAIC staff recommend the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to incorporate a new disclosure to identify private placement securities in the investment schedules and to incorporate an aggregate disclosure that details key investment information by type security (public and private placement type) as detailed in the agenda item. This item is proposed to be effective December 31, 2026. This item is proposed to have a shortened comment period ending September 19, 2025. After assessing comments from the exposure, the Working Group will consider sponsoring a blanks proposal to incorporate the reporting changes.

The following disclosures are proposed for all investment SSAPs that capture debt and equity securities. It is shown once for brevity, but would be captured in each of the following SSAPs:

- SSAP No. 2—Cash, Cash Equivalents, Drafts and Short-Term Investments, paragraph 18f.
- SSAP No. 21—Other Admitted Assets, paragraph 27m
- SSAP No. 21—Other Admitted Assets, paragraph 38 (remaining paragraphs to be renumbered)
- SSAP No. 26—Bonds, paragraph 40m.
- SSAP No. 43—Asset-Backed Securities, paragraph 44.m. (Remaining paragraph to be renumbered.)

Note: With the move of the residual guidance to SSAP No. 21, specific disclosure requirements were not included. A separate agenda item will either incorporate disclosure requirements or refer to the disclosure requirements in other SSAPs. The placement of paragraph 38 for this disclosure may be revised with those additional changes.

Disclosures

40. The financial statements shall include the following disclosures:

m. For all securities in scope, identify whether each security is not subject to SEC security registration, publicly registered, is a private placement under Rule 144A (collectively capturing all exclusions for resales that do not involve the issuer, underwriter or dealer), Regulation D, or as a general exemption pursuant to Section 4(a)2 of the Securities Act of 1933. (The individual security

disclosure shall be completed within the investment schedules.) For all securities in scope, the reporting entity must aggregate each type by investment schedule, capturing the total BACV, fair value (with fair values determined by level 2 and level 3 reported), the total amount of aggregate deferred interest and paid-in-kind interest, and the total BACV supported by private letter ratings.

The proposed disclosure is anticipated to be satisfied with Blanks revisions as follows:

- 1) New Electronic column in all investment reporting schedules (held, acquired, disposed) for Schedule DA, Schedule E, Schedule D-1-1, Schedule D-1-2, Schedule D-2-1, Schedule D-2-2, and Schedule BA:

Identify whether the security is not required to be SEC registered, publicly registered, or is a private placement under Rule 144A (collectively capturing all exclusions for resales that do not involve the issuer, underwriter or dealer), Regulation D (collectively included those under Rule 504 and 506), or as a general exemption pursuant to Section 4(a)2 of the Securities Act of 1933. One of the following codes shall be captured for each reported security:

- Public
- 144A – Includes all permitted exclusions for resales that do not involve the issuer, underwriter or dealer.
- Reg D – Includes both Exemptions under Rule 504 and 506.
- Section 4(a)2 – General exemption
- N/A – Security is not required to be registered with the SEC.

- 2) The aggregate disclosure is proposed as follows:

	Total BACV	Total FV	FV L2	FV L3	Aggregate Deferred Interest	Aggregate Paid-In-Kind Interest	BACV with PLR as NAIC Designation
Schedule DA							
Public							
144A							
Reg D							
Section 4(a)2							
N/A							
Schedule E2							
Public							
144A							
Reg D							
Section 4(a)2							
N/A							
Schedule D-1-1							
Public							
144A							
Reg D							
Section 4(a)2							
N/A							

Schedule D-1-2							
Public							
144A							
Reg D							
Section 4(a)2							
N/A							
Schedule D-2-1							
Public							
144A							
Reg D							
Section 4(a)2							
N/A							
Schedule D-2-2							
Public							
144A							
Reg D							
Section 4(a)2							
N/A							
Schedule BA							
Public							
144A							
Reg D							
Section 4(a)2							
N/A							

Status:

On August 11, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions, as illustrated above, to incorporate a new electronic reporting column to identify private placement securities in the investment schedules and incorporate an aggregate disclosure that details key investment information by type of security (public and private placement type). This item was exposed for a shortened comment period ending September 19, 2025, to allow for comments to be considered prior to sponsoring a blanks proposal.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2025/10-06-2025 - Private Securities/01 - 25-19 - Private Securities.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National%20Meetings/A.%20National%20Meeting%20Materials/2025/10-06-2025%20-%20Private%20Securities/01%20-%2025-19%20-%20Private%20Securities.docx)

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September 19, 2025

Mr. Dale Bruggeman, Chairman
Statutory Accounting Principles Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

RE: Interested Parties Comments on SAPWG Ref #2025; Private Placement Securities (the “Exposure Draft”)

Dear Mr. Bruggeman:

Thank you and the NAIC Statutory Accounting Principles Working Group (the Working Group) for the opportunity to comment on the above-referenced item, which was exposed for comment by the Working Group during the NAIC 2025 Summer National Meeting.

Description of Issue

This agenda item has been prepared in response to interest expressed by regulators to propose new disclosure and reporting requirements to better identify different types of private placement securities. Specifically, although broad information on private placement securities can be identified when a company reports a Private Placement Number (PPN) instead of a CUSIP, the intent is to distinguish between different types of private placements, for example those that reflect unregistered resales compliant with Rule 144A from other private placements. Further, as identifying PPNs from public CUSIPs requires scrutiny of the reported identifier, the revisions intend to make it easier to quickly identify a private placement security in the investment schedules. These revisions are supported due to the increase in private placement securities, the increase in private letter ratings often used for private placements, as well as potential concerns on the increase in, and reliance on, level 3 fair values for private placement securities.

This agenda item proposes new individual investment reporting disclosures, to be satisfied through the investment schedules on classifying private placements, as well as new note disclosures to

provide aggregate reporting information on aspects of private placements within the financial statements. These disclosure requirements are proposed to be effective December 31, 2026, for reporting in the year-end 2026 financials.

Interested Parties Comments

Interested parties support additional disclosures that are necessary for regulators to achieve their regulatory objectives but want to ensure they do not provide unnecessary burden on industry if they do not provide necessary information toward achieving those objectives.

Additional SSAP Disclosures

We note that the Exposure Draft lists four SSAPs that require disclosures [SSAP No's 2, 21 (in part), 26, and 43] while the Exposure Draft highlights seven reporting schedules impacted:

1. Schedule DA (SSAP No. 2)
2. Schedule E2 (SSAP No. 2)
3. Schedule D-1-1 (SSAP No. 26)
4. Schedule D-1-2 (SSAP No. 43)
5. Schedule D-2-1 (**SSAP No. 32**)
6. Schedule D-2-2 (**SSAP No. 30**)
7. Schedule BA (SSAP No. 21, in part)

Interested parties note that SSAP No's. 32 and 30 will also need disclosures added to accommodate the data that is desired to be disclosed for schedules D-2-1 and D-2-2, respectively.

Clarity Needed for Disclosures

We understand that the first 6 of these schedules are intended to include disclosures for the totality of the investments on the respective schedules (i.e., if there are \$100 of investments on the respective schedule, the aggregate of the amounts of the disclosure – Public, 144A, Reg D, Section 4(a)2, and N/A – should also equal \$100). We also understand the 7th category is only for two components of schedule BA (i.e., residual tranches and debt securities that do not qualify as bonds). With this understanding, interested parties have three comments:

1. The disclosures and reporting schedules should clarify that for the first 6 schedules, the disclosures should total the totality of the investments on the respective reporting schedule while the disclosures and reporting schedules for the 7th category should only reflect residual tranches and debt securities that do not qualify as bonds.
2. The disclosures should be adjusted, as the population of investments should not be “securities in scope” but investments in scope, as not all investments listed on the schedules are securities. Also, for some investments that are to be included in the disclosures, they

are not securities, but are in “substance securities” (e.g., bank loans, other loans issued by insurers that qualify for Schedule D, Bond reporting).

3. For schedule BA, other than for residual tranches and debt securities that do not qualify for bonds, while an absolute statement can never really be given, each of the other BA categories would almost universally not be publicly traded securities. For example, limited partnerships, limited liability corporations, tax credit investments, etc. We agree that these should be excluded from the disclosure requirements for schedule BA for simplicity, usefulness to regulators, and cost benefit efficiencies for insurance companies.

Interested parties have suggested specific changes to the disclosures as an attachment to this letter.

Other Cost benefit Efficiencies

The disclosures require the breakout of Reg D and Section 4(a) 2 exemptions. We do not believe this breakout provides any meaningful information to regulators; however, if adopted, it would significantly increase the burden of the disclosures for insurance companies.

We highlight three important points related to these two different types of exemptions that support this view:

1. The use of Reg D or 4(a)2 accrues primarily for the benefit of the issuer, based on its own unique situation. The buyer of the security is generally agnostic on which exemption the private security falls under, as the exemption classification has no material impact for a security’s secondary trading liquidity, reporting transparency, or investment risk. Reg D generally has a 6-to-12 month restriction on trading while 4(a)2 generally has no timing restrictions. However, most insurance companies purchase privately placed investments with an intent to hold them long term (usually to maturity for privately placed debt). It is most often when investment concerns arise that an insurer would consider selling such securities, and these concerns tend to manifest later in an investment’s life cycle vs. within the first 12 months after issue. Therefore, despite the temporary trading restrictions for Reg D securities, there is no material difference in the liquidity afforded by these investments for insurers’ portfolios. In fact, insurance companies (and the market overall) tend to lump both exemption categories into the same bucket, and label them solely as Private. Likewise, if regulators have liquidity concerns with privately placed securities, we would expect those concerns to be of long-term nature but not in the period right after issuance.
2. While Reg D is primarily, but not always, used for equity type investments and 4(a)2 is primarily, but not always, used for private placement debt investments, the debt/equity

distinction, if relevant for regulators, can be determined through reporting on the schedules themselves (e.g., schedule D-2-2 common stock, schedule D-1-1, debt instruments, etc.).

3. The new disclosures as written will require a very meaningful effort by companies to accurately report. While companies generally have this data available, and/or are already required to disclose it, this is something that will have to be “rewired” in internal company systems – which is time intensive and expensive – to provide it in the new format required by the disclosure. Otherwise, it will be extremely manually intensive, subject to error, and extremely burdensome. Most importantly, the biggest burden would be the breakout of the Reg D and 4(a)2 categories, as this distinction is not meaningfully relevant for issuers (for the reasons stated above), nor is the distinction consistently listed on marketing or legal documents for private transactions. Therefore, the Reg D/4(a)(2) distinction is not something tracked internally by most insurers or maintained in investment systems (whether internal or external), as it is not relevant to investment decisions, risk or liquidity. As such, this breakout between the two private placement categories would extensively increase the burden for companies to comply with this disclosure, with little added benefit for regulators (for the reasons stated in 1 and 2 above).

Lastly, to remove the redundancy from the existing data reported for Total Publicly Traded and Total Privately Placed bonds on Schedule D – Part 1A, we recommend that the following items be removed from Schedule D – Part 1A:

- Column 11 – Total Publicly Traded
- Column 12 – Total Privately Placed
- Row 53 – Total Publicly Traded Bonds
- Row 54 – Total Privately Placed Bonds

For the ‘Supplemental Schedule of Selected Statutory-Basis Financial Data’ in the audited financial statements, consider modifying the following:

From:

- Total Bonds Publicly Traded
- Total Bonds Privately Placed

To:

- Total Bonds – Publicly Traded
- Total Bonds – Rule 144A
- Total Bonds – Private Placement Securities (Reg D and 4(a)2 Exemptions)
- Total Bonds – Other

* * * *

Statutory Accounting Principles Working Group
September 19, 2025
Page 5

Thank you for considering interested parties' comments. We look forward to working with you and the Working Group on these items. We would recommend working with NAIC staff prior to a blanks exposure to refine clarity as much as possible prior to the exposure. If you have any questions in the interim, please do not hesitate to contact either one of us.

Sincerely,

D. Keith Bell

Rose Albrizio

cc: Julie Gann, NAIC staff
Robin Marcotte, NAIC staff
Wil Oden, NAIC staff
Jake Stultz, NAIC staff
Interested parties

**Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A**

Issue: Private Placement Securities**Check (applicable entity):**

	P/C	Life	Health
Modification of Existing SSAP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
New Issue or SSAP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interpretation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Description of Issue: This agenda item has been prepared in response to interest expressed by regulators to propose new disclosure and reporting requirements to better identify different types of private placement securities. Specifically, although broad information on private placement securities can be identified when a company reports a Private Placement Number (PPN) instead of a CUSIP, the intent is to distinguish between different types of private placements, for example those that reflect unregistered resales compliant with Rule 144A from other private placements. Further, as identifying PPNs from public CUSIPs requires scrutiny of the reported identifier, the revisions intend to make it easier to quickly identify a private placement security in the investment schedules. These revisions are supported due to the increase in private placement securities, the increase in private letter ratings often used for private placements, as well as potential concerns on the increase in, and reliance on, level 3 fair values for private placement securities.

This agenda item proposes new individual investment reporting disclosures, to be satisfied through the investment schedules on classifying private placements, as well as new note disclosures to provide aggregate reporting information on aspects of private placements within the financial statements. These disclosure requirements are proposed to be effective December 31, 2026, for reporting in the year-end 2026 financials.

SEC Registration Requirement:

Under the Securities Act of 1933, securities are required to be registered unless they meet a “private placement” exemption. The definition of security pursuant to Section 2(a)(1) of that act is as follows:

“any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security”, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.”

Information on Private Placement Securities:

- **Rule 144A** – Rule 144A is a U.S. SEC rule that allows qualified institutional buyers (QIBs) to trade restricted unregistered securities privately to other QIBs. This rule permits the *resale* of securities, not initial offerings, among institutional investors that own and invest on a discretionary basis at least \$100 million

worth of unaffiliated securities. Resales under Rule 144A are conducted by entities and security issuers are specifically excluded. (There are other less-common exemptions for private resales for asset-backed securities under Section 4(a)7 and Section "4(1½)" that have specific requirements for compliance. For purposes of this agenda item and simplicity, exemptions involving resales that do not involve the issuer, underwriter or dealer will be collectively captured under Rule 144A.)

- Regulation D – A private placement under Regulation D is an unregistered securities offering conducted by the securities issuer. It allows companies to issue securities without registering them with the SEC if they satisfy certain requirements. There are two primary rules under Regulation D that determine whether SEC registration is not necessary:
 - Rule 504: Allows issuers to offer up to \$10 million in private placements to accredited or non-accredited investors in a 12-month period. Except in limited circumstances, the purchasers of securities offered under Rule 504 cannot sell the securities for a designated period of time without registering them. (The SEC explanation indicates at least 6 months or a year so this may vary based on the circumstances.) (The acquired securities are considered "restricted.")
 - Rule 506: A "safe harbor" under Section 4(a)(2), it allows issuers to directly offer unregistered securities to an unlimited number of accredited investors and up to 35 non-accredited (but "sophisticated") investors. Public solicitation is permitted as long as all investors are accredited investors. Similar to Rule 504, purchasers of securities under Rule 506 receive "restricted" securities meaning that they cannot be sold for a designated holding period without registering them. (Similar to Rule 504, the SEC explanation indicates at least 6 months or a year.) (Rule 506 is the most common exemption for private placements.)

Note: Insurance companies are accredited investors if they have a total net worth exceeding \$5 million or if all equity owners are accredited investors. (Individuals are accredited investors with net worth over \$1 million, income over \$200,000, or by meeting various professional criteria.)

Companies that issue securities under Regulation D do not have to register their offerings of securities with the SEC, but they must file a "Form D" electronically with the SEC after the first sale of their securities. This is a brief notice that includes the names and addresses of the company's promoters, executive officers and directors, and some details about the offering, but contains little information on the company. Form D filings can be obtained from the SEC's Edgar Database.

- Section 4(a)(2) Exemption: This Securities Act 1933 exemption allows unregistered securities offerings for issuances that do not involve a "public offering". The Securities Act does not define "public offering" and unlike the other registration exemptions, Section 4(a)(2) does not expressly define a maximum number of investors, investor suitability or a maximum dollar value. However, case law and SEC rulings have provided guidance which includes the following factors: the number of investors, whether the offer was only made to "sophisticated" investors, whether there was a general solicitation or public advertising, whether the securities are restricted and the information provided to prospective investors. A "sophisticated" investor is determined based on either 1) having sufficient knowledge and experience to evaluate the risks and merits of the investment, or 2) having sufficient financial resources able to bear the economic risk of investing. If the securities are offered to just one person who does not meet the conditions, the entire offering may violate the Securities Act. A key aspect of Section 4(a)(2) is that the issuer must ensure that investors agree not to resell or distribute the securities to the public. Securities offered under Section 4(a)(2) are more likely to be subject to legal issues if the SEC deems the security

offering did not comply with the exemption requirements and from investors filing fraud claims based on inadequate disclosures.

Although exempt from SEC registration, private placements (Regulation D and Section 4(a)(2)) are required to provide investors with information about the investment, risks involved and the issuer's financial situation. These details are often provided via a private placement memorandum (PPM), although a PPM is not specifically required under federal law or regulation. Although private placement issuers are exempt from public disclosure requirements, they must still comply with anti-fraud provisions under securities laws. As such, if the issuer fails to provide adequate and complete information, it can result in legal consequences. Items captured in a PPM typically include an executive summary, risk factors, terms of the offering, use of the proceeds (including an outline of fees), financial projections, as well as information on the management team, business structure and the securities law compliance.

Although the SEC definition of security is broad, there could be limited situations where an instrument is not subject to the registration requirement "security" schedules. The statutory accounting guidance adopts the U.S. GAAP definition for a "security," but that definition does not match the SEC. As such, certain lending arrangements might not be securities according to the Securities Act (and therefore not require registration.) Also, exceptions exist for certain structures that are captured under *SSAP No. 26—Bonds* that may not reflect securities. For example, bank loans are in scope of *SSAP No. 26* and reported on Schedule D-1-1: Issuer Creditor Obligations, and they may not meet the SAP securities definition, nor be required to be registered with the SEC. Schedule BA: Other Invested Assets, includes both security and non-security investments, as such, there could be entire categories of investments that are not subject to the SEC registration requirement.

Existing Authoritative Literature:

SSAP References:

There is no specific SSAP guidance for the reporting of private placement securities. Various guidance addresses private placements, including the following:

- **Various investment SSAPs:** References that private placements are recorded on the funding date and not the trade date.
- **SSAP No. 100—Fair Value:** Paragraphs 44-45 provides guidance on equity securities with contractual sale restrictions, and how those restrictions could impact the fair value of the equity security.
- **SSAP No. 103—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities:** Securities issued under Rule 144A or debt placed privately are examples that constrain a transferee from pledging or exchanging a financial asset.

Annual Statement Reporting that Separates Private Placements / Securities:

- **Annual Audited Financial Reports:** The report divides total bonds between those publicly traded and privately placed.
- **AVR Equity and Other Invested Asset Component – Basic Contribution, Reserve Objective and Maximum Reserve Calculations: Line 2 – Unaffiliated Common Stocks Private:** This category captures the book/adjusted carrying value of all privately held common stocks, including mutual funds, unit investment trusts, closed-end funds, and ETFs reported as common stock, owned in unaffiliated companies.

- **Schedule D – Part 1A – Section 1: Quality and Maturity Distribution of all Bonds Owned December 31 by Major Type and NAIC Designation:** Section 54 (as of 2025) is for total bonds privately placed. Also, Column 12 identifies total privately placed for all categories (Schedule D-1-1 and Schedule D-1-2 reporting lines) except for Section 53 that addresses publicly traded bonds. A footnote to this schedule identifies the total that is freely tradeable under SEC Rule 144 or qualified for resale under Sec Rule 144A. (Column 11 includes publicly traded, with instruction that all short-term investments are considered publicly traded for annual statement purposes.)
- **Supplemental Investment Risks Interrogatories – Line 14 – Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities.** This identifies whether the private placement equities are less than 2.5% of total admitted assets, the aggregate statement value of nonaffiliated privately placed equities, and the largest three investments held per this description.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None

Convergence with International Financial Reporting Standards (IFRS): N/A

Staff Recommendation:

NAIC staff recommend the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to incorporate a new disclosure to identify private placement securities in the investment schedules and to incorporate an aggregate disclosure that details key investment information by type security (public and private placement type) as detailed in the agenda item. This item is proposed to be effective December 31, 2026. This item is proposed to have a shortened comment period ending September 19, 2025. After assessing comments from the exposure, the Working Group will consider sponsoring a blanks proposal to incorporate the reporting changes.

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- SSAP No. 21—Other Admitted Assets [\[Debt Securities That Do Not Qualify as Bonds\]](#), paragraph 27m
- SSAP No. 21—Other Admitted Assets [\[Residual Tranches or Interests/Loss Positions\]](#), paragraph 38 (remaining paragraphs to be renumbered)
- [SSAP No. 26—Bonds](#), paragraph 40m.
- [SSAP No. 30—Unaffiliated Common Stock](#)
- [SSAP No. 32—Preferred Stock](#)
- SSAP No. 43—Asset-Backed Securities, paragraph 44.m. (Remaining paragraph to be renumbered.)

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The proposed disclosure is anticipated to be satisfied with Blanks revisions as follows:

- 1) New Electronic column in ~~all~~ investment reporting schedules (~~held, acquired, disposed~~) for Schedule DA, Schedule E – Part 2, Schedule D-1-1, Schedule D-1-2, Schedule D-2-1, Schedule D-2-2, and Schedule BA (select categories):

Identify whether the ~~security~~ investment is ~~not required to be SEC registered,~~ publicly registered, or is a private placement under Rule 144A (collectively capturing all exclusions for resales that do not involve the issuer, underwriter or dealer), private placement securities (i.e., Regulation D (collectively included those under Rule 504 and 506), or as a general exemption pursuant to Section 4(a)2 of the Securities Act of 1933). One of the following codes shall be captured for each reported ~~security~~ investment:

- Public
- 144A – Includes all permitted exclusions for resales that do not involve the issuer, underwriter or dealer.
- ~~Private Placement Securities – Includes 'Reg D – Includes both Exemptions under Rule 504 and 506' and-~~
- 'Section 4(a)2 – General exemption'
- ~~N/A~~ Other – ~~Security is not required to be registered with the SEC~~ Investments not included in the other categories.

- 2) The aggregate disclosure is proposed as follows:

	Total BACV	Total FV	FV L2	FV L3	Aggregate Deferred Interest	Aggregate Paid-In-Kind Interest	BACV with PLR as NAIC Designation
Schedule DA							
Public							
144A							
Reg D <u>Private Placement Securities</u>							
Section 4(a)2							
N/A <u>Other</u>							
Schedule E2							
Public							
144A							

Private Placement SecuritiesReg-D							
Section 4(a)2							
N/AOther							
Schedule D-1-1							
Public							
144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
N/AOther							
Schedule D-1-2							
Public							
144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
N/AOther							
Schedule D-2-1							
Public							
144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
N/AOther							
Schedule D-2-2							
Public							
144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
N/AOther							
Schedule BA							
(select categories)							
Public							
144A							

Agenda Item with Interested Parties' Proposed Revisions

Ref #2025-19

<u>Private Placement Securities</u> Reg-D							
Section 4(a)2							
N/A <u>Other</u>							

Status:

On August 11, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions, as illustrated above, to incorporate a new electronic reporting column to identify private placement securities in the investment schedules and incorporate an aggregate disclosure that details key investment information by type of security (public and private placement type). This item was exposed for a shortened comment period ending September 19, 2025, to allow for comments to be considered prior to sponsoring a blanks proposal.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2025/08-11-25 Summer National Meeting/Exposures/25-19 - Private Securities.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National%20Meetings/A.%20National%20Meeting%20Materials/2025/08-11-25%20Summer%20National%20Meeting/Exposures/25-19%20-%20Private%20Securities.docx)