*Virtual Meeting*

*(in lieu of meeting at the 2021 Spring National Meeting)*

**VALUATION OF SECURITIES (E) TASK FORCE**

Monday, March 22, 2021

3:00 – 4:00 p.m. ET / 2:00 – 3:00 p.m. CT / 1:00 – 2:00 p.m. MT / 12:00 p.m. – 1:00 p.m. PT

**Meeting Summary Report**

The Valuation of Securities (E) Task Force met March 22, 2021. During this meeting, the Task Force:

1. Adopted its Feb. 18, 2021; Dec. 18, 2020; and 2020 Fall National Meeting minutes, which included the following action:
2. Exposed an updated amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to include instructions for financially modeled residential mortgage-backed securities (RMBS)/commercial mortgage-backed securities (CMBS) to map NAIC designation categories for a three-day public comment period ending Dec. 22, 2020.
3. Discussed financially modeled RMBS/CMBS price breakpoints and other issues surrounding securities that have a zero-loss in 2020.
4. Exposed a proposed amendment to the P&P Manual to update the financial modeling instructions for RMBS/CMBS for non-legacy securities for a 30-day public comment period ending
March 20, 2021.
5. Exposed a proposed amendment to the P&P Manual to update the list of NAIC credit rating providers (CRPs) to reflect nationally recognized statistical rating organization (NRSRO) changes for a 30-day public comment period ending March 20, 2021.
6. Discussed comments received on a proposed amendment to the P&P Manual to require the filing of private rating letter rationale reports and directed Securities Valuation Office (SVO) staff to continue working with interested parties.
7. Received a referral from the Statutory Accounting Principles (E) Working Group on nonconforming credit tenant loans (CTLs).
8. Discussed U.S. Securities and Exchange Commission (SEC) Rule 18f-4 under the federal Investment Company Act of 1940 related to the use of derivatives by registered investment companies. The Task Force directed SVO staff to prepare a P&P Manual amendment on the use of derivatives by funds for the Task Force’s consideration.
9. Adopted an amendment to the P&P Manual to update the financial modeling instructions for RMBS/CMBS for non-legacy securities that was exposed for a 30-day public comment period ending March 20, 2021.
10. Adopted an amendment to the P&P Manual to update the list of NAIC CRPs to reflect NRSRO changes that was exposed for a 30-day comment period ending March 20, 2021.
11. Exposed a proposed amendment to the P&P Manual to clarify guidance for fund leverage for a 45-day public comment period ending May 6, 2021.
12. Received a request from the American Council of Life Insurers (ACLI) to study the National Financial Presentation Standard for Spanish generally accepted accounting principles (GAAP). The Task Force directed SVO staff to begin the study.
13. Discussed additional updates on a P&P Manual amendment to require the filing of the private rating letter rationale report. The Task Force directed SVO staff to continue working with interested parties and expose the final version for a 30-day public comment period.
14. Received NAIC staff reports on:
15. Projects before the Statutory Accounting Principles (E) Working Group.
16. The status of the SVO on year-end carry-over filings for 2020.
17. A CTL referral from the Statutory Accounting Principles (E) Working Group.

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