

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

VALUATION OF SECURITIES (E) TASK FORCE

Thursday, July 15, 2021

11:00 a.m. – 12:00 p.m. ET / 10:00 – 11:00 a.m. CT / 9:00 – 10:00 a.m. MT / 8:00 – 9:00 a.m. PT

Meeting Summary Report

The Valuation of Securities (E) Task Force met July 15, 2021. During this meeting, the Task Force:

1. Adopted its May 24 and Spring National Meeting minutes, which included the following action:
 - a. Adopted an amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to require the filing of private rating letter rationale reports with the Securities Valuation Office (SVO) beginning Jan. 1, 2022, which was exposed for a 30-day public comment period ending May 12. The amendment included provisions for deferring and waiving the submission for private letter rating securities in certain situations.
 - b. Discussed a proposed amendment to the P&P Manual to permit filing exemption (FE) for credit tenant loan (CTL) and ground lease financing (GLF) transactions. The Task Force directed SVO staff to prepare a new amendment to the P&P Manual following the suggestions proposed by the Statutory Accounting Principles (E) Working Group chairs permitting CTL and GLF transactions that are securities to be FE and expose it for a 30-day public comment period ending June 28.
 - c. Discussed the SVO's response to the Statutory Accounting Principles (E) Working Group referral to the SVO on CTLs.
2. Adopted its 2022 proposed charges.
3. Adopted an amendment to the P&P Manual to add additional instructions for the review of funds to clarify guidance for fund leverage and the use of derivatives, which was exposed for a 30-day public comment period ending July 1.
4. Adopted an amendment to the P&P Manual to permit securities that are CTL-like and GLF-like transactions to use NAIC credit rating provider (CRP) ratings through FE if they are structured as securities, which was exposed for a 30-day public comment period ending June 28.
5. Adopted an amendment to the P&P Manual to conform guidance to the Statutory Accounting Principles (E) Working Group's adopted change to *Statement of Statutory Accounting Principles (SSAP) No. 105R—Working Capital Finance Investments*, which was exposed for a 45-day public comment period ending Jan. 18.
6. Received an amendment to the P&P Manual to permit the SVO to rely on the parent entity's rating for an unrated and unguaranteed subsidiary in a working capital finance investment (WCFI) program, which was exposed for a 30-day public comment period ending Aug. 16. The Task Force also directed the SVO to refer the amendment to the Statutory Accounting Principles (E) Working Group for comment.
7. Received NAIC staff reports on:
 - a. Projects before the Statutory Accounting Principles (E) Working Group.



- b. The status of the Structured Securities Group's (SSG's) financial modeling request for proposal (RFP) and implementation of the adopted changes for legacy/non-legacy residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS).

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