

**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 do 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.

On October 6, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions, as illustrated below, to the proposed private placement reporting requirements and disclosure. These revisions were exposed for a shortened comment period ending October 31, 2025, to allow for discussion at the 2025 Fall National Meeting. The revisions are summarized as follows:

- 1) Incorporated clarifying revisions to reference SSAP No. 30 and SSAP No. 32, revise the word “securities” to “investments” in the proposed SSAP disclosure and update the categories in the audited financial statements in the “Supplemental Schedule of Selected Statutory-Basis Financial Data” to reflect the revised broad reporting categories.
- 2) Incorporated revisions to collapse the reporting categories into public, Rule 144A, private placement securities, and not applicable. The revisions clarify that all non-publicly registered securities subject to the 1933 Securities Act, excluding Rule 144A, shall be reported as a private placement. Only investments not within the scope of the Securities Act of 1933 shall be reported as not applicable. (For example, long-term certificates of deposit and bank loans that are not securities are likely not subject to the 1933 Securities Act and would be reported as NA.)

- 3) Incorporated revisions to limit the Schedule BA electronic column reporting to items captured as “non-bond debt securities” and “residuals.” The other reporting lines captured on Schedule BA will not be subject to the reporting for public / private classification.
- 4) Incorporated revisions to clarify that the investment schedule electronic column shall be captured in the applicable acquisition and disposal investment schedules for quarterly reporting and in the annual investment schedules. For separate accounts, the investment schedule reporting will be annual only. The aggregate disclosure will not be identified as a required quarterly disclosure but shall follow the preamble concept for interim reporting. (This is detailed in paragraph 65 of the AP&P Preamble and requires disclosure if there have been significant changes from the prior annual report.)
- 5) For Schedule D-1A, proposed revisions to remove the public and privately placed reporting columns, along with the aggregate footnote for Rule 144A.

October 6, 2025 - Proposed Guidance / Revisions – Revisions from the prior exposure are shaded.

The following disclosure language is 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 with remaining paragraphs renumbered:

- SSAP No. 2—Cash, Cash Equivalents, Drafts and Short-Term Investments, paragraph 18.f.
- SSAP No. 21—Other Admitted Assets – [Debt Securities that Do Not Qualify as Bonds](#), paragraph 27.m.
- SSAP No. 21—Other Admitted Assets – [Residual Transfers or Interests/Loss positions](#), paragraph 38
- SSAP No. 26—Bonds, paragraph 40.m.
- [SSAP No. 30—Unaffiliated Common Stock, paragraph 19](#)
- [SSAP No. 32—Preferred Stock, paragraph 20](#)
- SSAP No. 43—Asset-Backed Securities, paragraph 44.m. (Remaining paragraph to be renumbered.)

Disclosures

40. The financial statements shall include the following disclosures:

- m. [For all investments securities in scope:](#)
 - i. [Identify whether each investment security is not subject to SEC security registration, publicly registered, is a private placement under Rule 144A \(collectively capturing all exclusions for resales that do not involve the issuer, underwriter or dealer\), a private placement security, 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. \(This The individual investment security disclosure shall be completed within the applicable investment schedules for quarterly acquisitions and disposals as well as for annual investment schedule reporting.\)](#)
 - ii. [For all investments in scope, The reporting entity must aggregate each type \(public, Rule 144A, private placement or N/A\) 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. This disclosure is required annually, with quarterly inclusion pursuant to paragraph 65 of the Preamble.](#)

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

1) New electronic column in quarterly and annual investment reporting schedules (for held, acquired, and disposed investments) for:

- Short-Term Investments
- Cash Equivalents
- Bonds – Issuer Credit Obligations
- Bonds – Asset-Backed Securities
- Common Stocks
- Preferred Stocks
- Other Long-Term Invested Assets (Limited to Non-Bond Debt Securities & Residuals)

(The electronic column will be included in investments schedules for both the general account and the separate account. The separate account is limited to annual reporting only.)

~~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 investment 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), a private placement security (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:

- 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 exemptions,’ as well as any other exclusion from SEC registration for investments captured under the Securities Act of 1933, excluding Rule 144A.
- Not Applicable (N/A) – ~~Security is not required to be registered with the SEC.~~ Investments not included in the other categories. This should only include investments that are not within the scope of the Securities Act of 1933 (e.g., long-term certificates of deposits).

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 <u>Short-Term Investments</u>							
Public							
144A							
<u>Private Placement Securities</u> Reg D							
Section 4(a)2							
<u>Not Applicable (N/A)</u>							
Schedule E2 <u>Cash Equivalents</u>							
Public							

144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
Not Applicable (N/A)							
Schedule D-1-1 Bonds: ICO							
Public							
144A							
Reg-DPrivate Placement Securities							
Section 4(a)2							
Not Applicable (N/A)N/A							
Schedule D-1-2 Bonds: ABS							
Public							
144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
Not Applicable (N/A)N/A							
Schedule D-2-1 Preferred Stock							
Public							
144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
Not Applicable (N/A)N/A							
Schedule D-2-2 Common Stock							
Public							
144A							
Private Placement SecuritiesReg-D							
Section 4(a)2							
Not Applicable (N/A)N/A							
Schedule BA Other Long-Term Invested Assets: Non-Bond Debt Securities & Residuals							
Public							
144A							
Private Placement SecuritiesReg-D							

Section 4(a)2							
Not Applicable (N/A) N/A							

Additional Reporting Revisions:

A. 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

B. Schedule D-Part 1A – Quality & Maturity Distribution of All Bonds Owned December 31

- Delete Column 11 – Total Publicly Traded
- Delete Column 12 – Total Private Placed
- Delete footnote a – “Includes \$_____ freely tradeable under SEC Rule 144 or Qualified for resale under Rule 144A.”

On December 9, 2025, the Statutory Accounting Principles (E) Working Group adopted revisions, as illustrated above as the October 6, 2026, proposed revisions, 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).

The adopted SSAP disclosure is shown below along with the relevant SSAP locations:

- SSAP No. 2—Cash, Cash Equivalents, Drafts and Short-Term Investments, paragraph 18.f.
- SSAP No. 21—Other Admitted Assets – Debt Securities that Do Not Qualify as Bonds, paragraph 27.m.
- SSAP No. 21—Other Admitted Assets – Residual Transfers or Interests/Loss positions, paragraph 38
- SSAP No. 26—Bonds, paragraph 40.m.
- SSAP No. 30—Unaffiliated Common Stock, paragraph 19
- SSAP No. 32—Preferred Stock, paragraph 20
- SSAP No. 43—Asset-Backed Securities, paragraph 44.m.

New Disclosure:

For all investments in scope:

- Identify whether each investment is publicly registered, a private placement under Rule 144A (collectively capturing all exclusions for resales that do not involve the issuer, underwriter, or dealer), a private

placement security, including Regulation D, 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. (This individual investment disclosure shall be completed within the applicable investment schedules for quarterly acquisitions and disposals as well as for annual investment schedule reporting.)

- ii. The reporting entity must aggregate each type (public, Rule 144A, private placement, or N/A) 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. This disclosure is required annually, with quarterly inclusion pursuant to paragraph 65 of the Preamble.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A. National Meeting Materials/2025/12-9-25 Fall National Meeting/Adoptions/25-19 - Private Securities.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2025/12-9-25FallNationalMeeting/Adoptions/25-19-PrivateSecurities.docx)