
To: Debbie Doggett, Chair of the Blanks (E) Working Group
Steve Drutz, Vice Chair of the Blanks (E) Working Group

From: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group
Kevin Clark, Vice Chair of the Statutory Accounting Principles (E) Working Group

Re: Debt Securities Issued by Funds Representing Operating Entities

Date: September 23, 2024

The purpose of this memo is to notify the Blanks (E) Working Group of the proposed change to the Issuer Credit Obligations reporting line classification project. The original adopted guidance included a reporting subcategory for Registered Business Development Corps, Closed End Funds, and other entities. On item 2024-01 on Sept. 12, 2024, this subcategory was revised to "Debt Securities Issued by Funds Representing Operating Entities." With this adopted change, SEC-registration is no longer a requirement for classification and instead, debt securities issued by funds shall be assessed based on the reason for issuance. The statutory accounting guidance is specific that debt securities issued for the primary purpose of raising debt capital are not permitted as issuer creditor obligations.

As the 2025 quarterly blanks and instructions have already been finalized, the Statutory Accounting Principles (E) Working Group requests that this memorandum be posted on the Blanks (E) Working Group website to detail the adopted guidance to ensure clarity in classifying debt securities under the adopted bond definition. The SAPWG will sponsor a blanks proposal to have the reporting subcategory and instructions updated for the 2025 Annual Statement filing.

The tracked changes below illustrate the revised concepts for application until the blanks proposal is adopted:

Investment Schedules General Instructions - Categories for Schedule D, Part 1

Issuer Credit Obligations – Investments that qualify for reporting on Schedule D, Part 1, Section 1 in scope of SSAP No. 26—Bonds:

Bonds Issued by Funds Representing Operating Entities~~From SEC Registered Business Development~~

Schedule D – Part 1 – Section 1

~~Bonds Issued by Funds Representing Operating Entities from SEC Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated) 0169999999~~

~~Bonds Issued by Funds Representing Operating Entities from SEC Registered Business Development Corps, Closed End Funds & REITS (Affiliated) 0179999999~~

All adopted guidance for the principles-based bond project is publicly available on the SAPWG website. The revisions from this change are reflected within the Sept. 12, 2024 revised *SSAP No. 26—Bonds* and the revised *Issue Paper 169—Principles Based Bond Definition*: <https://content.naic.org/committees/e/statutory-accounting-principles-wg#>

Please contact NAIC staff Julie Gann (jgann@naic.org), Jake Stultz (jstultz@naic.org); Robin Marcotte (rmarcotte@naic.org), Wil Oden (woden@naic.org); or Jason Farr (jfarr@naic.org) if you have any questions.

Cc: Mary Caswell, Jill Youtsey, Julie Gann, Robin Marcotte, Jake Stultz, Wil Oden, Jason Farr