

FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT

On Friday 01/16/2004, the Filing Exempt (FE) proposal was implemented in the ISIS online applications including Authorization to File (ATF) and Inquiry Service. A new application specifically for Filing Exempt is also available.

FILING EXEMPT (FE)

On Thursday 03/04/2004, Filing Exempt status will be expanded to include securities with ratings for a valid NRSRO that are equivalent to NAIC3 through NAIC6.

Therefore, Filing Exempt securities will be defined as:

- 1) Bonds and Preferred Stocks containing a valid NRSRO rating equivalent to an **NAIC1 to NAIC 6**.
- 2) Common Stocks not restricted to transferability and traded on the NYSE, the American Stock Exchange, or NASDAQ.

FE designated securities do not require ATF filings and are accessible through a subscription to the VOS CD-ROM or AVS.

If a security would otherwise be Filing Exempt, but has been reviewed for the current year, the SVO designation will take precedence.

UNCONFIRMED FE

In direct contrast to being FE eligible, securities can also be classified as Unconfirmed FE. Unconfirmed FE means:

- It is in Schedule D or was individually submitted for FE status and
- Failed to achieve FE status and
- Is either
 - In VOS but not currently reviewed or
 - Is not in VOS

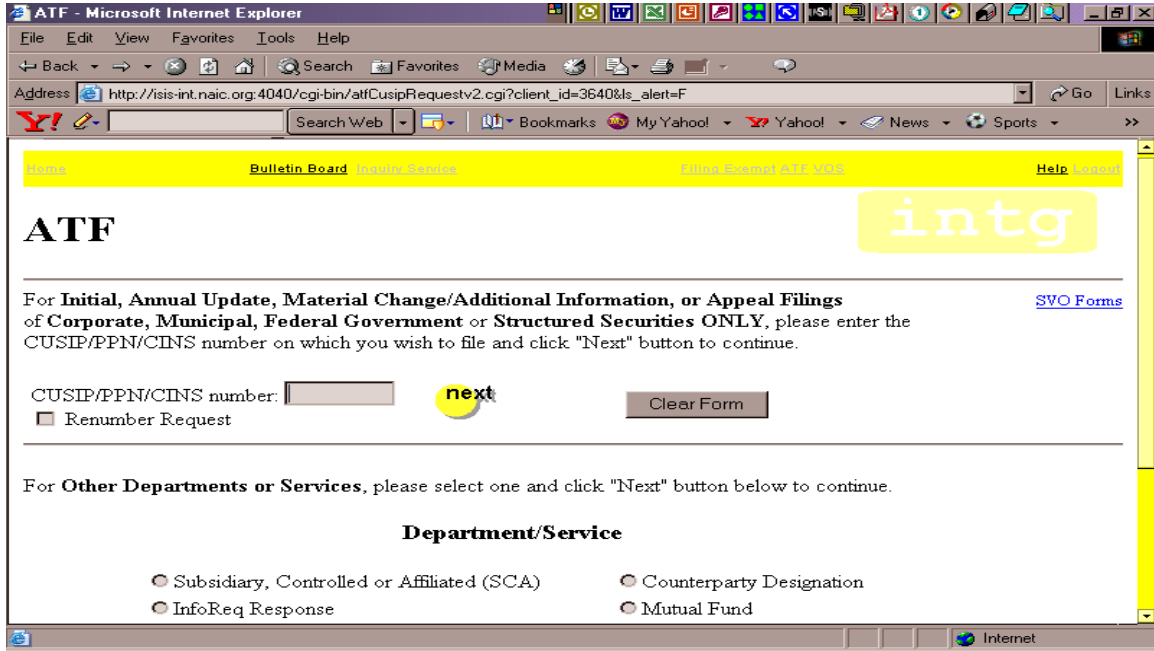
Unconfirmed FE may need to be submitted to the SVO for analytical credit review and the assignment of an NAIC designation.

IMPORTANT: It is highly recommended to check the Filing Exempt status of a security by looking it up in Inquiry Service prior to taking any further actions.

FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT

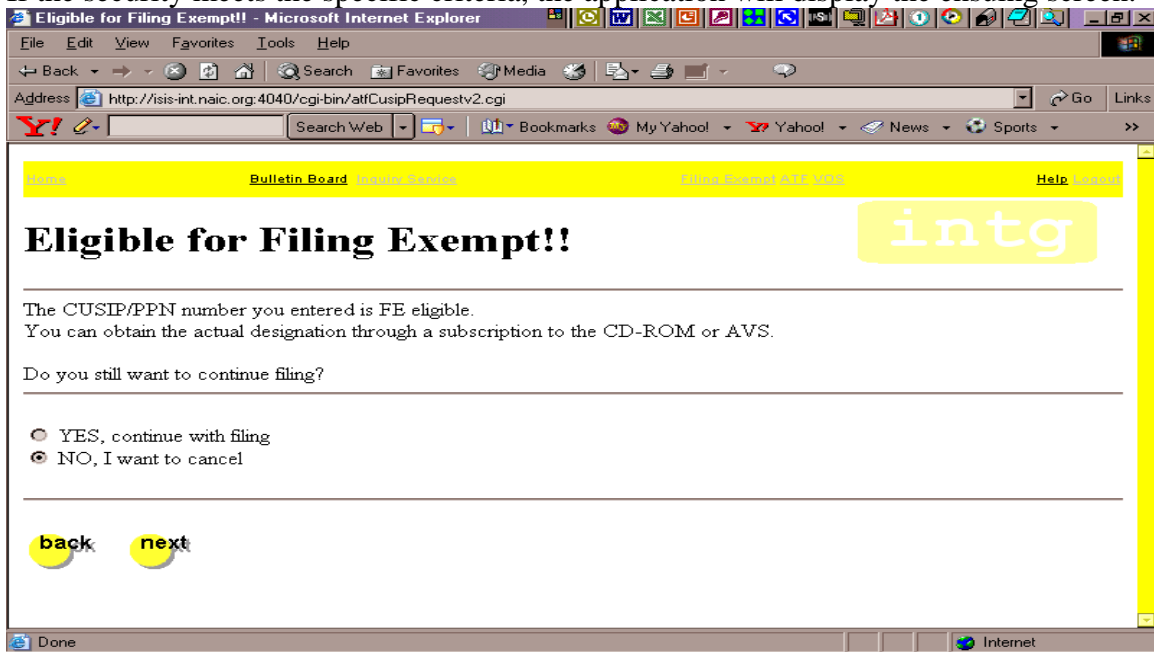
AUTHORIZATION TO FILE (ATF)

The ATF application will now contain a new page informing filers if their selected security is eligible as Filing Exempt.



When a filer enters a CUSIP/PPN/CINS number in the main ATF page (shown above), the application will immediately determine whether the security qualifies as Filing Exempt.

If the security meets the specific criteria, the application will display the ensuing screen.



As shown above, the page indicates the security is FE eligible and the designation is available through a subscription to the VOS CD-ROM or AVS.

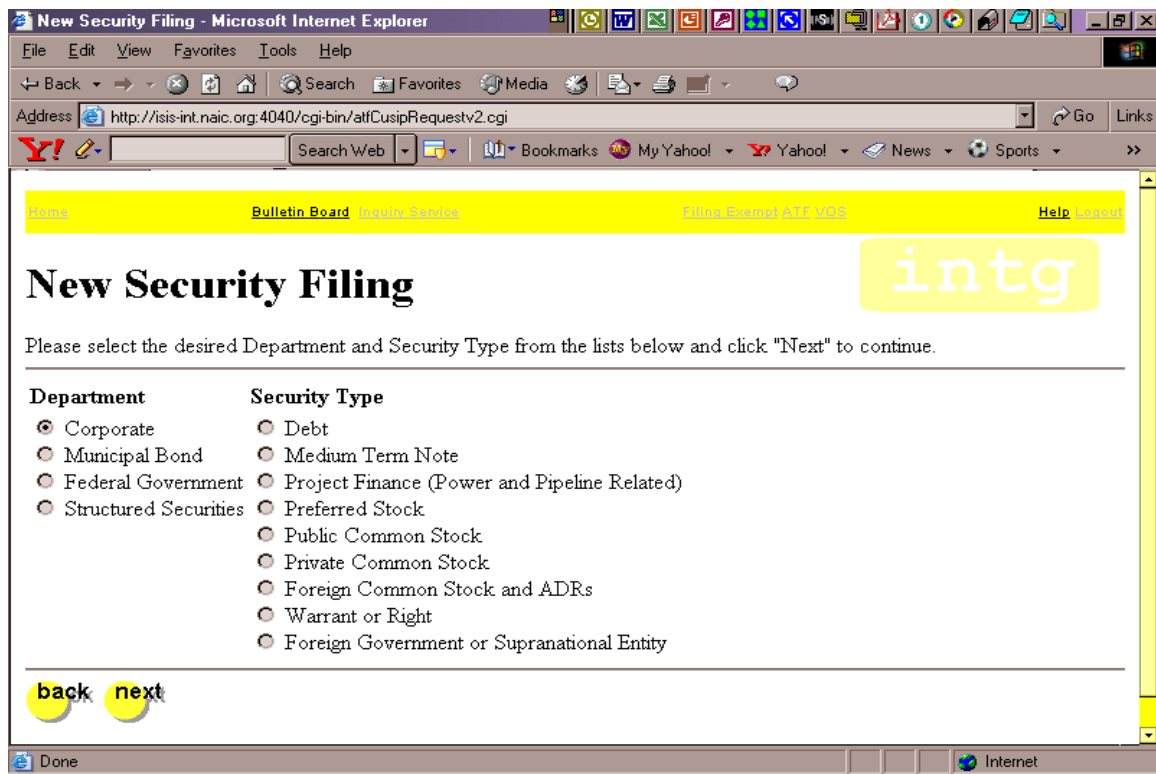
**FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT**

The application also defaults the question “Do you still want to continue filing?” to the “NO, I want to cancel” prompt. Clicking either the Back or Next buttons will lead back to the main ATF page. If the Back button is selected, it is possible the screen will need to be refreshed by typing the F5 key to view the main ATF page.

If “YES, continue with filing” is selected on this page followed by the Next command, one of the two scenarios will take place.

FE ELIGIBLE SECURITIES NOT IN VOS

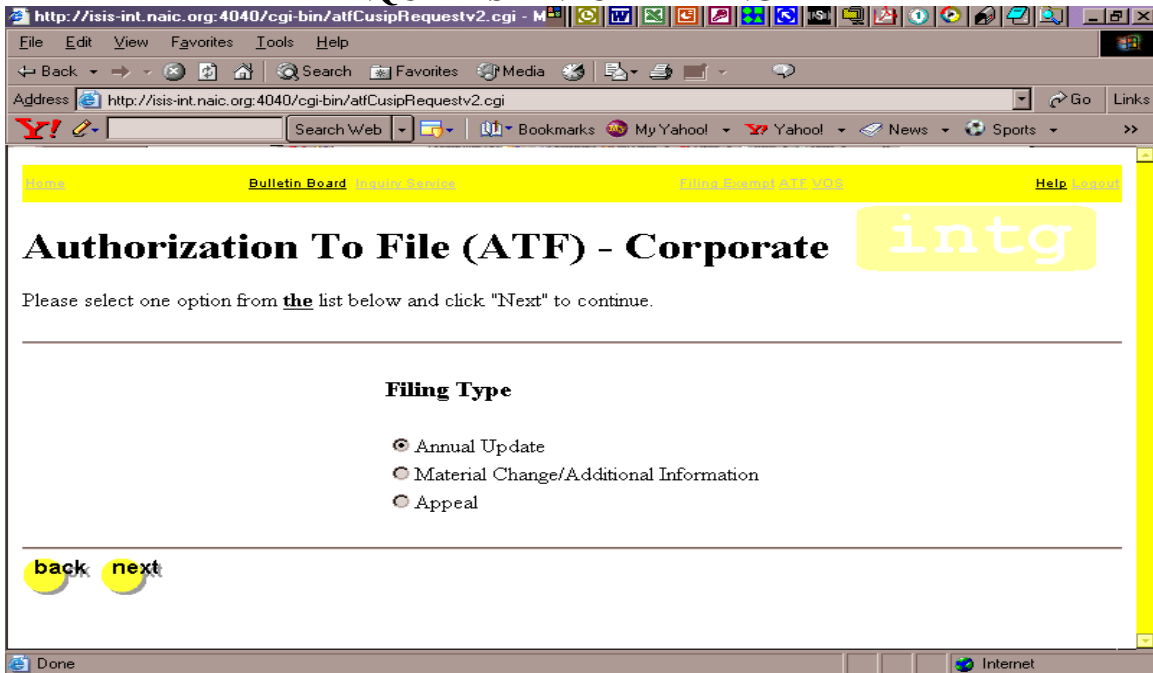
If the security is FE eligible and currently not in VOS, the “YES” button will continue the filing process by leading to the New Security Filing screen where the filer is then required to select a Department and Security Type.



SECURITIES IN VOS QUALIFYING AS FE BUT NOT REVIEWED IN CURRENT YEAR

This universe includes Group Code 99 issues in addition to NR and UP securities that are candidates for deletion in March 2004. The most current lists of securities with NR or UP are posted under the 2004 NR/UP Delete Process heading on the SVO web page (www.naic.org/svo/new.htm). If “YES” is selected, the filing process will continue by leading to the ATF – *Department (*reflects the value stored in VOS) page.

FILING EXEMPT RELEASE ATF – INQUIRY SERVICE – FILING EXEMPT



A filing type must then be selected – Annual Update, Appeal, Material Change/Additional Information and the Next button in order to proceed with the filing process.

NO ‘ELIGIBLE FOR FILING EXEMPT’ PAGE

However, the ‘Eligible for Filing Exempt’ page will not display in the following situations:

If a security that meets the FE ratings requirements has been reviewed for the current year, the ATF application will bypass the ‘Eligible for Filing Exempt’ page and display the ATF – Department page. Since the security has already been reviewed for the year, an Annual Update ATF can not be created but the Appeal and Material Change screens will be available.

For **unconfirmed FE securities**, the ATF application will also bypass the ‘Eligible for Filing Exempt’ page and proceed to the New Security Filing page for *securities not in VOS* and to the ATF – Department screen for *securities already in VOS regardless of Review Date*.

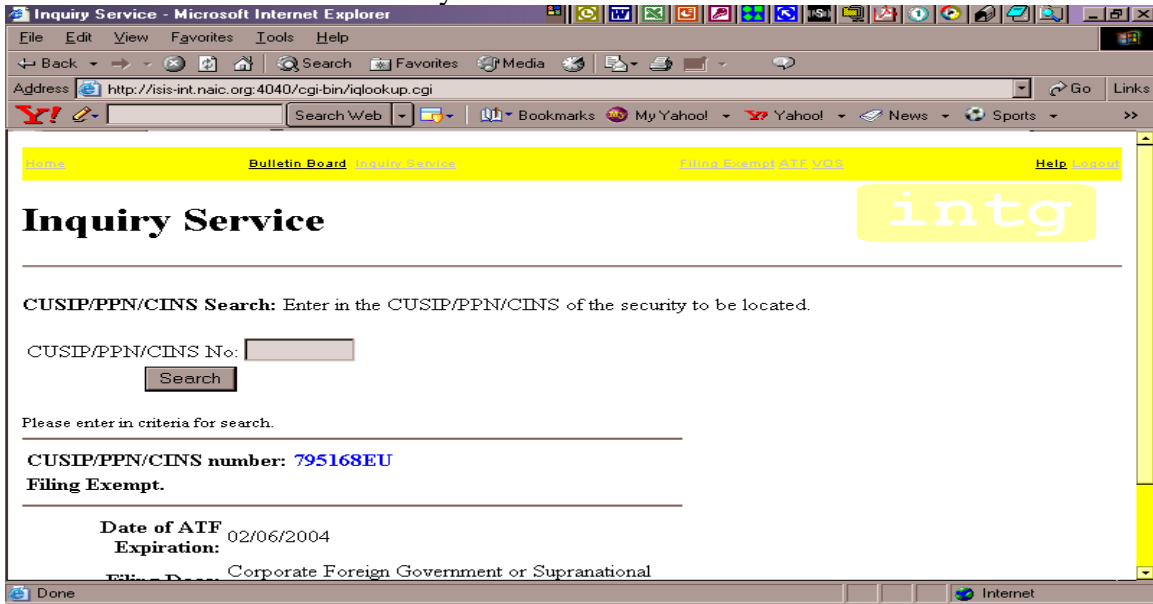
**FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT**

INQUIRY SERVICE

The Inquiry Service will now display a message informing filers whether the selected security is 'Filing Exempt' or 'Unconfirmed FE'.

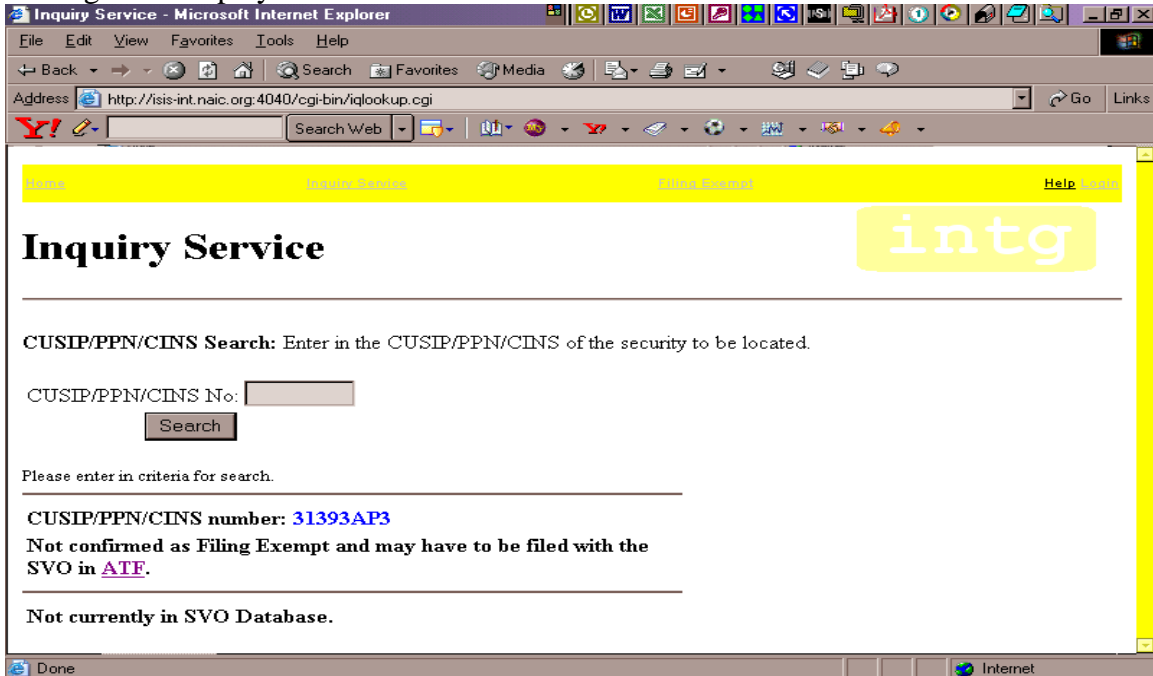
FILING EXEMPT

The 'Filing Exempt' message displays beneath the CUSIP/PPN/CINS number for all FE eligible securities whether they are in VOS or not. However, it will not display for securities reviewed in the current year.



UNCONFIRMED FE

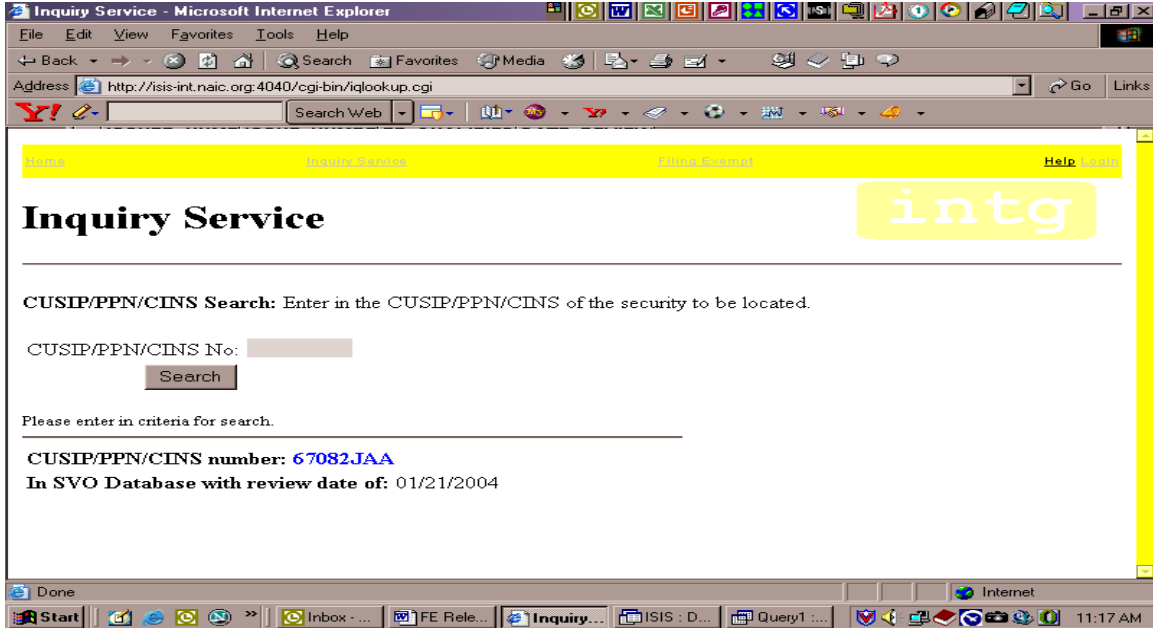
A 'Not Confirmed Filing Exempt and may have to be filed with the SVO in ATF' message will display beneath the CUSIP/PPN/CINS number.



**FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT**

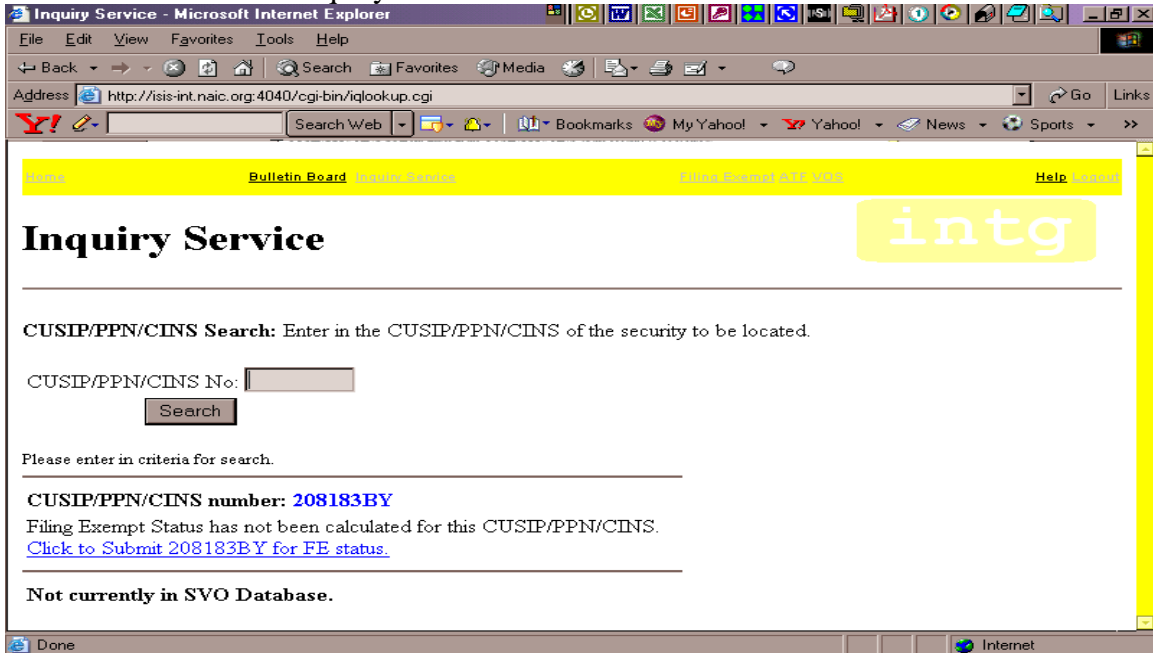
ATF represents a link to the main ATF page.

As with FE securities, no message will display for Unconfirmed FE securities in VOS reviewed for the current year.



SECURITIES WITHOUT FE CALCULATION

There will be instances where ISIS has never attempted to calculate the FE status for securities entered into Inquiry Service.



The preceding Inquiry Services illustration displays the following message below the CUSIP/PPN/CINS number:

FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT

Filing Exempt Status has not been calculated for this CUSIP/PPN/CINS.
Click to Submit ‘CUSIP Number’ for FE status.

The first line indicates the security is not in the FE database while the bottom line states the security is not in the SVO Database (VOS).

The ‘Click to Submit’ line is a direct link to the Filing Exempt application that will determine the FE status of the particular security.

The Filing Exempt application is covered in the next section.

FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT

FILING EXEMPT

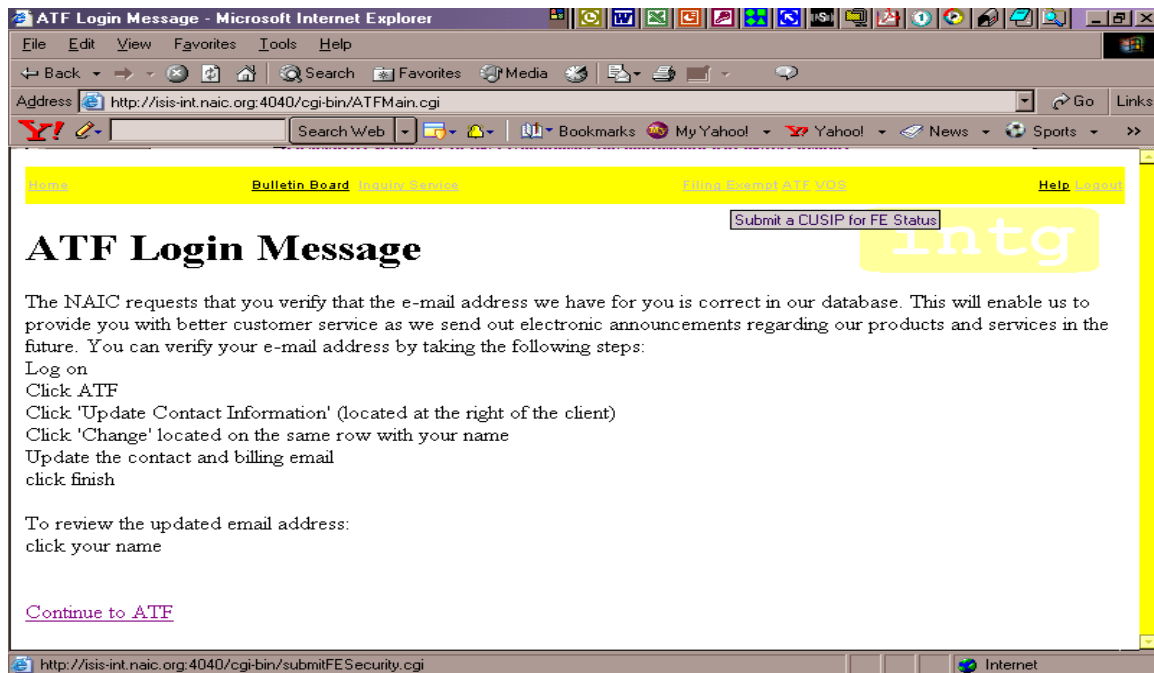
The Filing Exempt application is newly created to perform vital FE-related functions for filers.

- 1) Check the FE status of a security already in the FE database.
- 2) Submit a security as Filing Exempt.

If a security is already in the FE database, the application will merely display whether it is FE Eligible (Filing Exempt) or Not FE eligible (Unconfirmed FE).

However, the two functions mentioned above will be performed simultaneously when a previously uncalculated security is selected.

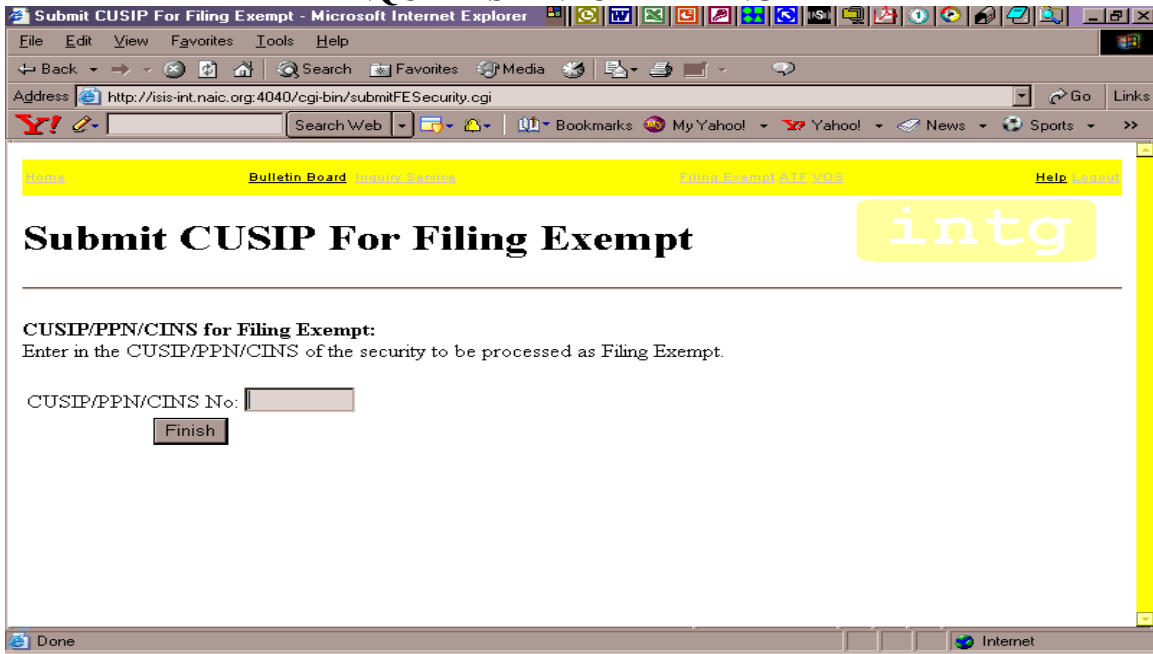
The Filing Exempt application will be accessible through a link on the top center of the ISIS online application page, just to the left of the ATF link.



Once the cursor hovers the Filing Exempt link, a small display window titled ‘**Submit a CUSIP for FE status**’ will appear as the above.

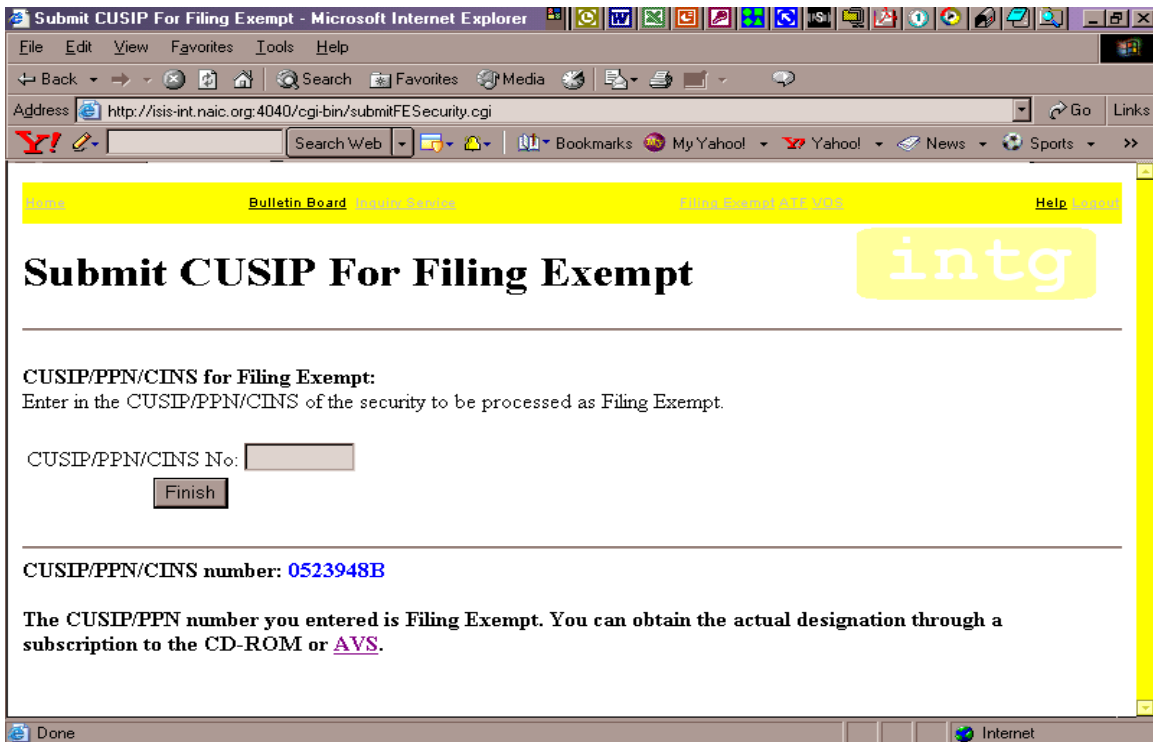
When the Filing Exempt link is selected, the ISIS application will generate a ‘**Submit CUSIP for Filing Exempt**’ page.

FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT



FE ELIGIBLE SECURITIES

Here is the message that displays for FE Eligible securities.

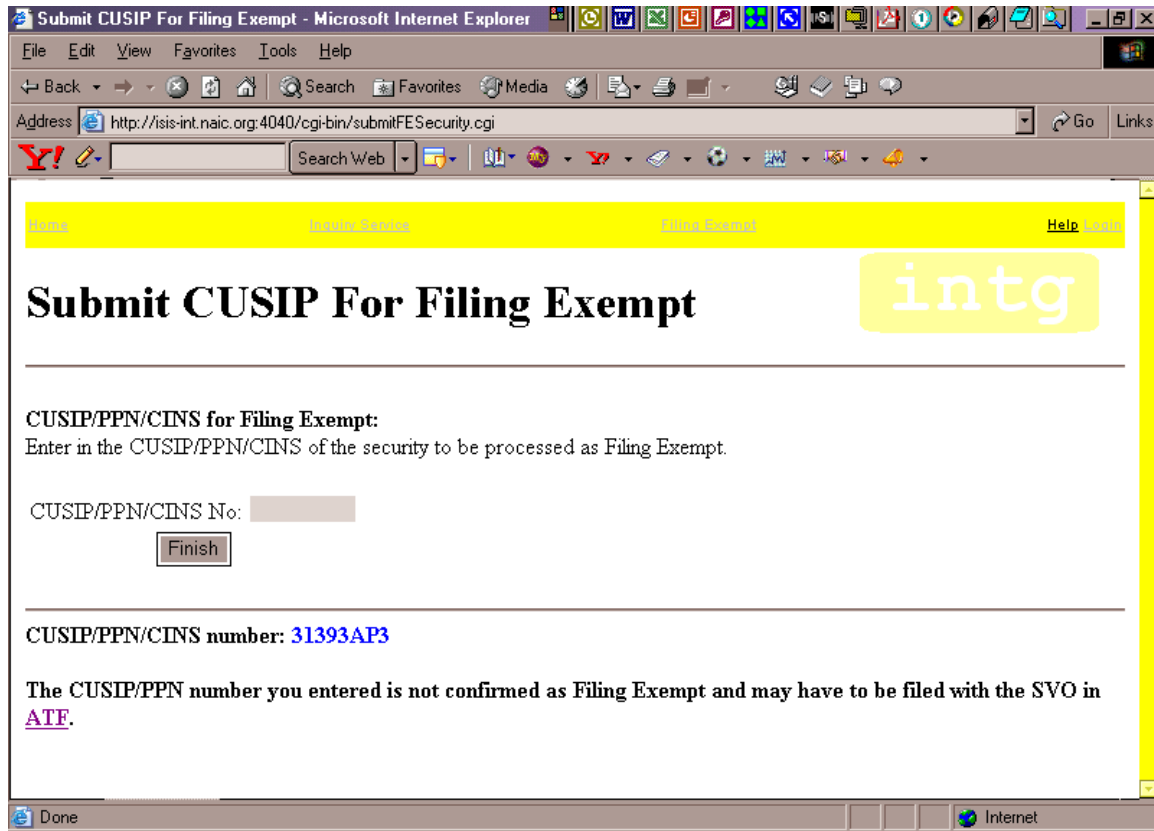


The Filing Exempt application informs the filer the selected security is indeed Filing Exempt and the designation can be obtained through the VOS CD-ROM or AVS.

[AVS](#) represents a direct link to the main AVS page.

FILING EXEMPT RELEASE
ATF – INQUIRY SERVICE – FILING EXEMPT
NOT FE ELIGIBLE SECURITIES

The message will obviously differ for Non Filing Exempt securities.



Under this scenario, the Filing Exempt application informs the filer the security is not confirmed Filing Exempt and may have to be filed with the SVO.

[ATF](#) represents a direct link to the main ATF page.

SECURITIES WITHOUT FE CALCULATION

When one of these securities is entered, the FE application will check numerous criteria (see page 1) and determine whether the security is 'Filing Exempt' or 'Not confirmed'.

It will then display one of the two messages previously covered and add the security into the FE Database as either 'Filing Exempt' or 'Not Confirmed'.

If the filer were to enter one of these securities into the Inquiry Service, the 'Filing Exempt status has not been calculated' message will no longer appear but the 'Filing Exempt' or 'Not Confirmed' message will appear instead.