



QUALIFIED U.S. FINANCIAL INSTITUTIONS (“QUSFI”) FREQUENTLY ASKED QUESTIONS

1. Why do I have to get a rating from S & P or Moody’s when I already have a Kroll rating?

Currently only S & P and Moody’s are on our list of approved NRSROs. Specifically, the rating must be derived under a methodology approved by the Valuation of Securities (E) Task Force, such as the ones outlined in the chart below:

List of Nationally Recognized Statistical Rating Organizations and Methodology and Criteria Used to Monitor Institutions on the NAIC List of Qualified U.S. Financial Institutions

NAME OF NRSRO	METHODOLOGY/CRITERIA	DATE	
Moody’s Investors Service	Rating Methodology – Banks, Nonbank Financial Institutions Rating Methodology,	March 16, 2015	
Standard & Poor’s Global Ratings Portal, Ratings Direct	Credit Rating Methodology for Nonbank Financial Institutions and Nonbank Financial Services Company, Banks: Rating Methodology and Assumptions	Dec. 9, 2014; Dec. 9, 2014 Nov. 9, 2011	The criteria for Banks was originally published on Nov. 9, 2011, was republished after a review completed on Sept. 30, 2014. The review replaced or revised criteria for the application of sovereign ratings and assessment of bank branch creditworthiness published Oct. 14, 2013, and other articles identified in the Appendix.

We welcome the opportunity for other NRSROs to meet with us if they are interested in presenting their methodology to the SVO.

2. Are Private Letter Ratings acceptable for QUSFI?

Yes, as long as the Private Letter Ratings are from the approved NRSROs and methodologies. The Private Letter Rating should be on a surveilled basis, or if point in time, dated within the past 12 months and updated on an annual basis. The Issuer will provide to the SVO financial reports as specified in Part Three of the QUSFI Application and Agreement.

3. What if I already paid for the renewal Bank List fee for the June 2017 – June 2018 filing cycle?

The funds will be credited towards the new application fee if the applicant is approved to be placed on the Qualified Financial Institutions List or refunded if denied placement on the List. If a bank or financial institution has already paid the 2017-2018 renewal fee, and does not wish to apply to the new QUSFI, they may contact us to request a refund.

4. What if I paid the \$750.00 application fee to the new QUSFI List and did not get approved to be placed on the QUSFI List?

The application fee is non-refundable.

5. What documents are required?

The completed Application in its entirety, along with all required accompanying documentation, including the latest NRSRO report by either S & P or Moody’s, provide copy of charter; or other document that demonstrates authority

to issue LOCs, or latest call report w/schedule RC-L, must be submitted along with the non-refundable application fee.

If entity is a U.S. branch or agency of a foreign bank, provide copy of Form FFIEC 002, Schedule L. Also provide certification from Board Secretary that entity is authorized to issue LOCs (with corporate seal)

6. When will the application be available?

The Application is currently available http://www.naic.org/documents/svo_qusfi_list_app.pdf

7. What happens if we are on the current Bank List but do not have the NRSRO ratings yet? What happens during the gap until my application is processed?

Your application will be retained but processed only when all required documentation has been received.

8. What are the fees?

There will be an initial non-refundable application fee of \$750.00 to be submitted at the same time as the Application. If the Application is approved, the Applicant will be placed on the QUSFI and notified in writing of the placement. The Listing will be renewed on an annual basis, subject to the financial institution's meeting all the eligibility requirements.

9. Where can I purchase a copy of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)*?

The P&P Manual can be purchased through the NAIC's Publications Department on the NAIC website (www.naic.org/prod_serv_alpha_listing.htm).