

## **Agenda Item 2. Follow-up on comments from the public call on the ILVA draft standards**

Jason Lapham asked members for comments on the three questions the PSC raised during the public call.

The first question was about references to SEC Rule 12h-7 and state requirements on the ability to restrict assignment. PSC members accepted the comments that state restrictions on assignment would still apply. Members discussed modifying the draft to refer to successor regulations. The suggested changes to the draft follow.

### **C. ASSIGNMENT**

(1) The contract shall contain an assignment provision. The contract shall not include any restrictions on the availability of contract assignments, except in situations where restrictions are required for purposes of satisfying applicable laws or regulations including Rule 12h-7 under the Securities Exchange Act of 1934, **or successor regulations**.

### **U. OWNERSHIP**

(1) The contract shall contain an ownership provision. The provision shall describe the procedures for designating or changing the owner and indicating when the designation is effective. The contract shall not include any restriction on change of owner other than for purposes of satisfying applicable laws or regulations, including Rule 12h-7 **or successor regulations** under the Securities Exchange Act of 1934, as amended.

**Drafting Note:** Restrictions on change of owner in contracts such as right of first refusal or first offer provisions are prohibited by Item (1). A company that relies on the exemption provided by Rule 12h-7 **or successor regulations** under the Securities Exchange Act of 1934 from the requirement to file reports pursuant to Section 15(d) of that Act may, for the purpose of complying with that regulation, require written notice by the contract owner to, and acceptance by, the company to any change in ownership or other transfer of the contract and reserving the right to refuse assignments or other transfers at any time on a non-discriminatory basis.

The second item was to review the comments on Appendix C. There were suggestions to edit the table in Appendix C to account for trading costs and allow the fixed income asset proxy to be at either book value or market value. PSC members said these were appropriate changes.

The third item was to discuss the amendment to the annuity application to include a product comparison. PSC members discussed the limitations of the proposed comparison. Some companies did not offer all of the product types being compared. Jason Lapham questioned the value of the comparison and suggested eliminating the requirement. There was discussion about the SEC

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regulation that will provide purchasers with disclosures tailored to ILVAs and highlight key information about these complex products. The objective is to provide purchasers with better information necessary to make knowledgeable decisions about index-linked annuities. Several PSC members asked for more detail about the SEC requirements. Andria Seip asked if the Compact Office could provide more information about the SEC requirements. Karen Schutter offered to provide a summary of the proposed regulation and notices.

The PSC ran out of time to review the additional comments from the ACLI-CAI. Katie Campbell said she would review the comments with the ILVA subgroup and provide comments at the next meeting of the PSC in January.

### **Agenda Item 3. Review group term life insurance draft uniform standards for nonemployer groups**

The Compact Office will follow up with New York Life and the ACLI regarding their comments at the public call for discussion at a future PSC call.

### **Agenda Item 4. Any Other Matters**

Jason Lapham said this was the last call of the year and his last meeting as PSC chair. He thanked the PSC members for their work. PSC members thanked Jason for his many years of service and wished him well.