

## **SCHEDULE DB – PART A VERIFICATION BETWEEN YEARS**

### **OPTIONS, CAPS, FLOORS, COLLARS, SWAPS and FORWARDS**

The purpose of this schedule is to roll the information reported on Schedule DB, Part A, Sections 1 and 2 from the prior year to the end of the current reporting year.

- Line 1 – Book/Adjusted Carrying Value, December 31 of prior year.
- Line 2 – Cost paid/(consideration received) on additions.
- Line 2.1 – Current year paid/(received) at time of acquisitions, still open, Section 1 column 12.  
Line 2.2 – Current year paid/(received) at time of acquisitions, terminated, Section 2 Column 14.
- Line 3 – Unrealized valuation increase/(decrease).
- Line 3.1 – Section 1, Column 17.  
Line 3.2 – Section 2, Column 19.
- Line 4 – Total gain (loss) on termination recognized, Section 2, Column 22.
- Line 5 – Considerations received/(paid) on terminations, Section 2, Column 15.
- Line 6 – Amortization.
- Line 6.1 – Section 1, Column 19.  
Line 6.2 – Section 2, Column 21.
- Line 7 – Adjustment to Book/Adjusted Carrying Value of hedged item.
- Line 7.1 – Section 1, Column 20.  
Line 7.2 – Section 2, Column 23.
- Line 8 – Total foreign exchange change in Book/Adjusted Carrying Value.
- Line 8.1 – Section 1, Column 18.  
Line 8.2 – Section 2, Column 20.
- Line 9 – Book/Adjusted Carrying Value at End of Current Period ( $1 + 2 + 3 + 4 - 5 + 6 + 7 + 8$ ).
- Line 10 – Deduct Nonadmitted Assets.
- Line 11 – Statement Value at End of Current Period ( $9 - 10$ ).

## **SCHEDULE DB – PART B – VERIFICATION BETWEEN YEARS**

### **FUTURES CONTRACTS**

- Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year  
Show the total from the prior year. For purposes of this schedule, positive amounts should be reported for assets, and negative amounts should be reported for liabilities.
- Line 2 – Net Cash Deposit  
Show the cash that the company received (paid) as initial margin for entering the futures contracts (Section 1, Broker Name/Net Cash Deposits Footnote).
- Line 3.1 – Change in the Variation Margin on Open Contracts  
Report the change in the variation margin on open contracts between years. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.
- Line 3.21 & 3.22 – Report the change in variation margin on open contracts between years that were basis adjusted into the hedged item(s). Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.
- Line 3.23 & 3.24 – Report the change in variation margin on open contracts between years that were recognized. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.
- Line 3.3 – Subtotal the change in variation margin on open contracts used to basis adjust hedged item(s) and recognized less the total change in variation margin on open contracts.
- Line 4.1 – Report the variation margin on contracts terminated during the year.
- Line 4.21 – Report the amount of gain (loss) basis adjusted into the hedged item(s) from terminated contracts during the year.
- Line 4.22 – Report the amount of gain (loss) recognized from terminated contracts during the year.
- Line 4.3 – Subtotal the total gain (loss) on terminated contracts during the year less the total gain (loss) on contracts terminated during the year that were recognized or basis adjusted into the hedged item(s).
- Line 5 – Dispositions of Gains (Losses) on Contracts Terminations in the prior years
- Line 5.1 – Total gain (loss) recognized in current year for terminations in prior the year
- Line 5.2 – Total gain (loss) basis adjusted into the hedged item(s) current year for terminations in the prior year. Report the gain (loss) on disposal of the specified derivatives for the current year.
- Line 6 – Book/Adjusted Carrying Value at End of Current Period  
Report the book/adjusted carrying value as of the end of the current period reflecting Other Than Temporary Impairments, if any.
- Line 7 – Deduct Total Nonadmitted Amounts  
Report the adjustment for nonadmitted amounts related to the specified derivatives as of the end of the current period.  
Include: The amount of the portfolio that is in excess of any investment limitation.
- Line 8 – Statement Value at End of Current Period (Line 6 minus Line 7)  
Report the statement value of the specified derivatives as of the end of the current period.

## **SCHEDULE DB – PART C – SECTION 1**

### **REPLICATION (SYNTHETIC ASSET) TRANSACTIONS (RSATs) OPEN ON DECEMBER 31 OF CURRENT YEAR**

Include all RSATs owned December 31 of current year, including those open on December 31 of the previous year, and those acquired during the current year.

Column 1 – RSAT Number

Enter the RSAT Number as administered by the CUSIP Division of Standard & Poor's.

Column 2 – Description of the RSAT

Enter a complete and accurate description of the RSAT, including a description of the relationship of the Cash Instrument(s) and the Derivative(s) used to produce the replication.

Column 3 – NAIC Designation or Other Description of the RSAT

Enter the NAIC Designation or, when the NAIC Designation is not applicable, other description that will best identify the Risk-Based Capital and Asset Valuation Reserve (if applicable) class of the RSAT, as if the RSAT was recorded on the appropriate investment schedule.

Column 4 – Notional Amount of the RSAT

Enter the Notional Amount of the RSAT; e.g. the amount on which the interest/coupon accrues.

Column 5 – Book/Adjusted Carrying Value of the RSAT

Enter the Book/Adjusted Carrying Value of the RSAT as if the reporting entity had purchased and accounted for the specified asset. Reporting entities should document the determination of this value. For each individual RSAT indicated in Column 1, report a total of all Book/Adjusted Carrying Value of Derivative Instrument plus a total of all Book /Adjusted Carrying Value of the Cash Investment(s). Use formula below for reference:

Column 10 + Column 15

Column 6 – Fair Value of the RSAT

Enter the fair value of the RSAT. Amortized or the Book/Adjusted Carrying values should not be substituted for fair value. For each individual RSAT indicated in Column 1, report a total of all Fair Value of Derivative Instruments Open plus a total of all Fair Value of the Cash Investment(s) Held. Use the formula below for reference:

Column 11 + Column 16

Column 7 – Effective Date of the RSAT

Show the start date of the RSAT.

Column 8 – Maturity Date of the RSAT

Show the maturity date of the RSAT.

Column 9 – Description of Derivative Instruments Open

Identify the derivative(s) used in the RSAT (e.g., swap, call option, etc.)

Column 10	–	Book/Adjusted Carrying Value of Derivative Instrument Open  Represents the statement value, with any nonadmitted assets added back. Refer to SSAP No. 86, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions, for further discussion.
Column 11	–	Fair Value of Derivative Instrument(s) Open  Enter the fair value of derivative instrument(s) open at the end of the period.
Column 12	–	CUSIP of Cash Instrument(s) Held  Enter the CUSIP or Investment Number of the Cash Instrument(s) used in the RSAT as the instrument appears on the appropriate investment schedule.  (a) CUSIP digits 1-6: Issuer number (b) CUSIP digits 7-8: Exact issue sequence (c) CUSIP digit 9: check digit
Column 13	–	Description of Cash Instrument(s) Held  Enter description of the cash instruments used in the RSAT. This description is for reference purposes only, and is not intended to replace the appropriate reporting on other investment schedules. List each cash instrument separately (i.e., do not aggregate cash instruments having the same NAIC Designation).
Column 14	–	NAIC Designation or Other Description of Cash Instrument(s) Held  Enter the NAIC Designation or, when the NAIC Designation is not applicable, other description that will best identify the Risk-Based Capital and Asset Valuation Reserve (if applicable) class of the cash instrument(s) used in the RSAT.
Column 15	–	Book/Adjusted Carrying Value of Cash Investment(s) Held  Represents the statement value, with any nonadmitted assets added back. Refer to SSAP No. 86, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions, for further discussion.
Column 16	–	Fair Value of Cash Instrument(s) Held  Enter the fair value of cash instrument(s) used in the RSAT.

## **SCHEDULE DB – PART C – SECTION 2**

### **RECONCILIATION OF REPLICATION (SYNTHETIC ASSET) TRANSACTIONS OPEN**

Use this schedule in both the quarterly and annual statements. Companies that are not required to file quarterly statement should leave those columns blank.

#### Number of Positions

Enter the number of transactions that have unique RSAT numbers.

#### Replication (Synthetic Asset) Transactions Statement Values

Enter “Statement Value” of the RSAT, as if the reporting entity had purchased and accounted for the specific asset. Companies should document the determination of this value. The values indicated should be the aggregate of the values for all open replication (synthetic asset) transactions.

Line 1 – Beginning Inventory

The number of positions and total replication (synthetic asset) transactions statement value should agree with the previous period’s (quarterly or annual) ending inventory, Schedule DB, Part C, Section 2. Line 1 of each quarter should be the same as Line 7 of the previous quarter.

Line 2 – Opened or Acquired Transactions

Provide the number of positions opened or acquired and the aggregated replication (synthetic asset) transactions statement values as of the acquisition dates.

Line 3 – Increases in Replication (Synthetic Asset) Transaction Statement Value

Enter the aggregate increases in the statement value of replication (synthetic asset) transactions held at any time during the period.

Line 4 – Closed or Disposed of Transactions

Enter the number of positions that were disposed of during the period, with the aggregated replication (synthetic asset) transactions statement values as of the disposition dates.

Line 5 – Positions Disposed of for Failing Effectiveness Criteria

Enter the number of positions that were disposed of during the period because the position was no longer effective. Aggregate the replication (synthetic asset) transactions statement values as of the disposition dates.

Line 6 – Decreases in Replication (Synthetic Asset) Transaction Statement Value

Aggregated decreases in the statement value of the replication (synthetic asset) transactions held at any time during the period.

Line 7 – Ending Inventory

Show the net of Line 1 + Line 2 + Line 3 – Line 4 – Line 5 – Line 6.

#### Year to Date Columns

Line 1 should be the same as the first quarter Line 1. Lines 2 through 6 should be the sum of the quarters, through the end of the quarter being reported. Line 7 – Ending Inventory should be the same as Line 7 of the most recently completed quarter. Number of Positions and Total Replication (Synthetic Asset) Transaction Statement Value should agree with the current period’s (quarterly or annual) Schedule DB, Part C, Section 2 totals.

## **SCHEDULE DB – VERIFICATION**

### **BOOK/ADJUSTED CARRYING VALUE, FAIR VALUE AND POTENTIAL EXPOSURE OF DERIVATIVES**

The purpose of this schedule is to verify the amounts reported in each individual derivative schedule (Schedule DB, Part A, Section 1 and Schedule DB, Part B, Section 1) against those reported in the Counterparty Exposure schedule (Schedule DB, Part D).

#### **BOOK/ADJUSTED CARRYING VALUE CHECK**

- Line 1 – Total Book/Adjusted Carrying Value of all derivatives found on Schedule DB, Part A, Section 1, Column 14.
- Line 2 – Total Book/Adjusted Carrying Value of all derivatives found on Schedule DB, Part B, Section 1, Column 14.
- Line 3 – Grand Total of Book/Adjusted Carrying Value from individual schedules (Lines 1 + 2).
- Line 4 – Total of all positive Book/Adjusted Carrying Value found on Schedule DB, Part D, Column 5.
- Line 5 – Total of all negative Book/Adjusted Carrying Value found on Schedule DB, Part D, Column 6.
- Line 6 – Grand Total Check for Book/Adjusted Carrying Value (Lines 3 – 4 – 5).

#### **FAIR VALUE CHECK**

- Line 7 – Total Fair Value of all derivatives found on Schedule DB, Part A, Section 1, Column 16.
- Line 8 – Total Fair Value of futures contracts found on Schedule DB, Part B, Section 1 Column 13.
- Line 9 – Grand Total of Fair Value from individual schedules (Lines 7 + 8).
- Line 10 – Total of all positive Fair Value found on Schedule DB, Part D, Column 8.
- Line 11 – Total of all negative Fair Value found on Schedule DB, Part D, Column 9.
- Line 12 – Grand Total Check for Fair Value (Lines 9 – 10 – 11).

#### **POTENTIAL EXPOSURE CHECK**

- Line 13 – Total Potential Exposure of all derivatives found on Schedule DB, Part A, Section 1, Column 21.
- Line 14 – Total Potential Exposure of all futures found on Schedule DB, Part B, Section 1, Column 19.
- Line 15 – Total Potential Exposure of all derivatives found on Schedule DB, Part D, Column 11.
- Line 16 – Grand Total Check for Potential Exposure (Lines 13 + 14 – 15).