

GUERNSEY FINANCIAL SERVICES COMMISSION

GUIDANCE NOTE ON INVESTMENT IN COMMERCIAL PAPER

Commercial Paper (as defined below) is hereby approved as a Class 2 asset under the Insurance Business (Approved Assets) Regulations, 2008 subject to the following criteria:

1. The issue must mature within 95 days.
2. The issuer must have a short-term credit rating of P-1 from Moody's or equivalent rating from another reputable rating agency acceptable to the Commission.
3. For the purpose of valuation of assets in accordance with paragraph 3 (1) of Schedule 2 to the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, where the value of an investment in one issuer exceeds 10% of the insurer's total market value of gross assets, then a proportion of the investment will be an approved asset and the remainder will be unapproved. The approved asset proportion will be limited to 10% of the insurer's total market value of gross assets and the unapproved proportion will be the excess of the value of the investment over that amount. For the purpose of calculating this amount, the investment should be aggregated with any asset in asset classes 3 or 4 (as specified in the Insurance Business (Approved Assets) Regulations, 2008), that have exposure to the same counterparty or counterparties under common ownership.

Definition: Commercial Paper – unsecured short-term debt traded in the money market, issued at a discount to its face value and maturing within twelve months.