

~~PARAGRAPH (3) OF THIS SUBSECTION OR FOR OTHER RISK MANAGEMENT PURPOSES UNDER REGULATIONS ADOPTED BY THE COMMISSIONER, BUT REPLICATION TRANSACTIONS MAY NOT BE PERMITTED FOR OTHER THAN RISK MANAGEMENT PURPOSES.~~

~~(H) AN INSURER MAY PURCHASE OR SELL ONE OR MORE DERIVATIVE INSTRUMENTS TO OFFSET, IN WHOLE OR IN PART, ANY DERIVATIVE INSTRUMENT PREVIOUSLY PURCHASED OR SOLD, AS THE CASE MAY BE, WITHOUT REGARD TO THE QUANTITATIVE LIMITATIONS OF THIS SUBSECTION, PROVIDED THAT THE OFFSETTING TRANSACTION UTILIZES THE SAME TYPE OF DERIVATIVE INSTRUMENT AS THE DERIVATIVE INSTRUMENT BEING OFFSET.~~

(7) (5) EACH DERIVATIVE INSTRUMENT SHALL BE:

(I) TRADED ON A SECURITIES EXCHANGE;

(II) ENTERED INTO WITH, OR GUARANTEED BY, A BUSINESS ENTITY;

(III) ISSUED OR WRITTEN BY OR ENTERED INTO WITH THE ISSUER OF THE UNDERLYING INTEREST ON WHICH THE DERIVATIVE INSTRUMENT IS BASED; OR

(IV) IN THE CASE OF FUTURES, TRADED THROUGH A BROKER THAT IS REGISTERED AS A FUTURES COMMISSION MERCHANT UNDER THE COMMODITY EXCHANGE ACT OR THAT HAS RECEIVED EXEMPTIVE RELIEF FROM REGISTRATION UNDER RULE 30.10 ADOPTED UNDER THE COMMODITY EXCHANGE ACT.

(P) (1) THE RESERVE INVESTMENTS OF A LIFE INSURER MAY INCLUDE MONEY MARKET MUTUAL FUNDS AS DEFINED BY 17 CFR 270.2A-7 UNDER THE INVESTMENT COMPANY ACT OF 1940 (15 U.S.C. 80A-1 ET SEQ.) THAT MAY BE EITHER OF THE FOLLOWING:

(I) GOVERNMENT MONEY MARKET MUTUAL FUND, WHICH IS A MONEY MARKET MUTUAL FUND THAT:

1. INVESTS ONLY IN OBLIGATIONS ISSUED, GUARANTEED, OR INSURED BY THE FEDERAL GOVERNMENT OF THE UNITED STATES OR COLLATERALIZED REPURCHASE AGREEMENTS COMPOSED OF THESE OBLIGATIONS; AND

2. QUALIFIES FOR INVESTMENT WITHOUT A RESERVE UNDER THE PURPOSES AND PROCEDURES OF THE SECURITIES VALUATION OFFICE OR ANY SUCCESSOR PUBLICATION; OR

(II) CLASS ONE MONEY MARKET MUTUAL FUND, WHICH IS A MONEY MARKET MUTUAL FUND THAT QUALIFIES FOR INVESTMENT USING THE BOND CLASS ONE RESERVE FACTOR UNDER THE PURPOSES AND PROCEDURES OF THE SECURITIES VALUATION OFFICE OR ANY SUCCESSOR PUBLICATION.

(2) FOR PURPOSES OF DETERMINING WHETHER A MONEY MARKET MUTUAL FUND IS TO BE CLASSIFIED AS AN EQUITY INTEREST OR WITHIN THIS