

1. **Permissibility and Eligibility:** The investment must be a permissible value under the applicable regulations (Art. 79 or Art. 68 para. 2 SO) and must comply with the specific requirements set out in the Circular.
2. **Valuation:** The investment should be easily valuated without significant problems.
3. **Liquidity:** Investments must exhibit a high level of liquidity relative to their investment category.
4. **Expertise and System Requirements:** There must be the necessary expertise and appropriate systems and processes in place for selecting, managing, and controlling the investment.
5. **Risk Understanding:** The financial, legal, and operational risks associated with the investment should be fully understood.
6. **Creditworthiness of Debtor:** The debtor's creditworthiness must be verifiable.
7. **Encumbrances:** The asset must be unencumbered and not subject to any rights of set-off or similar claims.

Process for Allocating Investments to Tied Assets

1. **Allocation Decision:** The insurance company decides which assets are to be allocated to tied assets based on their ability to cover the target amount of the tied assets. This decision is based on the valuation of the assets, their liquidity, and the overall investment strategy of the company.
2. **Documentation and Record-Keeping:** Assets allocated to tied assets must be recorded and



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