



Public Consultation on the proposal for revised Guidelines on the treatment of market and counterparty risk exposures in the standard formula

Fields marked with * are mandatory.

Introduction

The European Insurance and Occupational Pensions Authority (EIOPA) has published a consultation paper on the proposal for revised Guidelines on the treatment of market and counterparty risk exposures in the standard formula.

Stakeholders are invited to provide their feedback on the consultation paper by **Wednesday 26 February 2025**. The feedback received will be taken into account in the finalisation of the guidelines.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

To submit your comments, please click on the blue “Submit” button in the last part of the survey. Please note that comments submitted after **Wednesday 26 February 2025** or submitted via other means will not be processed. In case you have any questions please contact SolvencyIIreview@eiopa.europa.eu.

Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and [EIOPA's rules on public access to documents](#).

[Declaration by the contributor](#)

By sending your contribution to EIOPA you consent to publication of all non-confidential information in your contribution, in whole/in part – as indicated in your responses, including to the publication of the name of your organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of the public consultation document.

General Information on the Respondent

* Name of the stakeholder

Actuarial Association of Europe

* Type of stakeholder

- Insurance or reinsurance undertaking
- Industry Association/Federation
- Consumer Protection Association
- Academic
- Other

* If other, please specify:

Professional Association

* Jurisdiction of establishment

Belgium

* Name of Point of Contact

Stephanos Hadjistryllis

* Email address of point of contact

info@actuary.eu

* Please provide your explicit consent for the publication of your response

- Yes, publish my whole response
- Yes, publish a part of my response
- No, do not publish my response

Questions

1. General comments

* Q1. Do you have general comments on the consultation document?

- Yes
 No

Comments field

We welcome the review of the various Solvency II guidelines, including this one, to clarify and update guidelines given the time since SII has come into force. We welcome the deletion of guidelines that are superfluous and the addition of new guidelines which aid insurers in calculating their capital requirement under the standard formula.

2. Consultation paper overview and next steps

* Q2. Do you have comments on Section 'Consultation paper overview and next steps'?

- Yes
 No

3. Guidelines on the treatment of market and counterparty risk exposures in the standard formula

Introduction

* Q3. Do you have comments on Sub-section 'Introduction'?

- Yes
 No

Guidelines on the treatment of market and counterparty risk exposures in the standard formula and explanatory text

* Q4. Do you have comments on 'Guideline 1 - Employee Benefits' and the corresponding explanatory text?

- Yes
 No

Comments field

From reading Articles 7 to Article 16 and Articles 164 to Article 202 of the Commission Delegated Regulation 2015/35, it seems that there is no explicit reference to employee benefits or to the indication that they should be treated as liabilities. We would err on the side of retaining this guideline to ensure the treatment of employee benefits is clear and to avoid the possible misclassification of these liabilities going forward.

* Q5. Do you have comments on 'Guideline 2 - Impact of options on the duration of bonds and loans' and the corresponding explanatory text?

- Yes
- No

Comments field

The updated guideline notes that “Assumptions that are used for the determination of the duration of such bonds and loans should reflect stressed conditions”. We believe that further guidance can be provided to clarify what is meant by “stressed conditions”. Depending on the assumptions applied, this could result in the option being exercised (or not) and thus the duration being altered. Without further guidance on what a “stressed condition” could reasonably reflect, this guideline could be applied to artificially manufacture a reduced duration and/or reduced capital charge.

* Q6. Do you have comments on 'Guideline 3 - Average duration for the duration-based equity submodule' and the corresponding explanatory text?

- Yes
- No

* Q7. Do you have comments on 'Guideline 4 - Revaluation of assets in scenario-based calculations' and the corresponding explanatory text?

- Yes
- No

* Q8. Do you have comments on 'Guideline 5 - Investments with equity and debt instrument characteristics' and the corresponding explanatory text?

- Yes
- No

* Q9. Do you have comments on 'Guideline 6 - Financial risk-mitigating instruments and short equity positions' and the corresponding explanatory text?

- Yes
- No

Comments field

We noted that the original guideline covered the positions that meet the requirements as set out in Commission Delegated Regulation 2015/35 Articles 208-215. Whereas the updated guideline now speaks to the treatment of positions that do not comply with Articles 208 to 215 of Commission Delegated Regulation 2015/35.

We suggest that the updated guideline provides guidance covering both positions that do and positions that do not comply with Articles 208 to 215. If both types of positions are not covered within the guideline, it could potentially lead to ambiguity as to how the ones that are not covered by the guidelines are to be treated going forward.

* Q10. Do you have comments on 'Guideline 7 - Market risk concentration sub-module' and the corresponding explanatory text?

- Yes
- No

* Q11. Do you have comments on 'Guideline 8 - Securities lending or borrowing transactions and similar agreements' and the corresponding explanatory text?

- Yes
- No

* Q12. Do you have comments on 'Guideline 9 - Commitments which may create payment obligations' and the corresponding explanatory text?

- Yes
- No

* Q13. Do you have comments on 'Guideline 10 – Treatment of leveraged funds' and the corresponding explanatory text including the 'Annex – Examples for the treatment of leveraged funds'?

- Yes
- No

Comments field

We understand that the proposed guidance implies that an unstressed lending amount is deducted from the value of the stressed investment fund. However, it is possible that the lending or debt value would also fluctuate based on the application of some SCR modules (such as interest rate risk, spread risk and counterparty default risk modules).

We would propose that a clarification is added to the proposed guideline that allow the unstressed value of the outstanding lending to be deducted as a simplification, but if material, then the debt/lending should also be stressed before deduction.

Compliance and reporting rules

* Q14. Do you have comments on Sub-section 'Compliance and reporting rules'?

- Yes
- No

Final provision review

* Q15. Do you have comments on Sub-section 'Final provision on review'?

- Yes
- No

Other comments

* Q16. Do you have any other comments on Section 'Guidelines on the treatment of market and counterparty risk exposures in the standard formula' and on Section 'Explanatory text'?

- Yes
 No

4. Simplification and shortening of the Guidelines

* Q17. Do you have any comments on the proposals to simplify and shorten the Guidelines and/or any other suggestions for simplifying and shortening the Guidelines, taking into account the relevance of the individual Guidelines?

- Yes
 No

5. Any other comments

* Q18. Do you have any other comments?

- Yes
 No

Contact

[Contact Form](#)