

To: Solvency II Working Group
From: Prudential Team
cc:
Date: 09-02-2021
Reference: ECO-SLV-21-048

Subject: EIOPA call on IBOR transition

Background

The secretariat attended a call on 5 February during which EIOPA provided additional information on the **IBOR transition** and gave the opportunity for stakeholders to provide feedback. Highlights of the discussion are provided below.

In terms of next steps, EIOPA will announce a follow-up consultation and impact assessment in due course.

Summary of discussion:

- EIOPA presented its analysis and the potential way forward on its approach to the transition away from IBOR rates ([here](#)).
- Stakeholders provided comments on a number of aspects:
 - To what extent had EIOPA considered the industry arguments for the inclusion of a negative credit risk adjustment?
 - Whether EIOPA planned to align approaches with the PRA (UK NSA) on the transition for LIBOR to SONIA.
 - What EIOPA's contingency plans would be if its proposed proximity / liquidity preconditions were not met.
 - What EIOPA's expectations are regarding the development of the risk-free Euro swap market, if they had any insights on the development of ESTER swaps that they could share etc.
 - The practical aspects of the proposed impact assessment, such as the scope and timing.

Although they were not able to provide significantly more feedback during the call, EIOPA did make note of the industry concerns and are expected to feed them into the development of the forthcoming consultation paper.