

To: Solvency II WG
From: Prudential Team
Date: 28-01-2022
Reference: ECO-SLV-22-043

Subject: Secretariat preliminary assessment of compromise texts on Green Deal and Macroprudential tools

Summary

The secretariat made a preliminary assessment of the two compromise texts put forward by the French presidency on Green Deal and Macroprudential tools.

Green Deal provisions (see [here](#))

- **Extension of the scope of application of scenario analysis (Art 45(a))** – Low Risk Profile Undertakings are optionally proposed to no longer be exempted by default from the mandatory climate changes scenario analysis, and for this instead to be subject to the NSA's discretion. This would risk hollowing out the principle of automatic proportionality.
- **Investigation of biodiversity loss risks by EIOPA** - The biodiversity loss risks were not part of previous proposals, nor have these risks it been thoroughly discussed previously. Nevertheless it is proposed to include, in the directive, a mandate for EIOPA to investigate these, without a preliminary assessment.

Macroprudential tools (see [here](#))

- **New early intervention powers for EIOPA:** Disappointing that the compromise text does not address the industry concerns about the EC's proposed new powers for EIOPA and the proposed change in the supervisory ladder of intervention.
- **LRMP, PPP and ORSA:** The changes proposed appear to be broadly positive as they imply additional proportionality. However, the increased dependence on EIOPA guidelines to shape the implementation of the regulation is concerning.

Members are requested to also share any assessment and views on the compromise text with the secretariat.