

# REVISED GUIDELINES ON THE TREATMENT OF RELATED UNDERTAKINGS INCLUDING PARTICIPATIONS

Workshop on Solvency II consultation papers

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# REVISED GUIDELINES ON THE TREATMENT OF RELATED UNDERTAKINGS INCLUDING PARTICIPATIONS

## Reasons for review

1. Update of legal references in the guidelines
2. Introduction of additional clarifications to the existing guidelines
3. Simplification and shortening of the guidelines

# REVISED GUIDELINES ON THE TREATMENT OF RELATED UNDERTAKINGS INCLUDING PARTICIPATIONS

## SUMMARY OF PROPOSED CHANGES

### 1. Reflect the changes to the Solvency II Directive and other legal references.

- The revised Article 92 broadens the definition of financial and credit participation and introduces the possibility for insurers to not deduct the value of such participations in specific conditions → Guidelines 2, 6 and 7 were amended to reflect such changes.

### 2. Introduce additional clarification to the existing guidelines

- Guideline 3 “Identification of a strategic participation” was amended to clarify how participating undertakings, in accordance with Article 171a of the Delegated Regulation, should be able to demonstrate that the value of the equity investment in a strategic participation is materially less volatile. It is now clarified that the assessment should be both qualitative and quantitative.

### 3. Streamline and shorten the text of the guidelines

- Guideline 1 “Identification” was significantly shortened through a reference to Article 212(4) of Solvency II and to the new RTS on “factors for identifying undertakings under dominant or significant influence and undertakings managed on a unified basis”.
- Guidelines 5, 8 and 9 were deleted. Except for one paragraph of Guideline 5, moved to Guideline 4, the existing text could be straightforwardly inferred from the regulation.

THANK YOU!