

Status update on areas of the Solvency II review across industry, EIOPA, EC, Council and EP

The following tables include a summary of the proposals, **per topic**, made from EIOPA, EC, EP, French Presidency including our understanding of the latest developments within the EGBPI and a summary assessment of current status and a draft way forward proposed for discussion.

Members will find at the end of the document also a table with an overview of other MEP amendments, in particular the key amendments the secretariat proposes to oppose.

Volatility adjustment

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
[Positive] VA reference portfolio to consist of 100% fixed income assets ('normalization of bond portfolio')	[Positive] EC adopts EIOPA proposal	[Positive] EC proposal included in FR compromise proposal (Art 77d(c))	No amendments	[Positive] The FR compromise proposal is fully reflective of the EC proposals with the following changes 1. An optional company specific ratio is introduced While this development is opposed by the industry, the FR Presidency's proposal appears simpler than previous versions tabled during previous discussions but would only alleviate artificial volatility in cases of quality overshooting. 2. Risk Correction It is understood that the IT proposal is broadly supported and will feature in the level 2 proposals albeit with a different calibration than that supported by Insurance Europe. 3. Calculation of CSSR Flexibility is foreseen in the Directive in
[Positive] Improve country-specific VA ('macro VA')	[Positive] EC adopts EIOPA proposal	[Positive] EC proposal included in FR compromise proposal (Art 77d(c))	Renew, NI, ECR: [Positive] Removal of dilution of risk corrected country spread when calculating the Macro VA.	
[Positive] Increase the general application ratio (GAR) to 85%	[Positive] EC adopts EIOPA proposal	[Positive] EC proposal included in FR compromise proposal (Art 77d(c))	No amendments	
[Positive] Include a duration ratio ('CSSR')	[Positive] EC adopts EIOPA proposal	[Positive] EC proposal included in FR compromise proposal (Art 77d(c)) FR compromise introduces flexibility in the calculation of the CSSR for those countries which have currencies pegged to the Euro.	No amendments	
[Negative] Include a	[Positive] EC does not	[Positive] Illiquidity ratio not	Verts/ALE, the Left, ECR:	

liquidity ratio	adopt EIOPA proposal	included in FR compromise proposal (Art 77d(c))	[Negative] Include an illiquidity adjustment	the calculation of the CSSR for currencies which are pegged to the Euro.
[Negative] Risk Correction (RC) to become a % of the current spread	[Positive] The latest EGBPI non-papers proposes changes to EIOPA's proposals in order to the volatility and procyclicality concerns raised (Based on Italian Council proposals on Art 77d(c)). These seem generally supported.	[Positive] EGBPI – there seems to be general support for the EC's proposed changes to EIOPA's proposals in order to limit volatility and procyclicality concerns raised (eg Italy) (Art 77d(c)). However, the calibrations being discussed by EGBPI are not as beneficial as those proposed by industry.	EPP, ID, NI, Renew, S&D: [Positive] No change to the calculation of the RC (ie to be calculated in the same manner as the fundamental spread). And counter-cyclicality function of VA should be reflected in the RC methodology (S&D). ECR: [Negative] RC to be calculated as a function of the long-term average spread and the level of the spread.	While some of the EP amendments adopt the positive proposals put forward by the EC (ie Rescale factor, increased GAR, Macro-VA, duration ratio) and include a L1 proposal to retain current risk correction methodology, other amendments propose an optional quality overshooting adjustment, an illiquidity adjustment, the risk correction to be calculated as the LTASpread and spread level. Other amendments suggest the introduction of conditions for the use of VA.
[Positive] No introduction of an own asset approach	[Positive] No introduction of an own asset approach	[Negative] FR presidency introduces the possibility for companies to apply a company specific ratio which can lower the company's VA to be consistent with an own assets VA where quality overshooting is present (the ratio is capped at 100% so a company cannot benefit from having a VA higher than the reference portfolio(s)). Supervisory approval is also required.	ECR: [Negative] Overshooting adjustment capped to 150% subject to criteria S&D, EPP: [Negative] Optional overshooting adjustment is proposed subject to 100% cap.	Way forward: Fully support MEP Ferber's (and similar) proposals with fallback option to achieve Insurance Europe calibration of Italian methodology of the risk correction. Request for recital 37 to be reintroduced. (For disclosure with VA set to zero we refer to reporting section).
[Neutral] Mandatory supervisory approval required for companies who wish to start applying the VA.	[Neutral] EC adopts EIOPA proposal	[Negative] French Presidency extends the supervisory approval process to permit additional national criteria to be used in the application process.	ECR: [Negative] Minimum conditions for use of VA should be introduced and MS to have ability to extend conditions for approval.	Oppose reintroduction of illiquidity and overshooting ratios.

			Verts/ALE: [Negative] Requirement for all conditions to be met before applying VA.	
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Dynamic VA (DVA)

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
[Negative] Introduce an 'enhanced prudency principle' to address quality overshooting issues with SCR being the highest of using EIOPA reference portfolio vs own asset portfolio.	[Negative] EC adopts EIOPA proposal	[Negative] EC proposal included in FR compromise proposal (Art 122)	Renew, ECR, ID, NI: [Positive] Deletion of EC proposed enhanced prudency principle for IM DVA.	[Neutral] No opposition from the Council to the EC's proposals for an Enhanced Prudency Principle for IM DVA users (<i>if the risk correction is maintained as the fundamental spread, the EPP becomes less of a concern as the risk correction will have very limited impact</i>). EP amendments suggest deletion of EPP for IM DVA Way forward: Maintain opposition to EC proposal, and support EP deletion of EPP for IM DVA, but prioritise keeping Risk Correction unchanged.
[Negative] EIOPA advises no allowance of DVA for standard formula users as part of the spread risk sub-module.	[Negative] No reference to this topic	[Negative] No reference to this topic	[Negative] No reference to this topic	[Negative] The Council has not addressed this existing flaw of the standard formula model. Disappointingly, there are no EP amendments either.

				<p>Way forward: Maintain position calling for introduction of DVA in SF, thereby referencing IE proposed solution and emphasise importance</p>
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Extrapolation

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Negative] New extrapolation methodology using information from financial markets for maturities where the term structure is extrapolated (eg after 20 years for Euro).</p>	<p>[Negative] Adopt EIOPA's proposed new methodology</p>	<p>[Negative] EC/EIOPA's proposals are included in the FR compromise proposal. (Art prop77(a))</p>	<p>EPP: [Positive] FSP set at 20 years for EUR and characteristics of other currencies shall be taken into account in methodology.</p> <p>S&D: [Negative] FSP set at 30 years for all currencies. Formula and alpha to be in line with market consistent valuation principle.</p>	<p>[Neutral] Broad support within Council discussion for EC's proposed Alternative Extrapolation methodology using 10% convergence parameter and 40% for SEK.</p> <p>FR compromise text proposes a mandatory transitional on extrapolation for many currencies/countries with SFCR disclosure of impact (combined with other transitionals). <i>See also changes to transitional measures.</i></p>
<p>[Negative] Calibration of the convergence (alpha) parameter of 10%</p>	<p>[Negative] Set alpha parameter to 10%</p>	<p>[Neutral] Alpha level itself not yet discussed, just whether the calibration should be determined in level 1 (Directive) or level 2 (Delegated Acts).</p>	<p>EPP, ID, Renew: [Positive*] formula in L1 and alpha set at 20% or 18%. <i>(*subject to appropriate treatment of SEK (alpha=70%))</i></p> <p>The Left, ECR: [Negative] formula in L1 and alpha set at 10% or 5%.</p> <p>Verts/ALE: [Negative] final alpha to be applied from</p>	<p>EP amendments propose a convergence parameter ranging from 5 to 20%. It also suggests key aspects of extrapolation to be enshrined in Level 1.</p> <p>Way forward: Fully support EP</p>

			1/1/2030 and should into account level of interest rates at FSP. S&D: [Negative] final alpha to be applied as of 1/1/2029	amendments proposing an 18% or 20% convergence parameter (with 70% refinement for SEK) and a 20-year FSP for the Euro. Strongly oppose disclosure of sensitivity analysis of a 5% convergence parameter and an FSP of 30 years for all currencies.
[Negative] Potential disclosure in SFCR of sensitivity analysis of setting alpha to 5%	[Negative] Implement gradually the change (starting with an alpha parameter at 20%) as a transitional until 2032 with impact disclosed	[Neutral] FR compromise proposal includes disclosure of combined impact of transitionals (eg transitional on extrapolation, TRFR and TMTP) to be disclosed in SFCR. (Art 51) COM is requested adopt level 2 texts to specify the extrapolation methodology, convergence parameter, DLT assessment, FSP and transitional mechanism.	S&D: [Negative] - Disclosure impact of a 5% alpha. - In case of non-compliance with SCR, evidence should be provided to NSA/EIOPA that any voluntary capital distribution does not pose a risk for the protection of policyholders.	

Risk Margin

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
[Negative] Cost of Capital (CoC) to remain at 6%	[Positive] Reduction of CoC to 5%	[Neutral] Some MS question the overall reduction in risk margin as being very generous. (Art 39 Delegated Acts) FR presidency note that	The Left, ECR: [Negative] CoC of 6% Renew: [Positive] CoC of 4.5% EPP, ID: [Positive] CoC of 4% and ID also suggests that CoC shall	[Positive] It is expected that the Council WG will accept the EC's proposals although some opposition remains to reducing the Cost of Capital to 5%. The MEP amendments encompass a

		discussions still ongoing, positive if compromise would land at EC proposal.	<p>remain risk-based and not overly conservative while time dependence of risk must be considered in projections</p> <p>Verts/ALE: [Negative] CoC to be set by EC based on EIOPA opinion.</p> <p>S&D: [Negative] CoC not lower than 5%</p>	<p>reduction as well as a status quo or even increase in CoC and lambda parameter, requirement to take group diversification into account and removal of the floor. Key aspects of risk margin provisions proposed to be enshrined in Level 1.</p> <p>Way forward: Support EP amendments that further improve the EC proposal and target a c.50% reduction in risk margin by either the lambda parameter or the CoC rate.</p>
[Neutral] EIOPA introduces a lambda factor of 0.975 with a 50% floor	[Positive] EC adopts EIOPA proposal, improving it by removing the lambda floor	[Positive] Lambda introduction not questioned, some MS reject removal of the floor while others support	<p>EPP, ID: [Positive] Lambda of 0.9</p> <p>The Left: [Negative] Lambda of 0.975 with a 50% floor and removal of SCR discounting.</p> <p>ECR: [Negative] Lambda of 0.995</p>	
[Negative] No change to non-recognition of diversification.	[Negative] No change expected	[Negative] Not discussed	EPP: [Positive] Diversification effects at group level should be taken into account	

Matching adjustment

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
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<p>[Positive] Remove limitations on diversification benefits and clarify eligibility of restructured assets.</p>	<p>[Positive] EC notes intention to adopt EIOPA proposal</p>	<p>[Positive] No known opposition to the EC proposal (Art 77b)</p>	<p>The Left, Verts/ALE, S&D: [Negative] Assets in fuel companies, activities, reserves and fossil fuel power plants, fossil sectors and crypto-assets are not eligible to be used to cover best estimate.</p> <p>S&D: [Negative] Portfolio of assets to cover BE shall not include assets with exposure to fossil sectors</p>	<p>[Mixed] EC/Council proposals are helpful.</p> <p>Impact of the EP amendments are not known and potentially limited but risk creating moving S2 from a pure risk basis.</p> <p>Way forward: Support no change to Article 77b.</p>
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Interest rate risk

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Neutral] EIOPA proposed using shifted methodology but</p> <ol style="list-style-type: none"> did not reflect extrapolation methodology in the illiquid part of curve and did not introduce limitations on the impact on the liquid part of the curve 	<p>[Positive] EC accepts EIOPA proposals but introduced extrapolation of the stressed curves.</p>	<p>[Neutral] Majority of MS accept EC proposals and also support EIOPA's proposed - 1.25% floor.</p> <p>FR compromise proposal includes a mandatory 5-year transitional measure for implementation of IRR changes.</p> <p>Impact of transitional proposed to be disclosed separately in the SFCR. (Art 111(1)(b), Rec 42a)</p>	<p>EPP: [Positive]</p> <ul style="list-style-type: none"> Requirement for explicit floor (although unclear and not fully specified). recalibration of IRR for low/negative rates to be achieved without disruptions to the market. Extrapolation methodology to be used in the IRR SCR submodule. <p>ID, Renew, NI, ECR: [Positive]</p> <ul style="list-style-type: none"> Recital noting need for recalibration of IRR submodule to reflect low yield environment. Need for an increasing, term-dependent floor. 	<p>[Neutral] No changes are expected to EC proposals as part of its level 2 "package".</p> <p>A 5-year transitional measure for implementation of the IRR changes proposed in level 1 is welcomed. (mandatory transitional measure).</p> <p>The EP amendments propose a floor and a reasonable application of any changes in the IRR sub-module, which may reopen discussion on a suitable level of floor to the IR submodule. Other amendments include a 5-year transitional, and the requirement to use</p>

			<p>ECR: [Positive] <u>Discretionary</u> application of a 5-year transitional on the changes to the IRR SCR</p>	<p>the extrapolation methodology in the IRR SCR calculation.</p> <p>Way forward: Continue with existing position; strongly supporting the EC proposal on extrapolation and also the need for a more appropriate floor.</p>
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Long term equity

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Neutral] EIOPA proposed a set of criteria which are understood to work for some markets following some minor adaptations. However, the proposals do not work for other markets.</p>	<p>[Positive] EC has committed to developing a workable set of criteria.</p>	<p>[Neutral] EC presented both the EIOPA proposals and the FR, NL and LU governments liquidity test idea at the recent EGBPI. Feedback was that opinion is split among MS on the way forward.</p> <p>FR presidency noted that discussions are still ongoing, but remains pushback the 22% calibration, and diverging views on other aspects.</p>	<p>Verts/ALE: [Positive] Highlight necessity to facilitate long-term investment activities for insurers.</p> <p>EPP, Renew, ID, S&D: [Positive] Amendment to note the main context of LTE criteria (eg ring-fencing requirement)</p> <p>S&D:</p> <ul style="list-style-type: none"> - [Neutral] Adding strict conditions to grant preferential treatment for LTE investments. - [Neutral] Responsibility to EC to develop the LTE criteria in L2. Scope restricted to companies operating in safe countries. - [Positive] Delegated regulation on LTE should permit 5-year duration liabilities. 	<p>[Negative] Little concrete progress has been made at Council level.</p> <p>EC presented a discussion paper on the LTE criteria on 5 April EGBPI meeting. However, the discussion points still reflected preliminary discussions.</p> <p>The EP amendments support a lower capital charge for the LTE category and suggest including the LTE criteria in Level 1 text. Various criteria are proposed by the different parties.</p> <p>Way forward: Maintain existing position on LTE (and try to coalesce around a single industry supported solution if possible)</p>

			<p>EPP, ECR, NI, ID, Renew: [Mixed] Specifies criteria similar to those supported IE but with some key differences</p>	
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Transitionals

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
		<p>[Negative] FR compromise proposal includes a new Article 308e which includes the new transitional measures (Extrapolation and IRR), includes a new requirement on detailing the timing of phasing-in measures and gives NSAs the power to revoke the application of transitional measures where undertaking does not demonstrate enough progress towards compliance with SCR at end of transitional period.</p>	<p>ECR, S&D: [Negative] Transitional measures on RFR and TP should be improved by stronger supervisory powers.</p> <p>EPP, ECR: [Positive] No transitional disclosure in SFCR</p> <p>S&D: [Negative] NSA measures in case of material reliability on transitionals. Phasing-in plan to include timing of transitionals and measures to restore financial position.</p> <p>Verts/ALE: [Negative] RFR transitional adjustment shall decrease linearly until January 2030.</p> <p>ECR, S&D: [Negative] Approval of transitionals use can be revoked by NSA if progress is insufficient.</p>	<p>[Negative] The new NSA powers to revoke application of transitional measures could create additional difficulties for undertakings who use the TMTP and TRFR during stress periods.</p> <p>Most EP amendments propose a stricter approach regarding transitionals, including more NSA powers. One exception is the amendment suggesting not to disclose the use of transitionals on RFR or TP in the SFCR.</p> <p>Way forward: Not prioritise.</p>

Symmetric adjustment

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
[Negative] Propose to increase the corridor of the symmetric adjustment to +/-17% (from +/-10%)	[Negative] EC proposal in line with EIOPA.	[Neutral] FR presidency compromise does not include the EC's proposed changes to the corridor of the symmetric adjustment (Art 106 para 3)	EPP: [Positive] <ul style="list-style-type: none"> - Exclusion of unit-linked policies from the scope of the symmetric adjustment. - Proposal for an asymmetric corridor (-17%/+10%) or a symmetric corridor of +/-10% Verts/ALE: [Positive] Final capital charge not lower than the one resulting from decrease of 15% of the value of investments. Floor for equity charge of 20%.	[Positive] EC's proposed changes to the symmetric adjustment have been disregarded by French Presidency. EP amendments propose a reduced scope of application through exclusion of life UL liabilities, and changes to the corridor. Way forward: Support EP proposal to not increase the corridor upwards (ie above + 10 %) and to exclude unit-linked policies. Similar insurance policies where the policyholders bear the investment risk and choose investments should also be excluded.

Macroprudential

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
Broad range of proposals and new powers	[Negative] New intervention powers before SCR is breached, such as restricting or suspending dividends and other shareholder payments "during periods of	[Negative] FR presidency compromise makes minor changes to the EC proposals but no change of substance.	EPP: [Positive] Deletion of supervisory measures to preserve financial position during market wide shocks. S&D: [Negative] Trigger point to be "exceptional adverse situations" and	[Neutral] French compromise text includes the EC's proposals to introduce new supervisory intervention points before the SCR is breached (Art. 144c). Furthermore some limited improvements to the other proposals on LRMPs and explicit consideration of

	exceptional sector wide shocks” but on a case-by-case basis.		NSAs to intervene in all undertakings. Carve-out for intra-group transactions is removed. ID [Positive] Power to remove/suspend SH distributions is removed and shall be a last resort measure.	systemic risks in the ORSA and PPP are included. While some EP amendments propose welcome improvements and simplifications regarding macroprudential tools, other amendments are worrying. Positive developments include restrictions in the scope and time of NSA powers and simplified macroprudential requirements in ORSA/PPP. Negative proposals include NSA power to set capital add-ons in case of systemic risk, “exceptional adverse situations” to be a trigger point for NSAs to intervene, the requirement for undertakings to consider cumulative impacts of wider insurance market in their macropru consideration.
	[Neutral] Liquidity Risk Management Plans (LRMP) where insurers (other than low risk undertakings) develop indicators to identify, monitor and address potential liquidity risk (no exemption for IM users). VA/MA liquidity analysis can be integrated in LRMP.	[Positive] FR presidency compromise text limits LRMP to be only at request of supervisor. It proposes EIOPA develops guidelines rather than RTS and exempts subsidiaries if a group LRMP in place. (Article 144a, Article 246a)	EPP: [Positive] Less prescriptive requirements on LRMPs are proposed and request for EIOPA to develop RTS is deleted.	
	[Positive] Powers to remedy perceived liquidity vulnerabilities in exceptional circumstances (eg temporarily suspend redemption rights of life insurance policyholders with subsequent impact on dividend distributions, bonuses and variable remuneration).	[Positive] Power shall only be exercised in exceptional circumstances, as a last resort measure and where it is in the collective interest of the policyholders and beneficiaries of the undertaking. Temporarily suspend redemption rights of policyholders on life insurance policies of undertakings facing significant liquidity risks. (Article 144b)	EPP: [Positive] Supervisory powers in exceptional liquidity situations are removed. Shareholder distributions and bonuses must be suspended prior to suspension of shareholder redemption rights. EIOPA/ESRB role is reduced. NI: [Positive] Powers should only be applied temporarily and only when there is an imminent risk of non-compliance with SCR. Verts/ALE: [Positive] Period of application of NSAs powers restricted to max 3 months, while EIOPA and	Way forward: Fully support EP proposals assessed as positive, in particular in relation to keeping SCR as the only early intervention point. Strongly oppose systemic risk capital add-ons.

			<p>ESRB have the power to intervene if approach proposed by NSA is excessive.</p> <p>S&D:</p> <ul style="list-style-type: none"> - [Negative] Power to NSAs to set capital add-ons in case of systemic risk. - [Neutral] MS shall ensure that NSAs have necessary powers, Suspension of redemption right of life PH can be applied to some, and not all, undertakings. 	
	<p>[Neutral] Integration of macroeconomic considerations in ORSA and Prudent Person Principle</p>	<p>[Positive] FR presidency compromise text reduces scope of macroprudential considerations in ORSA and Prudent Person Principle - additional analysis of "macroprudential concerns" only to be included at request of the supervisor; nature/scale/complexity of the risks inherent in the business of the undertakings to be considered; subsidiaries can be exempted from ORSA requirements where a group analysis in place. (Art. 144d)</p>	<p>EPP: [Positive] Simplified macroprudential requirements in ORSA and PPP.</p> <p>S&D: [Neutral] Extension of macropru considerations in ORSA to include geopolitical, environmental, pandemics, biodiversity loss.</p> <p>The Left: [Negative] Extension of macropru consideration to require undertakings to consider cumulative impacts of wider insurance market.</p>	

Group supervision

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Positive] Group MCR limit: 45% of group SCR</p>	<p>[Positive] Group MCR limit: 45% of group SCR</p>	<p>[Negative] The French Presidency proposed to remove the solution for trigger inversion. Instead, it is now suggested to apply, in case of MCR breach while the SCR is not breached, only Art 138 (non-compliance with SCR) (Art 230(3))</p>	<p>EIOPA (& NSAs concerned) to be consulted in case of exclusion (S&D-Negative)</p> <p>ECR strengthens the global level-playing field as regards NSA decision of calculation methods for groups in third countries [Positive].</p> <p>EPP amendment of the definition of regulated undertakings and IHC [Positive].</p>	<p>[Negative] Not only the many changes put forward by the EC/presidency in the area of group supervision will create an unnecessary burden and cost for many groups, it could also lead to uneconomic group SCR increase in the short to medium term.</p>
<p>[Negative] Group floor, including double counting of participations, is maintained and extended in L1 to non-EEA subsidiaries and holding companies with notional MCR =35% SCR</p>	<p>[Negative] Group floor is maintained and extended in L1 to non-EEA subsidiaries and holding companies with notional MCR =35% SCR. Double-counting of participations is not removed.</p>	<p>[Positive] The Presidency has recognised the issue of double counting in the group floor and proposes to remove the inclusion of notional MCR for holding companies in the group floor calculation.</p> <p>[Negative] However, the extension of the group floor to non-EEA subsidiaries is maintained and with it the risk of double counting their risks when they are already accounted for at the level of the EEA participating undertakings</p>	<p>Identification of groups/cases and scope of group supervision</p> <p>EPP removal of group NSA power to identify existence of groups and to reorganise internal arrangements (also ECR) and the deletion of paragraph introducing ways to identify groups (also ECR) [Positive].</p> <p>S&D: Exercise of group supervision may imply direct supervision over IHC and MFHC. [Negative]</p> <p>Treatment of Other Financial</p>	<p>The industry strongly disagrees with the removal, as proposed by the French Presidency, of the solution for trigger inversion.</p> <p>The solution for trigger inversion, as proposed by the EC, should remain in place and the floor of the Group SCR should explicitly mention that double counting when existing should be addressed.</p> <p>The EP amendments include various changes in the area of group supervision, such as the removal of the possibility for NSAs to ask for the restructuring of groups, the removal of trigger inversion.</p>

<p>[Negative] Availability assessment of (sub-) group EPIFP</p>	<p>[Negative] EPIFP expected to be restricted as per EIOPA's proposal (<i>exact wording tbc in draft level 2 amendments</i>)</p>	<p>[Negative] Level 2 issue, expected to be proposed as part of Level 2.</p>	<p>Sectors EPP removes all IORPS from other financial sectors while EPP, ID and NI suggest that other financial sectors shall be considered when they represent 20% or more of voting rights or capital [Positive]. S&D suggests that u/king shall consider the higher of required solvency margin and any capital requirement imposed by MS [Negative]</p> <p>Calculation method 1 Positive proposals by EPP: removal of proportional share of notional MCR of IHC and MFHC from min consolidated group SCR, deletion that notional min SCR of IHC is 35% of its notional SCR. EPP also suggests negative AMs on mutatis mutandis application of Art 221-229 and 139(1) and (2) and removal of trigger inversion solution.</p> <p>Combination of Method 1 and 2 Positive proposals by EPP, NI and ECR: no equity capital charge on holdings and currency risk to be assessed in ORSA.</p> <p>Supervisory powers and system of governance S&D empowers EIOPA to issue recommendations to NSAs and</p>	<p>Way forward: Support proposals preserving the trigger inversion solution as proposed by EC and addressing the double counting issues.</p> <p>In addition, support the amendments proposing the removal of group NSA power to require the restructuring of a group.</p>
<p>[Negative] Various other changes in this area with potential unintended consequences</p>	<p>[Negative] Various proposals on group supervision covering eg requirements at Group level, incl. MCR/SCR calculations for Holdings, D&A, continuation of group SCR floor, etc.</p>	<p>[Neutral] Some further changes are proposed compared to EC proposals, such as changed definition for IHC, the French Presidency, again, proposes further changes to this definition in the second proposal (Art. 212), introduction of a threshold below which the availability assessment for own fund items of related undertakings from other financial sectors does not need to be performed; impact for members can be quite diverse on these changed proposals.</p> <p>EIOPA is requested to prepare RTSs specifying factors to be considered by NSAs when identifying a relationship between undertakings that could form part of a group. (Recital 82c)</p>		

			<p>produce guidelines on IGC and fixed financial holding companies. Changes on supervision of governance are deleted by ECR.</p> <p>Liquidity Risk Management at group level S&D proposal for a LRMP requirement for subsidiaries in case of detected vulnerabilities. [Negative]</p>	
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Internal models

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Negative] Standard formula reporting for IM companies with high frequency and formalized reporting process; additional reporting on IM and IM model changes.</p>	<p>[Negative] Require insurers using an internal model to report regularly to the supervisors an estimation of the Solvency Capital Requirement calculated with the standard formula.</p>	<p>[Positive] Minor improvement, it is specified that the reporting can only be required with an annual frequency.</p>	<p>EPP, ID: [Positive] SF reporting requirement for IM companies is removed.</p> <p>Verts/ALE, S&D: [Negative] Material differences between IM SCR and Standard Formula SCR should be justified to the NSA/EIOPA.</p> <p>Verts/ALE: [Negative] Introduction of a floor to the IM SCR (75% of the SCR of the standard formula) and a possibility of a capital add-on application if NSA is not satisfied.</p>	<p>[Neutral] While the EP amendment to delete the standard formula reporting requirement for internal model companies is welcome, other amendments increasing the burden for IM companies, such as the requirement to disclose SF data for IM companies when these deviate more than 25%, are rejected</p> <p>Way forward: Support EP amendment to remove the SF reporting requirement for IM companies. And strongly oppose introduction of a floor and possibility of capital add-on if material differences are not sufficiently justified.</p>

Third country reinsurance

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
		<p>[Negative] Even though the FR compromise proposal includes no changes for L1, changes to the L2 texts are expected.</p> <p>The FR presidency noted that this is a problem that needed to be addressed.</p>		<p>[Negative]</p> <p>Way forward: Maintain current position.</p>

Cross-border supervision

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Positive] EIOPA made a number of recommendations which are supported by Insurance Europe.</p>	<p>[Negative] EC's proposed 5% threshold for "significant" cross border activity is overly simplistic and not risk based.</p>	<p>[Negative] FR compromise proposal includes new definition of "significant cross border activities". These are defined as either</p> <ol style="list-style-type: none"> where FoS/FoE activities exceed €15m GWP activities are considered 	<p><u>Supervisory co-operation (Art 33a)</u></p> <p>EPP: [Positive] Host NSA shall be obliged to cooperate with home NSA and home NSA shall be obliged to work with the host NSA.</p> <p>Renew: [Positive] The intensity and frequency of this cooperation shall be tailored to the risks. New tools should</p>	<p>[Mixed] New FR compromise text definition of significant cross border activities may result in a more targeted identification of problem insurers doing cross border business and better deals with the issue. However, the "either-or-nature" of the requirement, maintaining a GWP-based threshold (per host MS) and the low level of the GWP-threshold (15m identical with Art. 4(1) threshold)</p>

		<p>relevant/sensitive by host NSA</p> <p>Where activities are considered sensitive by the host NSA, then host NSA must inform home NSA who has right to disagree with EIOPA given remedial powers.</p> <p>It also proposes more limited EIOPA powers to initiate on-site inspections.</p> <p>EIOPA is requested to issue guidelines in relation to Art 33a and Art 159a specifying conditions under which insurers are deemed relevant for the local market of the host MS.</p> <p>Regarding information requests, the FR presidency has also proposed that host NSA can only contact an undertaking directly where the home NSA does not provide a response within 2 weeks of the request.</p>	<p>be developed to ensure transparency and timely exchange of information.</p> <p>“Significant cross border activities” definition: EPP: [Mixed] where undertaking has higher than 25% of annual GWP in given host country. EPP/The Left: [Positive] those considered by home NSA and host NSA to be relevant EPP, Renew: [Mixed] where undertaking writes more than €15m of business or those identified as of relevance by host NSA Verts/ALE: [Positive] those considered by host NSA to be significant.</p> <p>Collaboration platform: EPP: [Mixed] Collaboration platforms made mandatory in cases of cross border (Ferber: all information provided to Home NSA to be shared/ Fitzgerald: EIOPA should define the scope of information to be shared). EPP, Renew: [Negative] Removal of power for EIOPA to act on own initiative if there is disagreement or inaction Verts/ALE: [Neutral] If no common view is reached in collaboration platforms, EIOPA to issue a recommendation. Recommendation can be made public by EIOPA, if NSA</p>	<p>might not be necessary.</p> <p>The changes also do not address the industry concerns about inclusion of reinsurers, captives or entities covered by supervisory colleges.</p> <p>On the positive side, the FR compromise proposal to limit EIOPA powers to initiate on-site inspections is welcomed.</p> <p>The EPP EP amendments mostly imply an improvement compared to the EC proposals, in particular the mandatory cooperation on platforms and the duty for the host NCA to cooperate. At the same time the Verts/ALE and Renew proposals are not improving things for the industry, in particular</p> <p>EIOPA should use its already existing structures (ie database) to facilitate the new platforms and reduce the administrative burden.</p> <p>Way forward: Support EPP amendments to set up collaboration platforms in cases of cross border supervision with further refinements to the proposal to:</p> <ol style="list-style-type: none"> 1) Make platform idea workable by adding a trigger that platform shall be established at request of home or host NSA. Groups with a supervisory college
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			<p>does not comply within 2 months.</p> <p><u>Exchange of information</u> EPP:</p> <ul style="list-style-type: none"> - [Mixed] Exchange of information should go via the mandatory collaboration platform and direct request from the host NSA to the undertaking is removed. - [Positive] No mandatory response in the official language of host MS. - S&D: [Mixed] Prevent host NSA approaching directly u/king in first 2 weeks following initial request to home NSA, <p><u>Additional requirements for significant cross-border activities</u> EPP:</p> <ul style="list-style-type: none"> - [Mixed] Removes possibility of joint on-site inspection. Host NSA can assist with preparation of inspection. Removes requirement of EIOPA's judgement for Home NSA (note that members have mixed views on this proposal but it is only relevant if a collaboration platform approach was not achieved). - S&D: [Neutral] Include time limit of 1 month for provision of requested information. 	<p>should be exempt.</p> <ol style="list-style-type: none"> 2) Recognise that the collaboration platform should be the predominant tool for data sharing. Only in exceptional and justified circumstances should the host NSA (or home NSA) be able to directly approach undertakings. 3) A reasonable timeframe should be provided for undertakings to respond to data requests which recognises the nature of the data request (eg 2 weeks is not sufficient for non-standard data).
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Sustainable finance

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Positive] EIOPA's recommended to recalibrate the natcat parameters on a frequent basis and to introduce climate change scenarios in the ORSA.</p>	<p>[Positive] The EC proposes changes in line with the EIOPA recommendations and includes a mandate for EIOPA to report on whether GSF/BPF can be justified on a risk basis.</p>	<p>[Neutral] FR compromise proposal includes</p> <ol style="list-style-type: none"> 1. New EIOPA mandate to assess biodiversity loss risks (as well as GSF/BPF factors) 2. Reduced frequency of recalibration of natcat parameters to 5 years 3. Clarification that EIOPA mandate on the GSF/BPF is not only on the assets side but include the liabilities. 4. ESAs to develop guidelines ensuring common standards for assessment methodologies for stress testing of ESG risks. <p>(Art. 304a)</p>	<p>EPP and ID propose the <u>removal of sustainability proposals</u> [Neutral] as well as the requirement for inclusion of climate risk in ORSA [Negative].</p> <p>Additional requirements to the prudential framework by Verts/ALE as well as an <u>obligation</u> for <u>all undertakings</u> to carry out <u>climate scenario analysis in ORSA</u>, regardless of materiality [Negative]. <u>Exemption for LRPV</u> is also <u>removed</u> by S&D, Renew, Verts/ALE.</p> <p>Changes in the <u>ORSA climate risk scenarios</u> are proposed by The Left, Verts/ALE, Renew [Negative].</p> <p><u>ESG Stress tests</u> to be run every 2 years by NSAs (Renew-Negative) and qualitative/quantitative estimates of risk of loss or adverse changes in liabilities resulting from inadequate pricing/provisioning assumptions due to external/internal factors, including sustainability risks climate risks shall be reflected in TP calculation (S&D, Verts/ALE, The Left-Negative)</p> <p>Additional mandate for EIOPA to assess whether undertakings assess biodiversity risk exposures proposed</p>	<p>[Neutral] The FR compromise proposal on the Green Deal provisions is broadly in line with EC proposals.</p> <p>The EP amendments on sustainability are very extensive and show it is a key discussion point within the EP negotiations.</p> <p>Way forward:</p> <p>Support the EC/Council proposals but reinforce that any proposals should be risk based and in line with the SII principles.</p> <p>Also be supportive of transition plan proposals as long as are consistent with existing provisions and avoid overlap and the possibility for Group Transition plans is foreseen.</p> <p>Oppose further prescriptiveness in the ORSA and changes to the PPP which are not in line with SII principles.</p>

			<p>by S&D, Verts/ALE, The Left [Neutral],</p> <p><u>Prudent Person Principle</u> S&D: removal of requirement of managing assets in best interest of PH [Negative]. Sustainability risks impacts shall be considered in the investment strategy of undertakings And a written policy on stewardship is required (The Left, Verts/ALE- [Negative]), while S&D, The Left and Verts/ALE further propose undertakings to consider the cumulative impact of their own and other’s investment strategy [Negative].</p> <p><u>Risk management</u> The impact of sustainability risks on undertaking’s activities shall be assessed and transition plans should be developed [Neutral] and risk management policy should include stewardship policy (The Left, Green/ALE, S&D, Renew [Negative]). The remuneration policy shall also be reflective of the appropriate integration of sustainability risks in the risk management system (Verts/ALE, The Left, S&D-[Negative]). The Left, S&D include further specifications on sustainability risks and transition plans to be included in the DA [Negative].</p>	
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			<p>SCR S&D, The Left and Verts/ALE propose inclusion of sustainability risks in market risk sub-module [Negative-if not risk based] and proposal of S&D and The Left for adoption of DA on capital requirements for risks linked to fossil fuel asset exposures [Negative].</p>	
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Proportionality

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
<p>[Positive] Introduction of automatic proportionality for LRPV. However, criteria to identify low risk undertakings are too restrictive and not risk based</p>	<p>[Positive]</p> <ul style="list-style-type: none"> Automatic proportionality for LRPV and extended to low-risk groups List of proportionality measures that apply automatically for LRPV 	<p>[Neutral]</p> <ul style="list-style-type: none"> LRPV is now labelled as small and non-complex undertaking, which aligns with banking wording. (Art. 13) Conditions: <ul style="list-style-type: none"> Cross border - 15Mio or 5% of total annual GWP (Art. 29a) Non-traditional investments criterion is converted into 'traditional investments criterion, traditional investments should be minimum 80% (EC shall specify in DA which 	<p>Verts/ALE Reduce the non-traditional investments criterion [Negative]</p> <p>S&D introduces 7 proportionality criteria and additional criteria excluding groups from being classified as LRPV groups. Furthermore there is a requirement to declare there will be no strategic change in the next 5 years. [Negative]</p> <p>EPP proposed several amendments to the criteria, the size criterion is made relative, the cross-border and non-traditional investment criterion (also ID) is increased. While captives are LRPV by default and IM companies are eligible for LRPV status, reinsurers are</p>	<p>[Neutral] The council slightly weakened the EC proportionality proposals and did not add further improvements.</p> <p>In particular improvements to the size, cross border and non-traditional investments criterion are needed to make automatic proportionality work for all markets.</p> <p>The EP amendments propose increased thresholds for exclusion of SII, improved/relative criteria (size/cross border/non-traditional investments) to qualify for LRPV status and further additional improvements, including the removal of the three-year</p>

		<p>investments may not be considered as traditional investments Art 29(6))</p> <ul style="list-style-type: none"> • Additional criteria added based on which NSAs can refuse small and non-complex undertakings status <ul style="list-style-type: none"> ○ Non-compliance with SCR, assessed with and without transitionals; (Art. 29b) ○ Undertaking represents more than 5% of life/non-life of the home MS of the undertaking (market share) (Art. 29b) • notification requirement for small and non-complex undertakings, when it plans to use more/less proportionality measures than announced. (Art. 29b) • Art 29c specifies criteria under which NSAs can ask undertakings not to use automatic proportionality measures (serious concerns re: SCR with/without transitionals; severe deficiencies regarding functioning of system of governance; material 	<p>excluded from LRPV status. Furthermore the requirement to have a declaration that no strategic changes are planned is removed.</p> <p>[Positive]</p> <p>Renew - cross border criterion changed to lower than at least 15Mio or 5% of annual GWP and changes the non-traditional investments criterion based on market risk module</p> <p>[Negative]</p>	<p>validity period for simplified calculations, internal model companies are also eligible for LRPV status (groups subject to NSA approval), captive (re)insurers get LRPV status by default, the introduction of a provision that allows undertakings qualifying for LRPV status under SII to be recognised as SME for the purpose of CSRD. On the negative side, reinsurers are not eligible for LRPV status and there are also amendments proposing more (complicated) criteria.</p> <p>Way forward: support the EP's recognition and refinements to the criteria are needed, eg with regards to the determination of cross-border activity as risk-factor. Strong support for the amendment that allows undertakings qualifying for LRPV status under SII to be recognised as SME for the purpose of CSRD.</p> <p>Oppose amendments weakening the criteria and automaticity of the application of proportionality.</p>
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		<p>changes in the insurer's activities that affect compliance with the criteria)</p> <ul style="list-style-type: none"> EIOPA requested to publish scenarios to be used for prudent deterministic validation (Art 77e(aa)) 		
<p>[Positive] Introduction of simplified calculations for immaterial SCR submodules.</p>	<p>[Positive] introduction of simplification for non-material risks</p>	<p>No changes to EC proposal</p>	<p>EPP: [Positive] Undertakings with appropriate complexity and LRPUs can use simplified calculations for a specific sub-module (also ID), without time limit and - Participating undertakings should by default, without prior NSA approval, be allowed to use simplified approaches to integrate immaterial (incl LRPUs) related undertakings in their group solvency.</p> <p>S&D: [Negative] Period for using simplified calculation for immaterial risks is limited to 2 years.</p>	
<p>[Positive] Increase in thresholds for exclusion of SII. (technical provisions from €5m to €10m and premiums from €5m to an option for member states between €5m and €25m)</p>	<p>[Positive] Increase in thresholds for exclusion of SII. (technical provisions from €25m to €50m and premiums from €5m to €15m)</p>	<p>[Positive] Groups with technical provisions (gross of reinsurance recoverables) below 50mio are exempted from SII. (Art. 4)</p>	<p>Thresholds for SII exclusion:</p> <p>The Left: [Negative] Removal of EC's proposal and reintroduction of EIOPA's proposed thresholds. And MS could apply to undertakings excluded from SII similar provisions to SII under national legislation.</p> <p>EPP, ID: Increase threshold to 25 Mio</p>	

			<p>annual GWP and to 65 Mio TP. [Negative] and increase of the threshold for groups to 65 Mio TP. [Neutral]</p> <p>S&D: Decrease in threshold to 10 Mio annual GWP and to 40 Mio TP. [Negative]</p> <p>Renew: Increase of the threshold for groups to 100 Mio TP [Neutral]</p> <p>Verts/ALE, Renew: Increase of the threshold for groups to 50 Mio technical provisions. [Positive]</p> <p>Verts/ALE: [Negative] NSA power to limit exclusion from scope due to size.</p>	
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Reporting

EIOPA proposal	EC proposal	FR PR overall compromise proposal/EGBPI discussions	EP proposals	Secretariat assessment of current status
[Negative] Introduction of minimum external audit requirement – SII Balance sheet	[Positive] External audit requirement is limited to balance sheet disclosed as part of the SFCR, LRPUs are exempted	[Negative] external audit requirement can be extended at discretion of NSA, and small and non-complex undertakings are no longer exempted by default. (Art. 51a), although recital 31 specifically mentions that an exemption is appropriate, but MS already having an audit requirement in place should have the	<p>EPP: [Positive] Deletion of external audit requirement both for solo and groups.</p> <p>S&D, Verts/ALE, The Left, Renew: [Negative] Requirement to audit the balance sheet of SFCR is retained with the possibility to extend its scope to LRPUs and captives.</p>	[Negative] The EC/Presidency is expected to approve the current proposals and be even more restrictive, eg by introducing a minimum external audit requirement, and by making LRPUs exemption of external audit optional; by splitting the SFCR in two parts, but thereby disregarding the streamlining of the report; Automatic application of

		<p>possibility to apply audit to all undertakings and other parts of the SFCR.</p> <p>Exception added for Portugal, where audit requirement can be fulfilled by 'Atuario Responsavel'</p>	<p>The Left: [Negative] Introduces power to MS to extend the scope of audit requirements to other SFCR elements.</p> <p>S&D: [Neutral] Requirement for auditors to <i>not provide any service as foreseen under Article 5 of Regulation (EU) No 537/2014, during the period the audit services are provided.</i></p>	<p>proportionality should apply for limitations and exemptions (up to 20%)</p> <p>The EP amendments include some good upgrades to the proposal, in particular the removal of the external audit requirement, although some amendments suggest expanding the scope.</p>
<p>[Neutral] SFCR split in two parts, with proposals for streamlining, however narrative is still required.</p>	<p>[Neutral] SFCR split in two parts, with proposals for streamlining, however narrative is still required.</p>	<p>No changes proposed</p>	<p>EPP deletes requirement to split SFCR into two parts. [Positive]</p> <p>SFCR split is maintained and several additional requirements on PHs and other participant's part are proposed by S&D, The Left, Verts/ALE, Renew on inclusion of sustainability risks, system of governance and transition plans and stress test. [Negative]</p>	<p>Way forward: Support EP's proposals pushing back on external audit requirement and with regards to extension of quarterly reporting deadline.</p> <p>Support the proposal for keeping the existing SFCR and reiterate the need for a removal of the requirement to disclose figures with the VA/MA set to zero.</p>
<p>[Negative] Limitations and exemptions remain at the discretion of the supervisor, although LRPUs are prioritised</p>	<p>[Negative] Limitations and exemptions remain at the discretion of the supervisor, although LRPUs are prioritised</p>	<p>[Positive] NSAs have the possibility to exempt insurers that are part of a group from reporting on an item-by-item basis. These insurers no longer have to demonstrate to the satisfaction of the NSA that reporting on an item-by-item basis is inappropriate. (Art. 35a)</p>	<p>The Left proposes to remove the provisions regarding limitations and exemptions Verts/ALE propose to limit the threshold to 20% [Negative].</p> <p>EPP proposes a 30% threshold for limitations and exemptions (also ID) and a mandatory application (LRPU automatically eligible). And undertakings that are part of a group are eligible from item-by-item reporting. [Positive]</p>	

<p>[Negative] Disclosure in SFCR of information:</p> <ul style="list-style-type: none"> • with and without VA/MA (in professional section of SFCR) • use of transitionals for interest rates and technical provisions • standardisation of the sensitivity of SCR • impact of changes to the convergence parameter of the alternative extrapolation method on financial position. 	<p>[Negative] Disclosure in SFCR of information:</p> <ul style="list-style-type: none"> • with and without VA/MA (in professional section of SFCR) • use of transitionals for interest rates and technical provisions • standardisation of the sensitivity of SCR. • Impact of changes to the convergence parameter of the alternative extrapolation method on financial position. 	<p>[Negative]</p> <ul style="list-style-type: none"> •Requirement for (re)insurers to disclose in SFCR with and without the interest rate risk transitionals •Should include description of business and performance of the undertaking •Requirement (re)insurers to disclose in SFCR with and without the combined impact of the transitionals 	<p>EPP, ECR: [Positive] Disclosure in SFCR of information in regards the use of transitional measure on risk-free interest rates or technical provisions not required.</p>
<p>[Neutral] Increase in reporting timelines for annual QRTs and SFCR and RSR. No increase for quarterly QRTs.</p>	<p>[Neutral] Even though the EC extends the Reporting deadlines for annual QRTs (16 weeks), RSR and SFCR (18 weeks), the timelines for the Quarterly QRTs are kept (5weeks), and additional time will be needed for external audit.</p> <p>[Negative] In addition, the 6-week extension for group reporting compared to solo reporting was removed, and the current proposal requires annual group reporting within 20 weeks. Because, extending</p>	<p>[Positive] Annual group submission extended to 22 weeks after the undertaking's financial year end under Article 254 (3).</p>	<p>Regarding the timelines EPP proposes to extend the quarterly group deadlines to 13 weeks but to keep the annual timelines [Mixed].</p> <p>The S&D removes the extension of timelines proposed by EC[Negative]. The ECR extends solo quarterly timeline to 6 weeks. [Positive]</p>

	the annual deadline for solo submissions while preserving the original group reporting deadlines will not benefit solo companies which are part of a group. In order to accommodate group reporting requirements (re)insurance companies within the group will have to provide final data within the original and not extended deadlines.			
[Positive] Option to have a single group RSR subject to criteria	[Positive] Option to have a single group RSR subject to criteria	No changes proposed	<p>Regarding RSR Content</p> <p>Renew: LRPUs may limit their sustainability reporting based on the simplified SME sustainability reporting standards. [Positive]</p> <p>EPP/IDD: [Positive] Reference to the principle of proportionality added</p> <p>RSR frequency:</p> <p>EPP proposal for 5-year RSR frequency for LRPUs and 3-year frequency or others [Positive].</p> <p>Proposed changes of Verts/ALE for 3 years for LRPUs and 2 years for the rest and the 5 year frequency proposed by ID [Negative]</p>	
[Positive] reduce areas of duplication/inconsistencies between reporting	No change	No change	EPP, ID: [Positive] Additional requirement to reduce compliance	

frameworks and other financial sectors.			costs particularly for LRPU.	
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Other key MEP amendments to oppose

Area	EP proposals
Capital add-on	Negative proposal that capital add-ons must be set in case of significant exposure to sustainability risks (by Verts/ALE) and in case of systemic risk (S&D).
Stress testing	[Negative] Verts/ALE: The results of the latest Union-wide assessment of the resilience of financial institutions to be included in the other market participants' part of the SFCR. Verts/ALE, S&D: Authorities should not be prevented to publish the outcomes of stress testing exercises or share them with EIOPA for the purpose of publishing union-wide stress test results.
Profit-sharing reserve schemes	S&D proposal for EC to publish a report on the use of profit-sharing reserve schemes [Negative] .

Other MEP amendments (note that the secretariat proposes not to actively engage on these)

Area	EP proposals
SCR calculations	<u>Securitisations</u> S&D proposal for EIOPA mandate to monitor and report on calibration of capital requirement [Positive] . <u>Crypto-asset risks</u> Verts/ALE proposal for appropriate treatment of those risks in market risk submodule [Neutral] . <u>Review of standard formula parameters</u> Renew suggests an EIOPA review of all standard formula parameters by 2025 and every 5 years thereafter [Negative] . <u>Duration based equity risk</u>

	EPP, ID Proposal to extend use of the DBER submodule by extending the scope to all undertakings whose liabilities have duration greater than 8 years and removal of requirement to request supervisory approval. [Mixed]
System of governance/Diversity and inclusion	Several neutral amendments are proposed across all political parties, such as members of ASMB not convicted for money laundering/terrorist financing, gender balance and diversity, sustainability considerations in the system of governance etc. A negative proposal made by The Left : removes proposal allowing LRPU key function holders to perform another key function.
EIOPA & supervisory powers/Ladder of supervisory intervention	The Left proposal to reduce extension period to 3 years for non-compliance with SCR in case of exceptional adverse situations [Negative] . S&D proposal to restrict or prohibit free disposal of assets if winding up does not occur within 2 months of MCR-breach notification [Negative] . Neutral Verts/ALE amendment which empowers NSAs to withdraw authorisations if u/taking is involved with money laundering/terrorist financing.
Definitions	Several amendments on definitions made across The Left, EPP, Verts/ALE, S&D . Positive amendment on definition of regulated undertakings made by EPP . Negative proposals on the definition of "significant cross-border activities" by EPP and The Left .
Right of cancellation	Neutral Renew proposal: A continuing right of cancellation not expiring earlier than implementation of Solvency II changes shall expire 12 months after the cancellation period referred to in Art 186.
Authorisation conditions	No exposure to money laundering/terrorist financing required for authorisation (Verts/ALE-Neutral).
International competitiveness	EPP : EU competitiveness should be an objective of the review [Neutral] .
Cyber risks	Renew : Cyber risks to be considered by insurers as part of their operational risks and EIOPA to monitor and report on sector's resilience by 2024 [Neutral] .
Exercise of delegation	Proposal of The Left and S&D for further DA to be produced for specific areas [Neutral] .
Composite ban	NI : EIOPA to assess appropriateness of the composite ban [Neutral] .
Supervisory independence	Verts/ALE : - [Neutral] Supervisors not allowed to trade securities issued by a supervised entity and a cooling-off period shall be applied. - [Negative] NSAs to have what is needed to carry out prudential supervision.
Objectives of supervision	Positive EPP proposal on consideration of supervisory impact on international competitiveness and stability of financial system.



Transparency and accountability	Verts/ALE proposes disclosure to NSA of number of staff leaving [Neutral].
Qualifying holdings	Verts/ALE: NSAs to object to acquisition in case acquirer is located in a third country with strategic deficiencies or has compliance issues in AML/CFT regime.