



EIOPA-15/159

29 June 2015

## **EIOPA Board of Supervisors Meeting**

**29-30 June 2015**

### **Approved Deliberations and Conclusions**

Chairman: Gabriel Bernardino

Members and Observers:

**Voting:** AT: Peter Braumüller, BE: Jean Hilgers, CY: Victoria Natar, CZ: Zuzana Silberová, DE: Felix Hufeld (1<sup>st</sup> day only), DK: Jan Parner, EE: Stina Mander (PoA), ES: Pablo Muelas García (1<sup>st</sup> day only), FI: Teija Korpiaho, FR: Sandrine Lemery, HR: Gordana Letica, HU: József Banyar, IE: Sylvia Cronin, IT: Alberto Corinti, LT: Mindaugas Salcius, LU: Claude Wirion, LV: Dina Mikelsons, MT: Marisa Attard, NL: Petra Hielkema, PL: Damian Jaworski, PT: José Almaça, RO: Ion Giurescu, SK: Júlia Cillíková (1<sup>st</sup> day only) Lucia Stefunkova (2<sup>nd</sup> day only), SI: Sergej Simoniti, SE: Asa Larson, UK: Sam Woods

**Non-voting:** BE: Luc Kaiser, Henk Becquaert, DE: Thomas Schmitz-Lippert, FR: Philippe Richard, IE: Mark Burke, IS: Halldora Olafsdottir, IT: Ambrogio Rinaldi, LI: Alexander Imhof, LU: Yves Baustert, NO: Runa Saether, PT: Mario Ribeiro, UK: Lesley Titcomb, Nigel Peaple, COM: Mario Nava, Rogier Wezenbeek, EBA: Jana Kovalcikova (1<sup>st</sup> day only), ESMA: Jakub Michalik, ESRB: Francesco Mazzaferro

Experts:

AT: Gerlinde Taurer, CZ: Jan Bouska, DE: Daniela Schick, Maria Hüntelmann (PoA 2<sup>nd</sup> day only), ES: Francisco Carrasco (PoA for 2<sup>nd</sup> day), PL: Katarzyna Malgorzata Chrzanowska, RO: Adina Dragomir, Rodica Popescu, SK: Matus Medvek, SI: Bernarda Rutar, UK: Alizeh Hussain-Robinson

EIOPA Working Group Chairs:

Veronique Hijl (IGSRR Chair), Edward Forshaw (Equivalence Committee Chair), Patrick Darlap (FSC Chair), Ludwig Pfleger (CCPFI Chair), Evelyne Masse (FinReq Chair), Thorsten Arhold (Internal Models Vice Chair)

EIOPA Staff:

Carlos Montalvo Rebuelta (EIOPA Executive Director), Manuela Zweimüller (EIOPA Head of Regulations), Patrick Hoedjes (EIOPA Head of Operations and Oversight), Susanne Rosenbaum, Catherine Coucke (Legal), Sophia Milili-Makrydakis, Katarzyna Wojtkiewicz (item 5), Phil Codrai (items 5, 7), Philip Kitzmantel (item 6), Maria von Rumohr (item 6), Justin Wray (items 7, 9, 10, 15), Katja Wuertz (items 7, 8, 15), David Cowan (item 7, 8), Moritz Beker (item 8), Catherine Foley (item 8), Adrian O'Brien (items 8, 15), Timothy Shakesby (item 8), Jan-Ole Wagner (item 8), Alexandra de Jong (item 8), Pamela Schuermans (item 9), Lars Dieckhoff (items 9, 17), Ana Teresa Moutinho (items 9, 18), Sandra Hack (item 10), Dimitris Zafeiris (item 13), Juan Zschiesche (item 13), Dora Iltcheva (item 14), Cees Karregat (item 15), Frederik Vandenweghe (item 15), Tomas Walter (item 16), Timothy Walters (items 16, 18), Danny Janssen (item 17), Enrique Martinez (item 17), Andrew Candland (item 19), Vesa Ronkainen (item 19)

**Welcome and introductory remarks by the  
EIOPA Chairman**

**Information**

**Conclusions:**

<ul style="list-style-type: none"> <li>Not applicable</li> </ul> <b>Action Points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>1.</b>	<b>Adoption of the Agenda</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul> <b>Action Points:</b> <ul style="list-style-type: none"> <li>BoS adopted the meeting agenda</li> </ul>		
<b>2.</b>	<b>Update by Chairman, Executive Director and COM</b>	<b>Information</b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>3.</b>	<b>Closed session:</b> <b>3.1. End of term process for Chairman and Executive Director</b> <b>3.2. Open selection procedure for Executive Director (including vacancy notice)</b>	<b>Discussion</b>  <b>Decision by SMV<sup>1</sup></b>
<b>4.</b>	<b>Evaluation report on EIOPA's Risk Free Rate project</b>	<b>Discussion</b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>EIOPA and its Members to take lessons learned on board when dealing with future projects.</li> </ul>		
<b>5.</b>	<b>Annual Work Programme 2016 – Second Iteration</b>	<b>Information</b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Written comments from BoS to be provided to 2nd Iteration EIOPA Annual Work Programme 2016 (EIOPA-BoS-15/011) by 10th July.</li> </ul>		
<b>6.</b>	<b>Progress update on IT programme</b>	<b>Information</b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>BoS welcomes the comprehensive progress report and looks forward to receiving regular updates.</li> </ul>		

- BoS agreed that EIOPA should investigate the possibility to set up a dedicated project to support the coordinated development of National Taxonomy extensions ('ESMA-like solution') and report back to the Board as soon as possible.
- BoS agreed to delegate the approval of requests for Preparatory data submission deadline extensions to the EIOPA organisation under article 41 of the EIOPA Regulation. A further sub-delegation to allocate the responsibility could then be made internally.

**Action points:**

- EIOPA to continue to provide regular reports to the BoS following the proposed format.
- EIOPA to submit as soon as possible for approval by Written Procedure a project proposal on the development of national Taxonomy extensions.
- EIOPA to initiate the extension of reporting deadlines during the Preparatory Phase for Members on the basis of a reasoned request.

<b>7.</b>	<b>Follow-up from BoS Strategy Day:</b>  <b>7.1. Governance structure EIOPA</b>  <b>7.2. EIOPA's agenda on a comprehensive framework for preventive, risk-based conduct of business supervision: key elements, development over time and immediate first steps</b>	<b>Discussion</b>  <b>Discussion</b>
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7.1. Governance structure EIOPA

**Conclusions:**

- Not applicable

**Action points:**

- EIOPA to prepare a more detailed proposal for the new structure to be presented at the September BoS.

7.2. EIOPA's agenda on a comprehensive framework for preventive, risk-based conduct of business supervision: key elements, development over time and immediate first steps

**Conclusions:**

- Not applicable

**Action points:**

- EIOPA to organise a written procedure for comments on the proposed framework with a 2 week deadline.
- Revised strategic note scheduled for adoption during the September BoS.

<b>8.</b>	<b>Consumer Protection:</b>  <b>8.1. Guidelines on product oversight &amp; governance arrangements by insurance undertakings</b>  <b>8.2. Revised template to facilitate cross-border exchange of complaints data</b>	<b>Decision by QMV<sup>2</sup></b>  <b>Decision by SMV<sup>1</sup></b>
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	<b>8.3. PRIIPs: Update and Request for Strategic Steer</b>  <b>8.4. Technical advice on product intervention powers for insurance-based investment products</b>  <b>8.5. Good practices report on transfers of supplementary occupational pension rights</b>	<b>Discussion</b>  <b>Decision by SMV<sup>1</sup></b>  <b>Decision by SMV<sup>1</sup></b>
<u>8.1. Guidelines on product oversight &amp; governance arrangements by insurance undertakings</u> <b>Conclusions:</b> <ul style="list-style-type: none"> <li>BoS did not adopt, by qualified majority voting, the "Final Report on Public Consultation on the draft Guidelines on product oversight &amp; governance arrangements by insurance undertakings (EIOPA_BoS-15-103 28 May 2015)".</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>EIOPA to revisit the Guidelines once the outcome of IDD negotiations is known and communicate next steps to the BoS.</li> <li>Discussion note on cross-selling will be on the agenda of the next BoS telco in July for discussion.</li> </ul>		
<u>8.2. Revised template to facilitate cross-border exchange of complaints data</u> <b>Conclusions:</b> <ul style="list-style-type: none"> <li>BoS adopted, by simple majority voting, the "Cross-border complaints workstream Materiality Proposal (EIOPA-BoS-15-132 28 May 2015)"</li> <li>BoS agreed that the thresholds and template would be reviewed in 2 years' time.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<u>8.3. PRIIPs: Update and Request for Strategic Steer</u> <b>Conclusions:</b> <ul style="list-style-type: none"> <li>Clear steer on Biometric Risk Premiums (BPR) (no aggregation with other costs). On Multi-Option Products (OPs) work on solutions will continue, bearing in mind the general preference from BoS Members for using a Fund guide.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<u>8.4. Technical advice on product intervention powers for insurance-based investment products</u> <b>Conclusions:</b> <ul style="list-style-type: none"> <li>BoS adopted the Final Report on Product Intervention Powers under the Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products (PRIIPs) (EIOPA-BoS-15/133).</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>EIOPA to publish Final Report and submit Technical Advice to COM.</li> </ul>		
<u>8.5. Good practices report on transfers of supplementary occupational pension rights</u>		

**Conclusions:**

- BoS adopted, by simple majority voting, the "Final Report on Good Practices on individual transfers of occupational pension rights (EIOPA-BoS-15-104, 3 June 2015)" without amendments.

**Action points:**

- EIOPA to submit the Final Report to COM in response to its Call for Advice.

<b>9.</b>	<b>Solvency II: Technical Standards and Guidelines:</b>	<b>Decision by QMV<sup>2</sup></b>
	<b>9.1. Approval of final Set 2 ITS</b>	
	<b>9.2. Approval of final Set 2 GL</b>	

9.1. Approval of final Set 2 ITS9.2. Approval of final Set 2 GL**Conclusions:**

- BoS agreed on the Joint Committee compromise proposal for the ECAI ITS;
- BoS adopted, by qualified majority voting, the compromise proposal for the ITS on regular supervisory reporting;
- BoS adopted, by qualified majority voting, all other ITS as proposed, except the ITS on the application of the equity transitional which was not put to a vote at this stage (see Annex 1);
- BoS adopted, by qualified majority voting, all GLs as proposed (see Annex 2).

**Action points:**

- Following implementation of the HILI decision, finalise ITS on regular supervisory reporting (templates);
- EIOPA to circulate the final ITS on ECAI mapping for written procedure approval by QMV in the next days to all ESA BoS;
- Await COM information on their intentions concerning the application of the equity transitional in the DA's; the ITS will be approved in a written procedure;
- EIOPA to submit the ITS (except ECAI and Equity Transitional) to COM for endorsement; GL for translation;
- Written procedure on validations for reporting will follow; not part of the GL, but as a separate technical document.

<b>10.</b>	<b>Follow up on the work on Solvency II external audit</b>	<b>Discussion</b>
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**Conclusions:**

- BoS agreed with the messages set out in the public document "Need for high quality public disclosure: Solvency II's report on solvency and financial condition" (EIOPA-BoS-15/154, 29 June 2015). It was agreed to refer to external audit in the title of the document and to slightly enhance the wording.

**Action points:**

- The document "Need for high quality public disclosure: Solvency II's report on solvency and financial condition" (EIOPA-BoS-15/154, 29 June 2015) will be

uploaded on EIOPA's website in due course.		
<b>11.</b>	<b>Update on the GLEIF (presentation by Stephan Wolf, CEO of Global Legal Entity Identifier Foundation (GLEIF))</b>	<b>Information</b>
<b>Remarks:</b> The item has not been discussed due to time restrictions.		
<b>12.</b>	<b>Closed Session</b>	
<b>13.</b>	<b>Branching out</b>	<b>Discussion</b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>The BoS supported the work done and agreed on the action plan proposed in the document.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>EIOPA to proceed with the action plan as proposed in the note and involve the IGSC.</li> </ul>		
<b>14.</b>	<b>Update on Peer Reviews Methodology</b>	<b>Discussion</b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>With respect to question 1, i.e. the role of EIOPA staff in EIOPA peer reviews, it was clarified as follows: <ul style="list-style-type: none"> <li>A high quality outcome and timely delivery is expected from EIOPA peer reviews; to achieve this, a good and realistic project planning is a prerequisite. The right skillset, experience and expertise have to be ensured.</li> <li>NSAs should commit resources to participate/lead in the peer reviews</li> <li>EIOPA staff can lead/participate in peer reviews. This should be done in line with the internal priorities set and the added value that EIOPA staff can bring to the concrete peer review</li> </ul> </li> <li>In the future, the BoS will approve the scope of peer reviews, demonstrating how specific peer reviews help EIOPA to ensure supervisory convergence. In addition, scope and project planning including timelines and resources needed should be included.</li> <li>With respect to questions 2, 3 and 4, the BoS Members approved the proposed approach in the note.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>The Review Panel Methodology workstream should revise the methodology for conducting peer reviews in line with the BoS steering and submit once finished, for BoS approval.</li> </ul>		
<b>15.</b>	<b>Pensions:</b> <b>15.1. Consultation Paper on Advice to COM regarding standardised European Personal Pension Product</b> <b>15.2. Market development report on pensions and cross-border IORPs</b>	<b>Decision by SMV<sup>1</sup></b>  <b>Decision by SMV<sup>1</sup></b>

### 15.1. Consultation Paper on Advice to COM regarding standardised European Personal Pension Product

#### **Conclusions:**

- BoS adopted, subject to including the proposed additional text, the "Consultation paper on the creation of a standardised Pan-European Personal Pension product (PEPP) (EIOPA-BoS-15/150) subject to the proposed additional redrafting of the text being included into the final consultation paper and for it to be consulted upon between the beginning of July and the beginning of October 2015.

#### **Action points:**

- EIOPA to add proposed additional text to the consultation paper before publication.
- EIOPA to publish the consultation paper.

### 15.2. Market development report on pensions and cross-border IORPs

#### **Conclusions:**

- The BoS adopted the "EIOPA Report on occupational pensions and cross-border IORPs (EIOPA-BoS-15/144, 23 June 2015)" and agreed to further develop the regular reporting on EU-wide market trends in the future.

#### **Action points:**

- EIOPA to publish the report on occupational pensions and cross-border IORPs, subject to adding the factual changes suggested by Members on EIOPA's website.

<b>16.</b>	<b>Approval of the draft advice on infrastructure for consultation</b>	<b>Decision by SMV<sup>1</sup></b>
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#### **Conclusions:**

- BoS adopted the "Consultation Paper No. CP-15-004 on the Call for Advice from the European Commission on the identification and calibration of infrastructure investment risk categories (EIOPA-CP-15/004)" and the proposed way forward to deal with the comments from COM and Members.

#### **Action points:**

- Prior to publication, the consultation paper should be reviewed according to the BoS discussion.
- Before delivering the final advice the infrastructure project team should address further: (1) the treatment of unconditional guarantees provided by RGLA; and (2) the link to long-term guarantee requirements.

<b>17.</b>	<b>Risk Free Rate:</b> <b>17.1. Consultation on topics for review</b> <b>17.2. Progress update on production phase</b> <b>17.3. External Audit RFR</b>	<b>Decision by SMV<sup>1</sup></b> <b>Discussion</b> <b>Discussion/Decision</b>
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### 17.1. Consultation on topics for review

#### **Conclusions:**

- BoS adopted, by simple majority voting, the "Consultation Paper on the

methodology to calculate the relevant risk-free interest rate term structures (EIOPA-BoS-15/138 15 June 2015)".

**Action points:**

- Consultation Paper on the methodology to calculate the relevant risk-free interest rate term structures (EIOPA-BoS-15/138) to be issued to key stakeholders for a three week consultation

17.2. Progress update on production phase

**Conclusions:**

- Not applicable

**Action points:**

- Not applicable

17.3. External Audit RFR

**Conclusions:**

BoS agreed on the following:

- to publish the RFR coding in early July, ahead of the external audit in order to enable the 'crowd' to identify errors;
- to use the 2013 budget surplus amount (and in case needed part of the 2016 budget) for the RFR external assurance audit;
- to provide assistance to EIOPA staff during the design of the audit process, particularly on the level of assurance required;
- to make use of the existing COM Framework contract to ensure delivery during 2015.
- BoS adopted, by qualified majority voting, the "Risk Free Rate Assurance Audit (EIOPA-BoS-15-166 2 June 2015)"

**Action points:**

EIOPA

- with the help of the Members, to do all the necessary internal efforts to review the RFR coding and processes before the crowding and external audit;
- to make the coding (Beta-version of the software) public in July and trigger informal communication with the academic world and other parties ('crowding');
- to adjust the NCA contributions to the EIOPA 2015 budget to include the 2013 surplus amounts and collect it as part of the third instalment process; COM DG FISMA is invited to reallocate the required EU contribution within their own budget;
- to prepare the required Budget 2013 surplus allocation proposal and to present it to the MB and BoS for endorsement;
- to procure making use of the existing Service Level Agreement with DGDIGIT, and organise the external assurance audit;
- with the help of the members, to agree in particular on the level of external assurance to be provided.

<b>18.</b>	<b>EIOPA Supervisory Handbook: Chapter on Supervision of AMSB at group level</b>	<b>Decision by SMV<sup>1</sup></b>
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**Conclusions:**

- BoS adopted, by simple majority voting, document "EIOPA Supervisory Handbook (First chapters including Group AMSB) (EIOPA-BoS-15/149 15 March 2015)".

**Action points:**

- Not applicable

<b>19.</b>	<b>Risks relating to joint decisions on IM applications</b>
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<b>Discussion</b>
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**Conclusions:**

- Members generally agreed with the first two recommendations (with the removal of the reference to de-scoping in the first recommendation).
  - 1) Follow-up the BPs by focusing on show-stoppers and involve senior management. When resolution is not possible, delaying of application or even de-scoping should be considered. Some smaller issues may be dealt with through terms and conditions.
  - 2) De-scoping should be accompanied with a follow-up plan. Resolution by means of formal mediation by EIOPA should be exceptional and used only as a last resort measure. Preference should instead be given to facilitation involving EIOPA. The communication and sharing of necessary information with EIOPA should be done effectively and promptly.
- Members generally did not agree with the third recommendation (EIOPA is considered as a college member with a right to receive the full application package of the cross-border group internal models as EIOPA needs to prepare for mediation cases and to develop tools for convergence ) and EIOPA should give more explanation of how application packs would be used.

**Action points:**

- EIOPA to note the feedback from Members, in particular on explaining how application packs would be used, and reflect it in the next note to the Board on internal models.

<b>20.</b>	<b>AOB</b>
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<b>Information</b>
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**Conclusions:**

- Next BoS meeting will take place on 29-30 September 2015.

**Action points:**

- As follow up to the June BoS meeting the following agenda items will be discussed during the teleconference: IFRS 9, ITS on equity transitional, POG and cross-selling Guidelines. Members will be informed about the Telco details in due course.

<sup>1</sup>: Decision by simple majority (Article 44(1) 1<sup>st</sup> para. EIOPA Regulation)

<sup>2</sup>: Decision by qualified majority (Article 44(1) 2<sup>nd</sup> para. EIOPA Regulation)

Frankfurt am Main

[Signed]

Gabriel Bernardino

Chairperson of EIOPA

## **Annex 1**

EIOPA-BoS-15-119, ITS on regional governments and local authorities treated as exposures

EIOPA-BoS-15-121, ITS on adjustment for pegged currencies

EIOPA-BoS-15-122, ITS on health risk equalisation systems standard deviations

EIOPA-BoS-15-120, ITS on equity index for the equity dampener

EIOPA-BoS-15-114, ITS on supervisory transparency and accountability

EIOPA-BoS-15-115 ITS on regular supervisory reporting

EIOPA-BoS-15-116, ITS on capital add-on

EIOPA-BoS-15-117, ITS on risk management: procedures when assessing external credit ratings

EIOPA-BoS-15-118, ITS on public disclosure: procedures, formats and templates

EIOPA-BoS-15-124, ITS on exchange of information on a systematic basis within colleges

## **Annex 2**

EIOPA-BoS-15-113, GL on Valuation assets and liabilities

EIOPA-BoS-15-111, GL on long term guarantee

EIOPA-BoS-15-108, GL on extension of the recovery period

EIOPA-BoS-15-106, GL on methods to determine the market share for the purpose of exemptions to supervisory reporting

EIOPA-BoS-15-107, GL on financial stability reporting

EIOPA-BoS-15-109, GL on reporting and disclosure

EIOPA-BoS-15-112, GL on exchange of information on a systematic basis within colleges

EIOPA-BoS-15-110, GL on third country branches