

Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II		Deadline 31 July 2012 18:00 CET
Name of Company:	BT Group plc	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-12-003@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper 12-003.</p>		
Reference	Comment	
General Comment	<p>British Telecommunications plc is the sponsor of the BT Pension Scheme, which is the UK's largest corporate pension scheme. The Scheme holds assets of around £38 billion and is responsible for around 330,000 beneficiaries under a defined benefit structure. This includes around 50,000 employees earning defined benefits.</p> <p>We strongly believe that there is no need for amendment to the current IORP directive and urge EIOPA and the European Commission to reconsider its approach to the review of the IORP directive including this current consultation. The European Commission needs to state explicitly what it wishes to achieve from this review, supporting its assertions with evidence of how the current regime fails to meet those objectives. This should include details of what risks are intended to be mitigated by</p>	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>the review and why the Commission believes applying a Solvency II based regime is the right approach to mitigate these risks.</p> <p>We have set out our views on the reasons not to amend the IORP below, which were also included in our response to EIOPAs recent Call for Advice:</p> <ul style="list-style-type: none"> • The current IORP Directive already provides a high degree of security to pension scheme members and the prudent funding regime in the UK has proved robust throughout the recent economic turbulence. A strong and solvent employer is the best pension fund protection. • The UK already has a very well governed, prudent and transparent regime for IORP's including a strong Pension Regulator and a Pension Protection Fund. Additionally in the UK, IORPS are established under a trust based structure (with separate Trustees who have their own legal obligations to protect members). • There are key differences between IORPs and insurance products. Insurance policies are products taken out voluntarily by individuals or companies. IORPs are provided to employees as part of their remuneration package and employees cannot generally choose to join an IORP other than one provided by or on behalf of their employer. Insurance companies act in a commercial environment to deliver commercial products to the public, whereas IORPs provide a cost-efficient vehicle to provide a social benefit to individuals as a consequence of their employment. We do not believe that the case has been made for insurance regulation to be applied to pensions. • EIOPA has previously commented that there are 'important differences between IORPS ... and insurers', but nevertheless assumes that it is appropriate for a framework designed for insurers to be imposed on IORPS, provided that certain adjustments are made to allow for the security provided to IORPS by sponsor covenant and protection schemes. We believe that IORPs should be regulated 	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>by regulation designed specifically for IORPs and not by regulation designed for another financial vehicle altogether.</p> <ul style="list-style-type: none"> • Because of the long-term nature of pension liabilities and the fact that most schemes are strongly embedded in national social and labour law not only are pension funds soundly regulated, but a review would violate the EU's subsidiarity principle • Introduction of increased solvency requirements would reduce investment in growth and job creation. The CBI has previously estimated that the impact of the changes could add €500bn to pension liabilities in the EU. Any increases in pension liabilities will have a significant economic impact as companies need to divert their cash away from investing in growth and jobs creation. • Changes to existing rules are likely to destabilise already volatile financial markets. Under a Solvency II approach schemes would effectively be forced to move into assets traditionally viewed as 'safer', which would increase volatility and damage the ability of firms to finance in capital markets. Instead of investing in a wide range of assets including equities, infrastructure, corporate debt, derivatives and gilts, schemes would be likely to switch to 'risk-free' investment in gilts. This could lead to a substantial disincentive for long-term investment in corporate debt and equity, which could have permanent impacts on the willingness of pension schemes to invest in the wider corporate economy. • Applying a solvency regime to IORPS is unlikely to achieve the European Commission's aims for pensions. In its White Paper for Pensions, the Commission indicated that its goals were adequacy, sustainability and safety. Imposing a solvency regime would increase the security of some IORP promises in the short term, in many cases providing a level of security far beyond what is necessary. The cost of such security would, however, be to undermine the sustainability and adequacy of IORPs in many countries, with the increased funding costs leading to an acceleration of sponsors closing their defined benefit pension schemes, reducing the level of future accrual and/or 	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>replacing defined benefit schemes with often less well-resourced defined contribution schemes, under which members bear all the risks. Future generations of IORP members may pay the price in terms of lower pensions for the excessive security being provided to current members of defined benefit IORPs.</p> <ul style="list-style-type: none"> • A solvency II regime for IORPs is unlikely to meet the objectives set out in the current review of the IORP directive. Harmonising the funding regime for pensions would not be likely to increase the take-up of cross-border schemes. If anything, increasing the funding requirements would make such schemes even less likely. The obstacles to cross-border schemes are rather to be found in the complex legislative framework attaching to such schemes, to the stringent funding standards already applying to defined benefit cross-border schemes (which are required to be fully funded at all times), and possibly to a genuine lack of demand for such schemes. The second reason for the review of the IORP directive is to 'allow IORPS to benefit from risk-mitigation mechanisms'. However, IORPs already have a number of risk-mitigation mechanisms in place that are precisely designed for the needs of pension schemes in specific Member States. Imposing inappropriate risk-mitigation strategies in the context of funding will lead to increased risks in other areas, in particular in terms of the longer term provision of IORPS to employees. • Now is not the right time to consider this issue. The proposal to apply Solvency II to pensions with minimum alterations is premature in any case, since Solvency II remains untested for insurance companies. We believe that the regime should be tested in practice for a period of years before there is even any consideration of applying the same regime to pensions. Indeed we understand that the QIS is not based on the latest version of Solvency II. • Also, the current European market turmoil strongly suggests that now is not the time for Europe to be considering any major changes which could destabilise investment markets through changes to asset allocation by pension schemes. The current crisis has also challenged the very notion of 'risk-free' investment and it will be necessary to form a revised understanding of what 	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>risk-free means in practice before such concepts can be applied to pension schemes.</p> <ul style="list-style-type: none"> • It is also our firm view that it is fundamentally inequitable that unfunded arrangements are not being reviewed in conjunction with IORPs, when these arrangements are inherently less secure than funded plans. <p>Despite our fundamental opposition to a review of the IORP directive and any application of Solvency II principles, we have provided a technical response to the questions provided.</p> <p>Providing comments to the technical questions raised <u>in no way</u> means that we are in agreement with the principle of reviewing the IORP directive or to move to a regime based on Solvency II.</p> <p>Our high-level key points in our response to the questions are that:</p> <ul style="list-style-type: none"> • To comment on technical specifications, it is fundamentally important that the purpose for the calculations and the proposed regulatory framework is understood. The QIS is flawed from its inception, as whether approximations or simplistic formulae (e.g. in relation to covenant) are appropriate is impossible to determine without first knowing the purpose. • Six weeks is far too short for a consultation on highly technical detail. Indeed, the whole timetable is unnecessarily short for a matter of such high importance. EIOPA needs to be clear in its advice to the Commission of the importance of taking time to consider a suitable approach rather than implementing a regime that is unfit for purpose and may be damaging. • Despite assurances that the approach to be proposed will not be a “copy and paste” of Solvency II, it is extremely disappointing that large elements of Solvency II have been reproduced in their entirety whether relevant or not. It is noticeable that there is spurious accuracy in some areas that are immaterial 	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>but other material areas for pension schemes, e.g. inflation, have been simplified significantly.</p> <ul style="list-style-type: none"> • The areas that have not been a “copy and paste” from Solvency II are inadequate and need substantial work if the QIS is to provide any meaningful results. • The HBS relies on an accurate value of covenant and using a one-size-fits-all formula does not provide this. Adopting a formula for employer covenant is simply unworkable and further consideration of this area is needed by EIOPA. • The results of the QIS for the UK are not likely to be sufficiently accurate given the limited data that the Pensions Regulator has on individual pension schemes and employers. • From discussions with several other large companies, we believe it will be beyond most sponsors and IORPS to respond in detail, if at all, given the highly technical nature of the consultation and the short timescale provided. The number of responses received is therefore likely to understate the widespread strength of feeling against the proposed review and the use of Solvency II principles. 	
Q1.	<p><i>Do stakeholders agree with the general set-up of the QIS exercise as put forward in the Introduction (Chapter 1)? What improvements do stakeholders suggest?</i></p> <p>No. The process being followed is flawed. It is not possible to comment on whether the methods used to derive certain elements of the HBS are appropriate when the purpose for these calculations has not been set out.</p> <p>The Commission needs to set out what the HBS is trying to achieve first and how it will be used. Only once this is known is it possible to comment on the set-up of the QIS.</p>	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>Given the highly detailed calculations needed for the QIS, it is not feasible for the UK Pensions Regulator to run accurate calculations for all schemes in the UK given the limited data available to them. We have carried out calculations for our own scheme based on the draft QIS specifications and it is clear that there are areas where the Pensions Regulator will have insufficient data. Wide ranging assumptions will need to be made that are likely to lead to a materially different outcome to accurate calculations. We question whether the results for the UK will be sufficiently accurate for making policy decisions.</p> <p>The QIS also includes far too much spurious accuracy that appears to have been copied from Solvency II with little or no thought as to whether it is relevant for IORPs. We believe that a more appropriate approach is to have a more simplistic initial QIS focusing on the important parameters for pension schemes which is then refined over time.</p>	
Q2.	<p><i>Do stakeholders believe that the adjustment (discretionary and conditional benefits, last resort benefit reductions) and security mechanisms (sponsor support, pension protection schemes) IORPs dispose of are taken into account adequately?</i></p> <p>Further clarity should be given on the treatment of salary increases. Our view is that allowance for these should not be included unless members have a contractual entitlement to them.</p>	
Q3.	<p><i>Do stakeholders believe that the draft technical specifications provide enough information and are sufficiently clear and understandable? Which parts could be improved upon?</i></p> <p>Overall, the technical specification is very complex and within the short time frame provided, it is unlikely that many IORPs or sponsors will have been able to provide a response to the consultation. From discussions with other large employers, we are aware that a large number of companies are against the proposals, but do not have sufficient expertise or time to have responded within the timescales provided.</p> <p>In our view, the areas that have been copied and pasted from Solvency II typically</p>	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>provide enough information. It is the new areas that are frequently unclear. As an example, there is insufficient detail on which employer within a Group structure is the correct entity to use for the covenant calculation (see later comments).</p> <p>This lack of clarity in areas raises questions on whether EIOPA has given sufficient time to developing this QIS and, as drafted, whether there can be any confidence in the results of the QIS being sufficient for making policy decisions.</p>	
Q4.	<p><i>Do stakeholders believe that the calculations proposed in the technical specifications are feasible at appropriate costs and with appropriate accuracy within the given timeframe of the QIS?</i></p> <p>As noted earlier, we do not believe that the UK Pensions Regulator has sufficient data to carry out the calculations sufficiently accurately.</p> <p>However, asking all IORPS in the UK to carry out the calculations is unlikely to be feasible in terms of either the time needed or the expense. This illustrates the significant burden that introducing the HBS would place on IORPS and the Commission need to carefully consider whether the significant costs and upheaval of introducing any change can be justified.</p>	
Q5.	<p><i>Do stakeholders believe that the draft technical specifications provide enough guidance on how to set up and value the holistic balance sheet as discussed in Chapter 2? If not, which parts could be improved upon and in what way?</i></p> <p>As stated earlier, we do not think an overly technical first QIS is the right approach. However, if EIOPA continues to pursue this approach, there needs to be more guidance in several areas to ensure that consistent approaches are being taken by all IORPS/ member states. There are numerous examples of unclear wording, including:</p> <ul style="list-style-type: none"> • “most recent mortality tables” (HBS 4.2) – it is not clear how this should be interpreted and is widely open for different interpretations • in 4.12, we believe that (1) should be amended to apply whether the IORP <u>or</u> 	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<ul style="list-style-type: none"> • <u>sponsor</u> has the possibility to adjust or end the future accrual of benefits • “discounted current recovery plan contributions extended to year d” (HBS 6.36) – the meaning of “extended” should be expanded on • “expected future discounted net profits” (HBS 6.36), which is extremely vague without further guidance <p>Sufficient time does not appear to have been put into producing a useable document and EIOPA must be clear to the Commission on a suitable timetable for the work it is carrying out. It appears a formula has been missed from HBS 7.39 which illustrates the lack of time taken over the document (and raises questions on the level of peer review carried out).</p> <p>As a more general point, the entire QIS is predicated on the IORP carrying out all the calculations and reaching views on subjective parameters (e.g. future mortality improvements) and whether or not to incorporate simplifications or alternative methods. In the UK, the funding regime allows for dialogue and agreement between trustees and employer on suitable assumptions. Under the proposals, there is nothing to stop an IORP creating its HBS with, for example, a nonsensical (and too low) covenant value that has been produced by the simplistic covenant formula.</p> <p>For insurance companies under Solvency II, insurers provide the benefits and carry out their own calculations – whereas in the UK, it is the employer who is providing the benefit (through an IORP). Under the proposals, the calculations are entirely carried out by the IORP and the employer no longer has any input on the methodology. This is a key difference between IORPS and insurers that needs to be recognised within any framework.</p>	
Q6.	<p><i>Given the purpose of the QIS, do stakeholders consider the proposed simplifications for the valuation of the holistic balance sheet (for the risk margin in section 2.5, sponsor support and pension protection schemes in 2.6 and amounts recoverable from insurance in 2.7) adequate? Do you have suggestions for additional simplifications that would be appropriate?</i></p>	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>It is impossible to comment fully without having details of how the HBS will be used. In particular, there needs to be further explanation of why items that arise in Solvency II should also feature in the context of IORPS. Justification for needing technical provisions on a “risk-free” basis, plus a risk margin, together with a Solvency Capital Requirement (SCR) has not been provided.</p> <p>The simplifications provided do not appear materially easier and it is questionable whether the spurious accuracy is appropriate given the extreme difficulty in placing a point estimate on employer covenant.</p> <p>It is also harder to comment on some of the technical detail without the spreadsheets discussed in the document being provided.</p>	
<p>Q7.</p>	<p><i>The best estimate of technical provisions should be based on the most recent mortality tables including the future trend in mortality rates (Section 2.4). Do stakeholders believe that IORPs will be able to take into account this trend in mortality rates? Can you explain?</i></p> <p>In the UK, it is common practice to allow for expected future improvements in mortality. The difficulty is that projecting future life expectancy is inherently uncertain. Consequently, there are a wide range of views on what a “best estimate” is.</p> <p>If one of the aims of the HBS is to achieve comparability, this will not be achieved due to subjective judgments on life expectancy and also differences in national approaches to setting life expectancy tables. Again, this will be a subjective judgment purely by the IORP, rather than the current system within the UK which allows for discussion and agreement between the employer and the trustee on the appropriate rate.</p> <p>Any approach on mortality needs to be flexible enough to allow for the use of scheme specific rates (where appropriate) rather than the use of standard tables for all.</p>	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
Q8.	<p><i>Is it clear enough from the technical specifications what cash flows should be taken into account in the calculation of the best estimate (e.g. in relation to benefits (unconditional, pure conditional, pure discretionary, mixed), contributions, expenses, etc.) and how the projection of these cash flows should be made (Section 2.4)?</i></p> <p>This appears largely clear. However, as noted under Q2, further clarity on whether an allowance for salary increases should be made if they are not contractual is required.</p>	
Q9.	<p><i>EIOPA is considering to take into account in the QIS the possibility in some member states to reduce benefits in case of sponsor default (for example, when a pension protection scheme does not guarantee the full level of benefits) in the valuation of the best estimate of technical provisions (see Reduction of benefits in case of sponsor default in Section 2.4 and Pension protection schemes in Section 2.6). Do stakeholders agree and, if yes, should it only apply in case of sponsor support backed up by a pension protection scheme or to sponsor support in general?</i></p> <p>Any framework needs to allow for all the features of each Member State’s pension system, including the Pension Protection Fund in the UK and the protections provided through being set up under Trust law.</p> <p>We note that there are also many other additional protections provided by employers in the UK to IORPS that provide no value in the HBS. As these tend to be highly valued by trustees, it seems inconsistent that they are not included in the HBS. These include (amongst others): negative pledges, restrictions on shareholder distributions, parent company guarantees and contingent cash contributions.</p>	
Q10.	<p><i>The technical specifications propose that security mechanisms should be valued on a market consistent basis, i.e. by calculating the probability weighted average of (discounted) expected payments from the sponsor and the pension protection scheme (Section 2.6). Do stakeholders agree with the principles for the valuation of sponsor support and pension protection schemes? If not, what alternatives would you propose?</i></p>	

	<p style="text-align: center;">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p style="text-align: center;">Deadline 31 July 2012 18:00 CET</p>
	<p>As per earlier comments, it is impossible to comment when no explanation of how the HBS will be used has been provided.</p> <p>For sponsor support, it is clear that any formulaic approach will be inaccurate and inappropriate for most IORPs. If an approach cannot be determined that places a sensible figure on the employer covenant, it is questionable whether the HBS could ever be an improvement on the existing UK regime.</p> <p>As noted in our introductory comments, the approach to providing pensions in the UK already gives high security to members and increasing this further will be detrimental to the sustainability and adequacy of pensions in the future, whilst also being detrimental to economic growth, investment and job creation.</p>	
Q11.	<p><i>Do stakeholders have suggestions for the parameters such as the probability of default and the recovery rate in the event of default used in the valuation of sponsor support and pension protection schemes (Section 2.6)?</i></p> <p>Again, it is impossible to comment fully without details on how the figures are used.</p> <p>These parameters appear highly arbitrary and a one-size-fits-all approach will not lead to reliable results in practice.</p>	
Q12.	<p><i>Do stakeholders agree with the methodology set out to value the maximum value of sponsor support (Section 2.6)? Do stakeholders have suggestions for the parameters used in valuing the maximum amount of sponsor support? In particular, with regard to the proportions of future profits / EBTDA and the time period of the calculations.</i></p> <p>No. We believe that any approach which seeks to value covenant through a single one-size-fits-all formula will not work.</p> <p>We note that a formula based on EBTDA gives entirely different results for identical companies with different capital structures – a different value is obtained if a company</p>	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>is funded by debt or equity. Similarly profitable businesses with different levels of capital expenditure will also show significantly different results.</p> <p>The proposed formula and parameters appear very arbitrary and are likely to lead to anomalous results for most companies. As a simple example, a new company with shareholder funds of 100 on day 1 would immediately be valued at 50 under the proposed methodology.</p> <p>It is also unclear from the guidance which company should be used within a Group structure or indeed whether it is the entity or consolidated shareholder funds that should form the basis of the calculation.</p> <p>We recommend that EIOPA take advice from specialists in this area on the practicality of developing a single formula and the likely margin of error.</p> <p>There is a fundamental problem with the HBS if the covenant value cannot be relied upon. The IORP can override this simplistic formula but as there is no requirement to, this may not happen in practice. This would lead to the whole HBS being invalid.</p> <p>Alternatively, if most IORPs need to provide an alternative valuation, there will be a huge and unmanageable regulatory burden, together with significant expense to carry out the calculations. This needs to be considered further in any impact assessment.</p>	
<p>Q13.</p>	<p><i>The draft technical specifications propose performing an upward shift in the basic risk free interest rate curve to approximate the so called countercyclical premium or to allow IORPs – under conditions – to apply the so-called matching premium (Section 2.8). Do stakeholders agree with this approach to take into account the long term nature of pension liabilities?</i></p> <p>Any methodology should reflect the position of pension schemes as long term investors. As a result of differences between pension schemes and insurers, EIOPA should consider a suitable approach from first principles rather than directly transposing any Solvency II measures.</p>	

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
	<p>In the UK, gilt yields are at historic lows as a result of quantitative easing and the current status of UK gilts as a safe-haven investment. Any framework should not be overly reliant on market pricing at any particular date given the long term nature of IORPs.</p>	
Q14.	<p><i>Do stakeholders agree that the proposed way to derive the level B discount rate adequately reflect the expected return on assets of IORPs (Section 2.8)? If not, what alternative would you propose?</i></p> <p>It is impossible to comment fully without understanding how this measure of liabilities will be used within the HBS.</p> <p>However, we firmly believe that pension liability measures used for funding need to recognise the different returns on asset classes held. The approach to setting the Level B discount rate is a much more viable approach (with further development to allow for more scheme-specific features) than that used for Level A.</p> <p>Adopting a target based on the Level A discount rate would have a significant economic impact as companies would need to divert their cash away from investing in growth and job creation.</p> <p>There are other likely knock-on impacts of using a Level A discount rate. These include the increased likelihood of IORPs diverting more capital to "risk-free" assets reducing that available for areas such as infrastructure or equity investment, which would likely restrict the growth and prosperity of the European economy (jeopardising the European Commission's 'Europe 2020' targets on job creation and investment in growth).</p>	
Q15.	<p><i>Do stakeholders agree that the draft technical specifications specify a fixed yearly percentage of respectively 2% and 3% for the expected inflation rate and salary growth? Or should IORPs also be allowed to expected inflation implied by financial markets? Could you explain?</i></p>	

	<p align="center">Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II</p>	<p align="center">Deadline 31 July 2012 18:00 CET</p>
	<p>For the first QIS, it seems reasonable to include some simplifications and we believe that further simplification should be included throughout the QIS, which is then refined in later QISs.</p> <p>As noted earlier, current bond yields are currently at historic lows and market consistent measures are not currently likely to be appropriate given the long term nature of pension scheme investment.</p>	
Q16.	<p><i>Do stakeholders believe that the description of the SCR in Chapter 3 is sufficiently clear and understandable to enable participants in the QIS to perform the necessary calculations?</i></p> <p>It is unlikely that the Pensions Regulator has sufficient data to provide robust results in this area. The further adjustments made by EIOPA to determine other confidence levels will create further inaccuracy and it is questionable whether these results can be relied upon.</p>	
Q17.	<p><i>Do stakeholders believe that the risks IORPs are facing are adequately reflected in the calculation of the SCR and MCR (Chapter 3 and 4)? Are there in the stakeholders' view any risks being considered that are not material and could be excluded from the technical specifications? Are there other risks that should be considered in the calculation of the SCR?</i></p> <p>It is again difficult to fully comment without details of how the figures will be used.</p> <p>The requirements for the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) appear to have been copied from Solvency II with little thought on how relevant these are for IORPS.</p> <p>In particular, we do not see why the SCR and MCR are relevant for IORPS. EIOPA need to explain the logic and rationale for these being included in any framework. We have therefore not commented on any of the remaining questions on the technical</p>	

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
	detail for these points.	
Q18.		
Q19.		
Q20.		
Q21.		
Q22.		
Q23.		
I.1.1.		
I.1.2.		
I.1.3.		
I.1.4.		
I.1.5.		
I.2.1.		
I.2.2.		
I.2.3.		
I.2.4.		
I.2.5.		
I.2.6.		
I.3.1.		
I.3.2.		
I.4.1.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
I.4.2.		
I.4.3.		
I.4.4.		
I.4.5.		
I.4.6.		
I.4.7.		
I.4.8.		
I.4.9.		
I.4.10.		
I.4.11.		
I.4.12.		
I.4.13.		
I.4.14.		
I.4.15.		
I.4.16.		
I.4.17.		
I.4.18.		
I.4.19.		
I.4.20.		
I.4.21.		
I.4.22.		
I.5.1.		
I.5.2.		
I.5.3.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
I.5.4.		
I.5.5.		
I.5.6.		
I.5.7.		
I.5.8.		
I.6.1.		
I.6.2.		
I.6.3.		
I.7.1.		
I.7.2.		
I.7.3.		
I.7.4.		
I.7.5.		
I.8.1.		
I.8.2.		
I.8.3.		
I.8.4.		
I.8.5.		
I.8.6.		
I.9.1.		
I.9.2.		
I.9.3.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
I.10.1.		
I.10.2.		
I.10.3.		
I.10.4		
I.11.1		
HBS.1.1.		
HBS.2.1.		
HBS.2.2.		
HBS.2.3.		
HBS.2.4.		
HBS.2.5.		
HBS.2.6.		
HBS.2.7.		
HBS.2.8.		
HBS.3.1.		
HBS.3.2.		
HBS.3.3.		
HBS.3.4.		
HBS.3.5.		
HBS.3.6.		
HBS.3.7.		
HBS.3.8.		
HBS.3.9.		
HBS.3.10.		
HBS.3.11.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.3.12.		
HBS.3.13.		
HBS.3.14.		
HBS.3.15.		
HBS.3.16.		
HBS.3.17.		
HBS.3.18.		
HBS.3.19.		
HBS.3.20.		
HBS.3.21.		
HBS.3.22.		
HBS.3.23.		
HBS.3.24.		
HBS.3.25.		
HBS.3.26.		
HBS.3.27.		
HBS.3.28.		
HBS.3.29.		
HBS.4.1.		
HBS.4.2.		
HBS.4.3.		
HBS.4.4.		
HBS.4.5.		
HBS.4.6.		
HBS.4.7.		
HBS.4.8.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.4.9.		
HBS.4.10.		
HBS.4.11.		
HBS.4.12.		
HBS.4.13.		
HBS.4.14.		
HBS.4.15.		
HBS.4.16.		
HBS.4.17.		
HBS.4.18.		
HBS.4.19.		
HBS.4.20.		
HBS.4.21.		
HBS.4.22.		
HBS.4.23.		
HBS.4.24.		
HBS.4.25.		
HBS.4.26.		
HBS.4.27.		
HBS.4.28.		
HBS.4.29.		
HBS.4.30.		
HBS.4.31.		
HBS.4.32.		
HBS.4.33.		
HBS.4.34.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.4.35.		
HBS.4.36.		
HBS.4.37.		
HBS.4.38.		
HBS.4.39.		
HBS.4.40.		
HBS.4.41.		
HBS.4.42.		
HBS.4.43.		
HBS.4.44.		
HBS.4.45.		
HBS.4.46.		
HBS.4.47.		
HBS.4.48.		
HBS.4.49.		
HBS.4.50.		
HBS.4.51.		
HBS.4.52.		
HBS.4.53.		
HBS.4.54.		
HBS.4.55.		
HBS.4.56.		
HBS.4.57.		
HBS.4.58.		
HBS.4.59.		
HBS.4.60.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.4.61.		
HBS.5.1.		
HBS.5.2.		
HBS.5.3.		
HBS.5.4.		
HBS.5.5.		
HBS.6.1.		
HBS.6.2.		
HBS.6.3.		
HBS.6.4.		
HBS.6.5.		
HBS.6.6.		
HBS.6.7.		
HBS.6.8.		
HBS.6.9.		
HBS.6.10.		
HBS.6.11.		
HBS.6.12.		
HBS.6.13.		
HBS.6.14.		
HBS.6.15.		
HBS.6.16.		
HBS.6.17.		
HBS.6.18.		
HBS.6.19.		
HBS.6.20.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.6.21.		
HBS.6.22.		
HBS.6.23.		
HBS.6.24.		
HBS.6.25.		
HBS.6.26.		
HBS.6.27.		
HBS.6.28.		
HBS.6.29.		
HBS.6.30.		
HBS.6.31.		
HBS.6.32.		
HBS.6.33.		
HBS.6.34.		
HBS.6.35.		
HBS.6.36.		
HBS.6.37.		
HBS.6.38.		
HBS.6.39.		
HBS.6.40.		
HBS.6.41.		
HBS.6.42.		
HBS.6.43.		
HBS.6.44.		
HBS.6.45.		
HBS.6.46.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.6.47.		
HBS.6.48.		
HBS.6.49.		
HBS.6.50.		
HBS.6.51.		
HBS.6.52.		
HBS.6.53.		
HBS.6.54.		
HBS.6.55.		
HBS.6.56.		
HBS.6.57.		
HBS.6.58.		
HBS.6.59.		
HBS.6.60.		
HBS.6.61.		
HBS.6.62.		
HBS.6.63.		
HBS.6.64.		
HBS.6.65.		
HBS.6.66.		
HBS.6.67.		
HBS.6.68.		
HBS.6.69.		
HBS.6.70.		
HBS.6.71.		
HBS.6.72.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.6.73.		
HBS.6.74.		
HBS.6.75.		
HBS.6.76.		
HBS.6.77.		
HBS.6.78.		
HBS.6.79.		
HBS.6.80.		
HBS.6.81.		
HBS.6.82.		
HBS.6.83.		
HBS.6.84.		
HBS.6.85.		
HBS.6.86.		
HBS.6.87.		
HBS.6.88.		
HBS.6.89.		
HBS.6.90.		
HBS.7.1.		
HBS.7.2.		
HBS.7.3.		
HBS.7.4.		
HBS.7.5.		
HBS.7.6.		
HBS.7.7.		
HBS.7.8.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.7.9.		
HBS.7.10.		
HBS.7.11.		
HBS.7.12.		
HBS.7.13.		
HBS.7.14.		
HBS.7.15.		
HBS.7.16.		
HBS.7.17.		
HBS.7.18.		
HBS.7.19.		
HBS.7.20.		
HBS.7.21.		
HBS.7.22.		
HBS.7.23.		
HBS.7.24.		
HBS.7.25.		
HBS.7.26.		
HBS.7.27.		
HBS.7.28.		
HBS.7.29.		
HBS.7.30.		
HBS.7.31.		
HBS.7.32.		
HBS.7.33.		
HBS.7.34.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.7.35.		
HBS.7.36.		
HBS.7.37.		
HBS.7.38.		
HBS.7.39.		
HBS.7.40.		
HBS.7.41.		
HBS.7.42.		
HBS.8.1.		
HBS.8.2.		
HBS.8.3.		
HBS.8.4.		
HBS.8.5.		
HBS.8.6.		
HBS.8.7.		
HBS.8.8.		
HBS.8.9.		
HBS.8.10.		
HBS.8.11.		
HBS.8.12.		
HBS.8.13.		
HBS.8.14.		
HBS.8.15.		
HBS.8.16.		
HBS.8.17.		
HBS.8.18.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
HBS.8.19.		
HBS.8.20.		
HBS.8.21.		
HBS.8.22.		
HBS.8.23.		
HBS.8.24.		
HBS.9.1.		
HBS.9.2.		
HBS.9.3.		
HBS.9.4.		
HBS.9.5.		
HBS.9.6.		
HBS.9.7.		
HBS.9.8.		
HBS.9.9.		
SCR.1.1.		
SCR.1.2.		
SCR.1.3.		
SCR.1.4.		
SCR.1.5.		
SCR.1.6.		
SCR.1.7.		
SCR.1.8.		
SCR.1.9.		
SCR.1.10.		
SCR.1.11.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.1.12.		
SCR.1.13.		
SCR.1.14.		
SCR.1.15.		
SCR.1.16.		
SCR.1.17.		
SCR.1.18.		
SCR.1.19.		
SCR.1.20.		
SCR.1.21.		
SCR.1.22.		
SCR.1.23.		
SCR.1.24.		
SCR.1.25.		
SCR.2.1.		
SCR.2.2.		
SCR.2.3.		
SCR.2.4.		
SCR.2.5.		
SCR.2.6.		
SCR.2.7.		
SCR.2.8.		
SCR.2.9.		
SCR.2.10.		
SCR.2.11.		
SCR.2.12.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.2.13.		
SCR.2.14.		
SCR.2.15.		
SCR.2.16.		
SCR.2.17.		
SCR.2.18.		
SCR.2.19.		
SCR.2.20.		
SCR.2.21.		
SCR.2.22.		
SCR.2.23.		
SCR.2.24.		
SCR.2.25.		
SCR.2.26.		
SCR.2.27.		
SCR.2.28.		
SCR.2.29.		
SCR.2.30.		
SCR.2.31.		
SCR.2.32.		
SCR.2.33.		
SCR.2.34.		
SCR.2.35.		
SCR.3.1.		
SCR.3.2.		
SCR.3.3.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.3.4.		
SCR.3.5.		
SCR.3.6.		
SCR.4.1.		
SCR.4.2.		
SCR.4.3.		
SCR.4.4.		
SCR.5.1.		
SCR.5.2.		
SCR.5.3.		
SCR.5.4.		
SCR.5.5.		
SCR.5.6.		
SCR.5.7.		
SCR.5.8.		
SCR.5.9.		
SCR.5.10.		
SCR.5.11.		
SCR.5.12.		
SCR.5.13.		
SCR.5.14.		
SCR.5.15.		
SCR.5.16.		
SCR.5.17.		
SCR.5.18.		
SCR.5.19.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.5.20.		
SCR.5.21.		
SCR.5.22.		
SCR.5.23.		
SCR.5.24.		
SCR.5.25.		
SCR.5.26.		
SCR.5.27.		
SCR.5.28.		
SCR.5.29.		
SCR.5.30.		
SCR.5.31.		
SCR.5.32.		
SCR.5.33.		
SCR.5.34.		
SCR.5.35.		
SCR.5.36.		
SCR.5.37.		
SCR.5.38.		
SCR.5.39.		
SCR.5.40.		
SCR.5.41.		
SCR.5.42.		
SCR.5.43.		
SCR.5.44.		
SCR.5.45.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.5.46.		
SCR.5.47.		
SCR.5.48.		
SCR.5.49.		
SCR.5.50.		
SCR.5.51.		
SCR.5.52.		
SCR.5.53.		
SCR.5.54.		
SCR.5.55.		
SCR.5.56.		
SCR.5.57.		
SCR.5.58.		
SCR.5.59.		
SCR.5.60.		
SCR.5.61.		
SCR.5.62.		
SCR.5.63.		
SCR.5.64.		
SCR.5.65.		
SCR.5.66.		
SCR.5.67.		
SCR.5.68.		
SCR.5.69.		
SCR.5.70.		
SCR.5.71.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.5.72.		
SCR.5.73.		
SCR.5.74.		
SCR.5.75.		
SCR.5.76.		
SCR.5.77.		
SCR.5.78.		
SCR.5.79.		
SCR.5.80.		
SCR.5.81.		
SCR.5.82.		
SCR.5.83.		
SCR.5.84.		
SCR.5.85.		
SCR.5.86.		
SCR.5.87.		
SCR.5.88.		
SCR.5.89.		
SCR.5.90.		
SCR.5.91.		
SCR.5.92.		
SCR.5.93.		
SCR.5.94.		
SCR.5.95.		
SCR.5.96.		
SCR.5.97.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.5.98.		
SCR.5.99.		
SCR.5.100.		
SCR.5.101.		
SCR.5.102.		
SCR.5.103.		
SCR.5.104.		
SCR.5.105.		
SCR.5.106.		
SCR.5.107.		
SCR.5.108.		
SCR.5.109.		
SCR.5.110.		
SCR.5.111.		
SCR.5.112.		
SCR.5.113.		
SCR.5.114.		
SCR.5.115.		
SCR.5.116.		
SCR.5.117.		
SCR.5.118.		
SCR.5.119.		
SCR.5.120.		
SCR.5.121.		
SCR.5.122.		
SCR.5.123.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.5.124.		
SCR.5.125.		
SCR.5.126.		
SCR.5.127.		
SCR.5.128.		
SCR.5.129.		
SCR.5.130.		
SCR.5.131.		
SCR.6.1.		
SCR.6.2.		
SCR.6.3.		
SCR.6.4.		
SCR.6.5.		
SCR.6.6.		
SCR.6.7.		
SCR.6.8.		
SCR.6.9.		
SCR.6.10.		
SCR.6.11.		
SCR.6.12.		
SCR.6.13.		
SCR.6.14.		
SCR.6.15.		
SCR.6.16.		
SCR.6.17.		
SCR.6.18.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.6.19.		
SCR.6.20.		
SCR.6.21.		
SCR.6.22.		
SCR.6.23.		
SCR.6.24.		
SCR.6.25.		
SCR.6.26.		
SCR.6.27.		
SCR.6.28.		
SCR.6.29.		
SCR.6.30.		
SCR.6.31.		
SCR.6.32.		
SCR.7.1.		
SCR.7.2.		
SCR.7.3.		
SCR.7.4.		
SCR.7.5.		
SCR.7.6.		
SCR.7.7.		
SCR.7.8.		
SCR.7.9.		
SCR.7.10.		
SCR.7.11.		
SCR.7.12.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.7.13.		
SCR.7.14.		
SCR.7.15.		
SCR.7.16.		
SCR.7.17.		
SCR.7.18.		
SCR.7.19.		
SCR.7.20.		
SCR.7.21.		
SCR.7.22.		
SCR.7.23.		
SCR.7.24.		
SCR.7.25.		
SCR.7.26.		
SCR.7.27.		
SCR.7.28.		
SCR.7.29.		
SCR.7.30.		
SCR.7.31.		
SCR.7.32.		
SCR.7.33.		
SCR.7.34.		
SCR.7.35.		
SCR.7.36.		
SCR.7.37.		
SCR.7.38.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.7.39.		
SCR.7.40.		
SCR.7.41.		
SCR.7.42.		
SCR.7.43.		
SCR.7.44.		
SCR.7.45.		
SCR.7.46.		
SCR.7.47.		
SCR.7.48.		
SCR.7.49.		
SCR.7.50.		
SCR.7.51.		
SCR.7.52.		
SCR.7.53.		
SCR.7.54.		
SCR.7.55.		
SCR.7.56.		
SCR.7.57.		
SCR.7.58.		
SCR.7.59.		
SCR.7.60.		
SCR.7.61.		
SCR.7.62.		
SCR.7.63.		
SCR.7.64.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.7.65.		
SCR.7.66.		
SCR.7.67.		
SCR.7.68.		
SCR.7.69.		
SCR.7.70.		
SCR.7.71.		
SCR.7.72.		
SCR.7.73.		
SCR.7.74.		
SCR.7.75.		
SCR.7.76.		
SCR.7.77.		
SCR.7.78.		
SCR.7.79.		
SCR.7.80.		
SCR.7.81.		
SCR.7.82.		
SCR.7.83.		
SCR.7.84.		
SCR.7.85.		
SCR.7.86.		
SCR.7.87.		
SCR.8.1.		
SCR.8.2.		
SCR.8.3.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.8.4.		
SCR.8.5.		
SCR.8.6.		
SCR.8.7.		
SCR.9.1.		
SCR.9.2.		
SCR.9.3.		
SCR.9.4.		
SCR.9.5.		
SCR.9.6.		
SCR.9.7.		
SCR.9.8.		
SCR.9.9.		
SCR.9.10.		
SCR.9.11.		
SCR.9.12.		
SCR.9.13.		
SCR.9.14.		
SCR.9.15.		
SCR.9.16.		
SCR.9.17.		
SCR.9.18.		
SCR.9.19.		
SCR.9.20.		
SCR.9.21.		
SCR.9.22.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
SCR.9.23.		
SCR.9.24.		
SCR.9.25.		
SCR.9.26.		
SCR.9.27.		
SCR.9.28.		
SCR.9.29.		
SCR.9.30.		
SCR.9.31.		
SCR.9.32.		
SCR.9.33.		
SCR.9.34.		
SCR.10.1.		
SCR.10.2.		
SCR.10.3.		
SCR.10.4.		
SCR.10.5.		
SCR.10.6.		
SCR.10.7.		
SCR.10.8.		
SCR.10.9.		
SCR.10.10.		
SCR.10.11.		
MCR.1.1.		
MCR.2.1.		
MCR.2.2.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
MCR.2.3.		
MCR.2.4.		
MCR.2.5.		
MCR.2.6.		
MCR.2.7.		
MCR.2.8.		
MCR.2.9.		
PRO.1.1.		
PRO.2.1.		
PRO.2.2.		
PRO.2.3.		
PRO.2.4.		
PRO.2.5.		
PRO.2.6.		
PRO.3.1.		
PRO.3.2.		
PRO.3.3.		
PRO.3.4.		
PRO.3.5.		
PRO.3.6.		
PRO.3.7.		
PRO.3.8.		
PRO.3.9.		
PRO.3.10.		
PRO.3.11.		
PRO.3.12.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
PRO.3.13.		
PRO.3.14.		
PRO.3.15.		
PRO.3.16.		
PRO.3.17.		
PRO.3.18.		
PRO.3.19.		
PRO.3.20.		
PRO.3.21.		
PRO.3.22.		
PRO.3.23.		
PRO.3.24.		
PRO.3.25.		
PRO.3.26.		
PRO.3.27.		
PRO.3.28.		
PRO.4.1.		
PRO.4.2.		
PRO.4.3.		
PRO.4.4.		
PRO.4.5.		
PRO.4.6.		
PRO.4.7.		
PRO.4.8.		
PRO.4.9.		
PRO.4.10.		

	Comments Template on CP-12-003 – Draft Technical Specifications QIS IORP II	Deadline 31 July 2012 18:00 CET
PRO.4.11.		
PRO.4.12.		
PRO.4.13.		
PRO.4.14.		
PRO.4.15.		
PRO.4.16.		
PRO.4.17.		