	Summary of Comments on EIOPA-CP-12/003: Draft Technical Specifications QIS of EIOPA's Advice on the Review of the IORP Directive: Consultation Paper MCR + SCR	EIOPA-BOS-12/086 2 October 2012

EIOPA would like to thank Aon Hewitt; Association of British Insurers; Association of German Pfandbrief Banks; Barnett Waddingham LLP; BVPI-ABIP; British Airways Pension Investment Management; Dexia Asset Management; European Private Equity & Venture Capital Association; Federation of the Dutch Pension Funds; Financial Reporting Council; Groupe Consultatif Actuariel Européen; Institute and Faculty of Actuaries; Insurance Europe; Towers Watson B.V.; and Towers Watson GmbH.

The numbering of the paragraphs refers to Consultation Paper No. EIOPA-CP-12/003

No.	Name	Reference	Comment	Resolution
1.	Aon Hewitt	MCR.1.1.	It is not clear how the 25% and 45% minimum and maximum percentages of the SCR have been derived.	Noted.
2.	Barnett Waddingham LLP	MCR.1.1.	Further consideration needs to be given to the level of any minimum capital requirement, with input from the supervisory authority in each member state.	Noted.
3.	Federation of the Dutch Pension Funds	MCR.1.1.	The use under a prudential framework of the MCR is not clear yet. Therefore, we cannot answer the questions if the prescribed calculation of a MCR is appropriate.	Noted.
4.	Institute and Faculty of	MCR.1.1.	It would be helpful if EIOPA explained the rationale for this definition of the MCR in the context of IORPs.	Noted.

	Actuaries			
5.	Institute and Faculty of Actuaries	MCR.2.1.	No comment	Noted.
6.	Institute and Faculty of Actuaries	MCR.2.2.	No comment	Noted.
7.	Institute and Faculty of Actuaries	MCR.2.3.	No comment	Noted.
8.	Institute and Faculty of Actuaries	MCR.2.4.	See our comment on MCR 1.1	Noted.
9.	Aon Hewitt	MCR.2.5.	This section includes terms like "profit participation". This seems to have been cut and paste from Solvency II without giving consideration whether it is appropriate terminology and approach for IORPs, and we suggest this section is reworded so it is appropriate for IORPs. Presumably TP1 represents technical provisions excluding discretionary/conditional benefits, and TPs is that part of the technical provisions in respect of discretionary/conditional benefits? EIOPA should clarify. Also, what liabilities does EIOPA think will be included in TP4 (all other IORP obligations other than those already covered elsewhere in the calculations?	Noted. There is a large diversity of IORPs in different member states. There are situations in which the use of expressions like "profit participation" and "contracts" is absolutely appropriate for IORPs.

			CAR is the total "capital at risk" for each contract. What does this mean in practice? IORPs have plan members, not contracts. Does this mean each IORP needs to calculate capital at risk for each member. In this case, EIOPA should provide more clarity on how this should be interpreted (for example is it the SCR)?	
10.	Institute and Faculty of Actuaries	MCR.2.5.	These definitions are difficult to interpret in the context of UK IORPs and more guidance is required. In particular the relevance of references to profit participation is most unclear.	Noted.
11.	Insurance Europe	MCR.2.5.	The CAR is based on a contractual base ("in relation to each contract"). Such a detailed contractual calculation is complex and seems to be not feasible for lots of IORP. Considering that suitable model points can be used for cash-flow projections (section 2.4 - HBS 4.4) – which make perfectly sense from our point of view - it is not meaningful and helpful to require contract-based calculation for CAR. (The similar approach in the Solvency II framework causes already some difficulties.)	Noted.
12.	Institute and Faculty of Actuaries	MCR.2.6.	The consultation period has proved too short for us to consider this paragraph.	Noted.
13.	Institute and Faculty of Actuaries	MCR.2.7.	The consultation period has proved too short for us to consider this paragraph.	Noted.
14.	Institute and Faculty of	MCR.2.8.	No comment	Noted.

	Actuaries			
15.	Aon Hewitt	MCR.2.9.	It is not clear how the weightings applied to each element of the linear calculation have been derived. Please clarify.	Noted.
16.	Institute and Faculty of Actuaries	MCR.2.9.	We question whether this parameterisation is relevant and appropriate to IORPs.	Noted.
17.	Towers Watson GmbH, Germany	SCR 7.44 to 7.60	It appears that EIOPA has used an old version of the QIS 5 for insurers here. It would be good to have this brought up to date too if the general thread of upholding Solvency II as a starting point and, in particular, explained why such an individual-by-individual valuation should make sense for IORPs, if it does not make sense for insurers.	Noted.
19.	Federation of the Dutch Pension Funds	SCR.1.1.	We believe that – especially for the purpose of this QIS – some risks should not be included in the calculation of the SCR as they are not likely to be material, while it takes a lot of time and effort to determine the SCR's. The main aim of this QIS is to answer the question whether a Holistic Balance Sheet will be appropriate as supervisory tool. For achieving this goal, calculation of the SCR of the following risks will be superfluous: • Health risk • Operational risk • Intangible asset risk module • Market risk concentrations • Pension disability-morbidity risk • Pension revision risk	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.

			• Pension catastrophe risk sub-module • Counterparty default risk module	
20.	Groupe Consultatif Actuariel Européen	SCR.1.1.	In case EIOPA is looking for possibilities to simplify the QIS and to lay more focus on the impact of the new elements in the QIS (especially the holistic balance sheet with the valuation of steering mechanisms, sponsor support and PPS), we suggest reducing or even removing the following parts of the calculation of the SCR: • Health risk • Operational risk • Intangible asset risk module • Market risk concentrations • Pension disability-morbidity risk • Pension revision risk • Pension catastrophe risk sub-module • Counterparty default risk module These risks are not likely to be material and it takes a lot of time and effort to determine the SCR's.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
21.	Institute and Faculty of Actuaries	SCR.1.1.	The process required to assess proportionality is itself potentially onerous. We therefore support the suggestion of the Groupe Consultatif Actuariel Europeen that EIOPA consider omitting modules of the SCR calculation that are expected to result in immaterial results for most IORPs.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a

				simplification in the QIS.
22.	Insurance Europe	SCR.1.1.	In general, it seems that parts of the SCR section are based on earlier versions of Solvency II. This is for example the case for the spread risk submodule. In our view, this section should be based on the latest available draft Level 2 implementing measures from October 2011. Additionally the wording should be as aligned as possible to ensure consistency with Solvency II, eg the Solvency II lapse risk submodule is renamed Pension benefit option risk submodule.	Partially agreed. Spread risk sub-module will be adjusted for the QIS.
23.	Institute and Faculty of Actuaries	SCR.1.2.	No comment	Noted.
24.	Federation of the Dutch Pension Funds	SCR.1.3.	Any circularity in the calculations would only occur if the risk margin is calculated according to the Solvency II method. However, the simplification of a fixed risk margin is presented as the standard method for the purpose of this QIS. So, in general, does EIOPA consider to calculate the SCR without inclusion of the risk margin for the technical provisions? We would support this, and in this case advise to remove the words « to avoid circularity in the calculation».	Noted.
25.	Groupe Consultatif Actuariel Européen	SCR.1.3.	Any circularity in the calculations would only occur when the risk margin is calculated according to the Solvency II method. However, the simplification of a fixed risk margin is presented as the standard method for the purpose of this QIS. So, in general, does EIOPA consider it appropriate to calculate the SCR without inclusion of the risk margin for the technical provisions? We would support this, and in this case advise EIOPA to remove the words « to avoid circularity in the calculation»	Noted.
26.	Institute and	SCR.1.3.	If the risk margin is calculated as set out in HBS 5.2, there is no	Noted.

	Faculty of Actuaries		circularity issue. We find it unhelpful that the term "technical provisions" can sometimes include the risk margin (see HBS 5.1) and on occasions such as this, exclude it.	
27.	Barnett Waddingham LLP	SCR.1.4.	We believe the Level A technical provisions are overly prudent and should not be used to calculate contribution requirements. Presenting the results in this manner will exaggerate the cost to employers of providing defined benefit pensions and hasten their demise, resulting in decreased security for members. It may also cause panic among members, resulting in withdrawals from IORPs and decreased private pension provision. We accept that a certain level of prudence is necessary to ensure that IORPs are funded appropriately, and managers of IORPs have developed their skills in this area significantly over the last decade, however the Level A provisions are a step too far.	Noted.
28.	Federation of the Dutch Pension Funds	SCR.1.4.	Please insert a specific reference to the appropriate section.	Noted.
29.	Groupe Consultatif Actuariel Européen	SCR.1.4.	Please insert a specific reference to the appropriate section	Noted.
30.	Institute and Faculty of Actuaries	SCR.1.4.	No comment	Noted.
31.	Institute and Faculty of Actuaries	SCR.1.5.	We believe that the an inflation module would produce material results for UK IORPs and is therefore necessary.	Agreed. Inflation risk module will be included in QIS.

33.	Federation of the Dutch Pension Funds	SCR.1.6.	For the purpose of this QIS, this risk category should not be taken into account. This risk will not be material for IORPs, while it takes a lot of time and effort to determine the SCR's.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
34.	Institute and Faculty of Actuaries	SCR.1.6.	No comment	Noted.
35.	Insurance Europe	SCR.1.6.	It is unclear whether risks such as disability benefits or premium waiver should be included in the pension liability risk module or in the health risk module. A list of examples which risks would be covered by with module could be very helpful in this regard.	Noted.
36.	Institute and Faculty of Actuaries	SCR.1.7.	No comment	Noted.
37.	Federation of the Dutch Pension Funds	SCR.1.8.	« Furthermore, the liabilities should not include subordinated liabilities ». It is not clear what is meant with subordinated liabilities, as this term has not been introduced before, nor is it defined within this section.	Noted.
38.	Groupe Consultatif Actuariel Européen	SCR.1.8.	« Furthermore, the liabilities should not include subordinated liabilities ». It is not clear what is meant by subordinated liabilities, as this term has not been introduced before, nor is it defined within this section.	Noted.
39.	Institute and Faculty of	SCR.1.8.	We don't understand the term "subordinated liabilities" in this context.	Noted.

	Actuaries			
40.	Barnett Waddingham LLP	SCR.1.9.	We would like EIOPA to add the words « where proportionate » at the end of the first two bullet points. For the third bullet point, we believe that a negative capital requirement should be included where the increase in NAV could be offset against a loss elsewhere. IORPs do not typically ringfence each risk.	Noted. Noted.
41.	Institute and Faculty of Actuaries	SCR.1.9.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
42.	Aon Hewitt	SCR.1.10.	It is likely to be very difficult to assess what future management actions might be, so a significant element of judgement will be required.	Noted.
43.	Federation of the Dutch Pension Funds	SCR.1.10.	This description needs more clarification. Future management actions could also be dependent on the prudential framework, which is still unknown.	Noted.
44.	Groupe Consultatif Actuariel Européen	SCR.1.10.	This description needs greater clarification. Future management actions could also be dependent on the prudential framework, which is still unknown.	Noted.
45.	Institute and Faculty of Actuaries	SCR.1.10.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
46.	Belgian Association of Pension	SCR.1.11.	Is the VaR appropriate for long term pension liabilities ? Is the VaR over a 1 year period appropriate for long term pension	Noted.

	Institutions (BVPI-		liabilities ?	
47.	British Airways Pension Investment Management Limi	SCR.1.11.	The SCR calculations used in Solvency II in relation to private equity are fundamentally flawed as short-term volatility in "market value" is not the appropriate measure of risk in private equity. The appropriate calculation to use would be one based on a benchmark relevant to the private equity industry and a methodology which reflects the risk in private equity (which is not the risk of short-term mark-to-market price volatility), as set out in the EVCA Research Paper "Calibration of Risk and Correlations in Private Equity" submitted to EIOPA on 20 May 2012.	Noted.
48.	Institute and Faculty of Actuaries	SCR.1.11.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
49.	Aon Hewitt	SCR.1.12.	Even a 95% confidence limit is likely to result in a very high SCR which may have significant implications, depending on the manner in which the SCR is used in practice. We suggest also considering at least an 80% and 90% confidence limit as well.	Noted.
50.	Federation of the Dutch Pension Funds	SCR.1.12.	We would like EIOPA to share the common method to be developed in order to derive results on a 97.5% and 95% security level from results based on a 99.5% security level. In our opinion, this is not possible without recalculating all modules, as the effects of the different steering mechanisms may not be linear. Given that EIOPA intends to perform only one QIS before the EC presents a draft guideline, we think that explicit calculation of at least the 97.5% and 95% security levels should be included in this QIS and asked to be calculated by the IORPs themselves. Without this information, we fear that in any decision of the EC regarding the security level (although we want to stress that we are of the opinion	Noted. See revised text.

			that the EC should not choose any harmonised security level but leave this up to individual IORPs /Member States) the EC will be biased because only one set of results will be available at the time. We are aware that inclusion of two additional confidence levels will put even greater stress upon IORPs to finish the QIS within the given timeframe. This only adds to our general remark that we feel the timeframe is too small for IORPs to properly complete the QIS.	Noted.
51.	Groupe Consultatif Actuariel Européen	SCR.1.12.	We would like EIOPA to share the common method to be developed in order to derive results on a 97,5% and 95% security level from results based on a 99,5% security level. In our opinion, this is not possible without recalculating all modules, as the effects of the different steering mechanisms are not linear. Given that EIOPA intends to perform only one QIS before the EC presents a draft guideline, we think that explicit calculation of at least the 97,5% and 95% security levels should be included in this QIS and asked to be calculated by the IORPs themselves.	Noted. See revised text.
52.	Institute and Faculty of Actuaries	SCR.1.12.	We are disappointed that EIOPA has not consulted on the methodology that it intends to use to reflect lower confidence levels. We recommend EIOPA take great care before assuming that variables have a Gaussian distribution and before assuming linear progressions.	Noted.
53.	Institute and Faculty of Actuaries	SCR.1.13.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
54.	Aon Hewitt	SCR.1.14.	This will require some very significant assumptions to be made, and could lead to significant misstatement of the overall risk. EIOPA should provide more information on the work it has done to derive the co-efficients and that they are suitable for this exercise.	Noted.

55.	Institute and Faculty of Actuaries	SCR.1.14.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
56.	Institute and Faculty of Actuaries	SCR.1.15.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
57.	Federation of the Dutch Pension Funds	SCR.1.16.	The requirements for proportionality are complex themselves. The proposed process on when to apply proportionality seems to be more labour-intensive than doing actual calculations and for this QIS level of details for proportionality seem superfluous.	Noted. See introduction on proportionality.
58.	Groupe Consultatif Actuariel Européen	SCR.1.16.	The requirements for proportionality are themselves complex. The proposed process on when to apply proportionality seems to be more labour-intensive than doing actual calculations and for this QIS the level of detail seem superfluous.	Noted. See introduction on proportionality.
59.	Institute and Faculty of Actuaries	SCR.1.16.	As noted in our comment on PRO 1.1 we believe that it is necessary but not sufficient to consider the risks when judging proportionality: it is necessary also to consider the resources available, the value added and the implications for future benefit provision. Our concern is that a focus purely on risk will result in regime that fails to balance security with adequacy and sustainability.	Noted.
60.	Institute and Faculty of Actuaries	SCR.1.17.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
61.	Institute and Faculty of Actuaries	SCR.1.18.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

62.	Institute and Faculty of Actuaries	SCR.1.19.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
63.	Federation of the Dutch Pension Funds	SCR.1.20.	The individual components Adj1 and Adj2 are not defined. The formula should be SCR = BSCR + Adj + Op It is only in SCR 2.25 that Adj2 is suddenly described.	Noted. See revised text.
64.	Groupe Consultatif Actuariel Européen	SCR.1.20.	The individual components Adj1 and Adj2 are not defined. The formula should be SCR = BSCR + Adj + Op It's only in SCR 2.25 that Adj2 is suddenly described	Noted. See revised text.
65.	Institute and Faculty of Actuaries	SCR.1.20.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
66.	Federation of the Dutch Pension Funds	SCR.1.21.	Please insert a sub-title above this section reading « BSCR calculation » to improve the structure of the document.	Noted.
67.	Institute and Faculty of Actuaries	SCR.1.21.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
68.	Institute and Faculty of Actuaries	SCR.1.22.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
69.	Institute and Faculty of	SCR.1.23.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
70.	Institute and Faculty of Actuaries	SCR.1.24.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
71.	Barnett Waddingham LLP	SCR.1.25.	We would like EIOPA to consider whether the correlation factor between market risk and pension liability risk should vary according to the IORP's investment strategy. Other correlation factors may be appropriate depending on the particular circumstances of each IORP.	Noted.
72.	Federation of the Dutch Pension Funds	SCR.1.25.	The positive correlation between pension liability risk and market risk is surprising. We propose a correlation of 0, like in the Dutch FTK. The most important determinant of pension liability risk is the longevity risk. Another relevant risk is the expenses risk. A positive correlation between longevity and market risk seems not logical (lower market returns will imply higher longevity). For expenses risk, lower returns will lead to a pressure on expenses, so you should expect a negative correlation.	Noted.
73.	Groupe Consultatif Actuariel Européen	SCR.1.25.	The positive correlation between pension liability risk and market risk is surprising. The most important determinant of pension liability risk is the longevity risk. Another relevant risk is the Expenses risk. A positive correlation between longevity and market risk seems not logical (lower market returns will imply higher longevity). For expenses risk, lower returns will lead to a pressure on expenses, so you should expect a negative correlation. For the UK, inflation risk is a major issue.	Noted.
74.	Institute and Faculty of Actuaries	SCR.1.25.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
75.	European Private Equity & Venture	SCR.1.11.	The EVCA rejects this starting point as fundamentally flawed. The consequence of the 99.5% confidence level over a one year period in Solvency II has been to exacerbate volatility for insurance firms while	Noted.

	Capital Associat		putting much of the focus on the liquidity of investments rather than the capital at risk. The much longer risk horizon for IORPs makes certain aspects of the SII calibration unreasonable or inconsistent because: ☐ The one year risk horizon is too short ☐ There is a disproportionate capital charge for certain illiquid assets ☐ It largely ignores the diversification effects of alternative investments, such as private equity, real estate, hedge funds and others, as well as the diversification benefits between alternative assets and other assets and risks ☐ The use of inappropriate data and methods for calibration of risk charges┐	Noted.
			In addition most investors in private equity focus on the long-term cash flow behaviour of the asset class and are not overly concerned with the quarterly changes of the valuations during the lifetime of the fund. This is because for investors the true economic value of the unquoted investments is only known upon realization of those investments. Investors in private equity are generally characterized by having a long-term investment horizon, so focus on the long-term return potential of a private equity fund commitment, while taking into consideration the loss risk of such an investment. Pension funds are a good example of the sort of typical investor that has a very long-term investment horizon. A pension fund is well-placed to bear the illiquid nature of private equity, as part of a balanced and diversified investment strategy. Moreover, exposure to private equity by such an investor will be gained through a	Noted.

			diversified portfolio of private equity funds. In a recent research paper supplied to EIOPA┐ , EVCA presents an approach that fully captures the risk and return profile of investing in a portfolio of private equity funds distinguishing the three main risks In private equity: · Liquidity and funding risk: the risk that the investor cannot meet its obligations to pay draw downs on a commitment as they fall due. · Long-Term default risk: the risk that the investor loses capital with its private equity investment over the entire lifetime of the product ("Hold to maturity"). Hence interim valuations do not really play a role, they only provide an indication of what the final and true value of the investment may be. Long term risk can be expressed through the ratio between capital returned and capital paid-in. Until the investor has received back its full capital drawn down it runs some risk of losing part of its capital. · Short-term valuation changes (risk) is the risk that the value (NAV) changes over time. These values are mark-to-market, or often in the case of private equity, mark-to-model accounting values and not market values in the traditional sense used in public equity investing. By definition the underlying investments are not traded on any market, hence there is no real market value. Interim valuations and movements in the stated NAV can, however, play a role in the balance sheet of some institutional investors, such as banks.	

			We believe that it is entirely compatible with a market consistent approach to capture the full value at risk of investments in a portfolio of private equity funds. 9Mittnik(2011) Solvency II Calibrations: Where Curiosity Meets Spuriosity 10Chakravarty/Diller (2012) EVCA Research Paper: "Calibration of Risk and Correlation in Private Equity"	
76.	Institute and Faculty of Actuaries	SCR.2.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
77.	Insurance Europe	SCR.2.1.	SCR.2.1 – SCR.2.7: The valuation of the loss-absorbing capacity within the risk modules should be explained in more detail. For the IORPs, it is difficult to assess the loss-absorbing capacity of components of the HBS where they have real concerns how to valuate them for the best estimate. Sponsors and pension protection schemes had to be valuated under the shocked scenarios where no data will be available. Some of the issues have to be clarified on national level because of the particularities of national law, at least for the purpose of this QIS.	Noted. Noted.

78.	Institute and Faculty of Actuaries	SCR.2.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
79.	Institute and Faculty of Actuaries	SCR.2.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
80.	Institute and Faculty of Actuaries	SCR.2.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
81.	Federation of the Dutch Pension Funds	SCR.2.5.	Also, increased employee contribution can be a form of security mechanism. This should be included.	Noted.
82.	Groupe Consultatif Actuariel Européen	SCR.2.5.	Also, increased employee contribution can be a form of security mechanism. This should be included.	Noted.
83.	Institute and Faculty of Actuaries	SCR.2.5.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
84.	Institute and Faculty of Actuaries	SCR.2.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
85.	Aon Hewitt	SCR.2.7.	It is not clear how this would work where the pension protection scheme only guarantees a lower level of benefit and only where the sponsor is not able to provide additional support. If the SCR is to be set so that it	Noted.

			would ensure a 95% (say) chance of having sufficient funds then it is not clear how a protection scheme that only pays out when there are insufficient funds will reduce the SCR.	
86.	Federation of the Dutch Pension Funds	SCR.2.7.	Should there be a relation with sponsor support ?	Noted.
87.	Institute and Faculty of Actuaries	SCR.2.7.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
88.	Federation of the Dutch Pension Funds	SCR.2.8.	We propose to also allow for only one net calculation for IORPs that cannot separate between the loss absorbing capacity of security mechanisms and those of technical provisions. See also our comment in section SCR 2.10	Noted. See revised text.
89.	Groupe Consultatif Actuariel Européen	SCR.2.8.	We propose that EIOPA should also allow for only one net calculation for IORPs that cannot separate the loss absorbing capacity of security mechanisms from those of technical provisions. See also our comment in section SCR 2.10	Noted. See revised text.
90.	Institute and Faculty of Actuaries	SCR.2.8.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
91.	Institute and Faculty of Actuaries	SCR.2.9.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
93.	Federation of the Dutch Pension Funds	SCR.2.10.	It is not clear what is meant by the phrase « Therefore, for each (sub-)module IORPs can derive the best estimate value of the technical provisions relating to pure conditional, pure discretionary and mixed	Noted.

			benefits and benefits subject to ex post reductions as well as the value of sponsor support and pension protection schemes from both balance sheets. »	
			Regarding the phrase « The net SCR relating to loss-absorbency of technical provisions can then be established by assuming that the value of security mechanisms has not changed. The net SCR relating to loss-absorbency of security mechanisms can then be established by assuming that the value of technical provisions has not changed as a result of the scenario. » this may result in an unfair representation of the loss-absorbing capacity of both the security mechanisms and the technical provisions, as both may be interrelated. We propose to also allow for only one net calculation for IORPs that cannot separate between the loss absorbing capacity of security mechanisms and those of technical provisions. Also, it is not possible to calculate the net SCR relating to loss-absorbency of security mechanisms by assuming the value of technical provisions has not changed as a result of the scenario: when it comes to the interest rate scenario, if one assumes that the value of the technical provisions does not change, there would be no effect on the funding ratio, and thus no effect on the value of the security mechanisms. This seems to imply that security mechanisms would only be counted in the equity or property scenario and not in the interest rate scenario. This proposal has consequences for most of the text in section SCR 2.15 until SCR 2.27	Noted. See revised text.
94.	Groupe Consultatif Actuariel Européen	SCR.2.10.	Regarding the phrase « The net SCR relating to loss-absorbency of technical provisions can then be established by assuming that the value of security mechanisms has not changed. The net SCR relating to loss-absorbency of security mechanisms can then be established by assuming that the value of technical provisions has not changed as a result of the	Noted. See revised text.

			scenario. » this may result in an unfair representation of the loss-absorbing capacity of both the security mechanisms and the technical provisions, as both may be interrelated. We propose that EIOPA should also allow for only one net calculation for IORPs that cannot separate the loss absorbing capacity of security mechanisms from those of technical provisions. Also, it is not possible to calculate the net SCR relating to loss-absorbency of security mechanisms by assuming the value of technical provisions has not changed as a result of the scenario : when it comes to the interest rate scenario , if one assumes that the value of the technical provisions does not change, there would be no effect on the funding ratio, and thus no effect on the value of the security mechanisms. This seems to imply that security mechanisms would only be counted in the equity or property scenario and not in the interest rate scenario. This proposal has consequences for most of the text in section SCR.2.15 until SCR.2.27	
95.	Institute and Faculty of Actuaries	SCR.2.10.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
96.	Insurance Europe	SCR.2.10.	Insurance Europe stresses that sponsor backup should only be taken into account if the back-up is legally enforceable.	Noted.
97.	Institute and Faculty of Actuaries	SCR.2.11.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
98.	Belgian Association of	SCR.2.12.	Definition of deferred taxes ? How to understand in the Belgian context of OFPs ?	Noted.

	Pension Institutions (BVPI-			
99.	Institute and Faculty of Actuaries	SCR.2.12.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
100.	Federation of the Dutch Pension Funds	SCR.2.13.	« Adj1 » should probably be « Adj », pending the changes to be made in the definition in SCR1.20 We propose to also allow for one calculation of the adjustments for both security mechanisms and technical provision. The calculation formula therefore will become: Adj = AdjSM+TP + AdjDT	Noted. See revised text.
101.	Groupe Consultatif Actuariel Européen	SCR.2.13.	« Adj1 » should probably be « Adj », pending the changes to be made in the definition in SCR1.20 We propose EIOPA should also allow for one calculation of the adjustments for both security mechanisms and technical provision. The calculation formula therefore will become: Adj = AdjSM+TP + AdjDT	Noted. See revised text.
102.	Institute and Faculty of Actuaries	SCR.2.13.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
103.	Institute and Faculty of Actuaries	SCR.2.14.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
104.	Federation of the Dutch	SCR.2.15.	General comment regarding the sections SCR2.15 until SCR 2.27: these sections are difficult to follow and the calculations are not very clear. Not	Noted.

	Pension Funds		all variables are properly defined. It would be helpful if the same structure of description, input, output and calculation would be followed.	
105.	Groupe Consultatif Actuariel Européen	SCR.2.15.	General comment regarding the sections SCR2.15 until SCR 2.27: these sections are difficult to follow and the calculations are not very clear. Not all variables are properly defined. It would be helpful if the same structure of Description, Input, Output, Calculation would be followed.	Noted.
106.	Institute and Faculty of Actuaries	SCR.2.15.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
107.	Institute and Faculty of Actuaries	SCR.2.16.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
108.	Aon Hewitt	SCR.2.17.	Calculating net Basic Solvency Capital Requirements massively increases the amount of calculations required, and overall complexity of the calculations. Given that no decision has been made on confidence level ,for the purpose of the QIS, why not simply set the adjustment to the maximum amounts defined in SCR.2.20? We note that the net SCR may not reduce to zero (eg counterparty default risk of plan sponsor), so EIOPA could state that the minimum value of the net Basic SCR equals the part of the SCR in respect of sponsor default risk.	Noted. Noted.
109.	Institute and Faculty of Actuaries	SCR.2.17.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

110.	Institute and Faculty of Actuaries	SCR.2.18.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
111.	Insurance Europe	SCR.2.18.	As EIOPA correctly indicated loss absorbing mechanisms of the technical provisions and the security mechanisms do not operate independently. In case where both are possible, the will not be applied both for 100%. Insurance Europe believes that this should be taken into account when assessing the results.	Noted.
113.	Federation of the Dutch Pension Funds	SCR.2.19.	The term DCL is not properly defined.	Noted. See revised text.
114.	Groupe Consultatif Actuariel Européen	SCR.2.19.	The term DCL is not properly defined	Noted. See revised text.
115.	Institute and Faculty of Actuaries	SCR.2.19.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
116.	Insurance Europe	SCR.2.19.	Having an explanation what the acronym DCL stands for would help in understanding its meaning.	Noted. See revised text.
117.	Federation of the Dutch Pension Funds	SCR.2.20.	MSSavailable does not always exist: in case there is no sponsor covenant, but there is the possibility to increase employee contribution, this definition is not appropriate.	Noted.
118.	Groupe	SCR.2.20.	MSSavailable does not always exist: in a case where there is no sponsor	Noted.

	Consultatif Actuariel Européen		covenant, but there is the possibility to increase employee contribution, this definition is not appropriate.	
119.	Institute and Faculty of Actuaries	SCR.2.20.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
120.	Aon Hewitt	SCR.2.21.	Calculating net Basic Solvency Capital Requirements massively increases the amount of calculations required and overall complexity of the calculations. Given that no decision has been made on confidence level, for the purpose of the QIS, why not simply set the adjustment to the maximum amounts defined in SCR.2.20? We note that the net SCR may not reduce to zero (e.g. counterparty default risk of plan sponsor), so EIOPA could state that the minimum value of the net Basic SCR equals the part of the SCR in respect of sponsor default risk.	Noted. Noted.
121.	Federation of the Dutch Pension Funds	SCR.2.21.	See comment in SCR 2.20.	Noted.
122.	Institute and Faculty of Actuaries	SCR.2.21.	The consultation period has proved too short for us to comment on the SCR section but we draw particular attention to the use of MSSavailable + MPPavailable. A marginal increase to MSSavailable can result in a geared reduction in SCR and we believe the implications of this need to be thoroughly explored. We wonder, for example, whether the reduction to the SCR from SS and PPS loss absorbency ought to be calculated separately and capped at MSSavailable and MPPavailable respectively,	Noted.

			bearing in mind that broadly speaking PPS can only be invoked when SS is exhausted. However we have not had time to analyse this.	
123.	Institute and Faculty of Actuaries	SCR.2.22.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
124.	Institute and Faculty of Actuaries	SCR.2.23.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
125.	Federation of the Dutch Pension Funds	SCR.2.24.	Net over all modules, this implies that IORPs are always allowed to take account of the maximum value of sponsor support, pension protection scheme and DCL as loss absorbing capacity, even if in the market risk, pension liability risk and counterparty default risk these where not capped? Please clarify.	Noted.
126.	Groupe Consultatif Actuariel Européen	SCR.2.24.	Net over all modules, this implies that IORPs are always allowed to always take account of the maximum value of sponsor support, pension protection scheme and DCL as loss absorbing capacity, even if in the market risk, pension liability risk and counterparty default risk were not capped ? Please clarify.	Noted.
127.	Institute and Faculty of Actuaries	SCR.2.24.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
128.	Institute and Faculty of Actuaries	SCR.2.25.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
129.	Institute and Faculty of Actuaries	SCR.2.26.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

130.	Institute and Faculty of Actuaries	SCR.2.27.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
131.	Institute and Faculty of Actuaries	SCR.2.28.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
132.	Institute and Faculty of Actuaries	SCR.2.29.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
133.	Institute and Faculty of Actuaries	SCR.2.30.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
134.	Institute and Faculty of Actuaries	SCR.2.31.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
135.	Aon Hewitt	SCR.2.32.	We don't see a need to do all these additional calculations (in SCR2.32 to SCR2.35) at this stage. This will massively increase the complexity and costs of the exercise, and, for the options, presented, are not likely to provide information that is really meaningful (especially given it is not even clear what the final confidence level may look like). We see these options as second-order calculations, and it should be more important to focus on other options we have suggested for the technical provisions and sponsor support calculations.	Noted.
136.	Barnett Waddingham LLP	SCR.2.32.	We believe that aggregate data held by supervisors will not include sufficient detail to calculate these items.	Noted.

137.	Institute and Faculty of Actuaries	SCR.2.32.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
138.	Aon Hewitt	SCR.2.33.	We don't see a need to do all these additional calculations (in SCR2.32 to SCR2.35) at this stage. This will massively increase the complexity and costs of the exercise, and, for the options, presented, are not likely to provide information that is really meaningful (especially given it is not even clear what the final confidence level may look like). We see these options as second-order calculations, and it should be more important to focus on other options we have suggested for the technical provisions and sponsor support calculations.	Noted.
139.	Barnett Waddingham LLP	SCR.2.33.	We believe that aggregate data held by supervisors will not include sufficient detail to calculate these items.	Noted.
140.	Institute and Faculty of Actuaries	SCR.2.33.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
141.	Aon Hewitt	SCR.2.34.	We don't see a need to do all these additional calculations (in SCR2.32 to SCR2.35) at this stage. This will massively increase the complexity and costs of the exercise, and, for the options, presented, are not likely to provide information that is really meaningful (especially given it is not even clear what the final confidence level may look like). We see these options as second-order calculations, and it should be more important to focus on other options we have suggested for the technical provisions and sponsor support calculations.	Noted.

142.	Barnett Waddingham LLP	SCR.2.34.	We believe that aggregate data held by supervisors will not include sufficient detail to calculate these items.	Noted.
143.	Institute and Faculty of Actuaries	SCR.2.34.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
144.	Aon Hewitt	SCR.2.35.	We don't see a need to do all these additional calculations (in SCR2.32 to SCR2.35) at this stage. This will massively increase the complexity and costs of the exercise, and, for the options, presented, are not likely to provide information that is really meaningful (especially given it is not even clear what the final confidence level may look like). We see these options as second-order calculations, and it should be more important to focus on other options we have suggested for the technical provisions and sponsor support calculations. It is not clear how allowance can sensibly be made for the pension protection scheme in the SCR. It would appear that the pension protection scheme can only ever fill a proportion of any shortfall in funding ignoring the pension protection scheme. For simplicity, we suggest allowance should be excluded in this element of the calculations.	Noted. Noted.
145.	Barnett Waddingham LLP	SCR.2.35.	We believe that aggregate data held by supervisors will not include sufficient detail to accurately calculate these items.	Noted.
146.	Institute and Faculty of Actuaries	SCR.2.35.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

147.	Federation of the Dutch Pension Funds	SCR.3.1.	Given some of the earlier simplifications (i.e. for the risk margin) and the low expected impact of operational risk for IORPs, the calculation proposed here is overly complicated. In the current Dutch regulatory framework (FTK), operational risk is excluded from the capital requirements for DB schemes because of its insignificance. We propose to exclude operational risk, especially for the purpose of this QIS.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
148.	Groupe Consultatif Actuariel Européen	SCR.3.1.	Given some of the earlier simplifications (i.e. for the risk margin) and the low expected impact of operational risk for IORPs, the calculation proposed here is overly complicated.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
149.	Institute and Faculty of Actuaries	SCR.3.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
150.	Federation of the Dutch Pension Funds	SCR.3.2.	As stipulated in SCR1.3, the technical provisions are to be understood without risk margin. This section is superfluous, and only leads to doubt whether in other sections technical provisions are to be calculated including risk margin. We propose to delete, or to amend text to reflect that this only stresses the same point made in SCR1.3.	Noted. This section stresses the same point made in SCR.1.3.
151.	Groupe Consultatif Actuariel Européen	SCR.3.2.	As stipulated in SCR.1.3, the technical provisions are to be understood as excluding risk margin. This section is superfluous, and only leads to doubt as to whether in other sections technical provisions are to be calculated including risk margin. We propose EIOPA should delete, or amend the text to reflect that this only stresses the same point made in SCR1.3	Noted. This section stresses the same point made in SCR.1.3.

152.	Institute and Faculty of Actuaries	SCR.3.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
153.	Federation of the Dutch Pension Funds	SCR.3.3.	It is not clear what is to be considered pension obligations where the investment risk is borne by members and beneficiaries. In the Netherlands, for collective defined contribution schemes, the investment risk is partly borne by current members, partly by future members and partly by sponsor(s). Given the definition, we would consider this as a pension obligation where the investment risk is borne by members and beneficiaries, so the resulting operational risk from this part would be 0.	Noted, will be further developed at a later stage.
154.	Institute and Faculty of Actuaries	SCR.3.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
155.	Institute and Faculty of Actuaries	SCR.3.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
156.	Institute and Faculty of Actuaries	SCR.3.5.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
157.	Aon Hewitt	SCR.3.6.	EIOPA should explain where the parameters have come from (eg 4%, 0.45% etc) and why they are considered suitable for IORPs.	Noted.
158.	Barnett Waddingham LLP	SCR.3.6.	The parameters for the capital requirement for operational risk should be consulted on.	Noted.
159.	Federation of	SCR.3.6.	It is not clear why EIOPA has chosen for the proposed formula to	Noted.

	the Dutch Pension Funds		calculate capital requirement for operational risk. It is not clear why operational risk is increasing if the amount of contributions has grown in excess of 20%. Also, it is not clear why the parameter 4% has been chosen.	
160.	Groupe Consultatif Actuariel Européen	SCR.3.6.	It is not clear why EIOPA has chosen the stated formula to calculate capital requirement for operational risk. It is not clear why operational risk is increasing if the amount of contributions has grown in excess of 20%. Also, it is not clear why the parameter 4% has been chosen.	Noted.
161.	Institute and Faculty of Actuaries	SCR.3.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
162.	Aon Hewitt	SCR.4.1.	It is unclear why EIOPA thinks intangible asset risk this is an issue for IORPs. We note that in EIOPA's Final Report on QIS5 for insurers, intangible risk was 0% (ie nil!) of the overall Basic SCR, so why is EIOPA asking IORPs to consider this at this stage?	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
163.	Federation of the Dutch Pension Funds	SCR.4.1.	We propose to delete the section on intangible asset risks for the purpose of this QIS. It is likely to be immaterial for most participating IORPS, as IORPs invest most of their assets in tangible assets. The purpose of this QIS is to gain more understanding about the working of the holistic balance sheet and the largest effects on SCR, not to calculate minor details of the SCR. Especially, if IORPs do happen to invest in intangible assets, for as far as they are exposed to market risks, these will be properly taken into account in the relevant market risk sections.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
164.	Institute and Faculty of	SCR.4.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
165.	Institute and Faculty of Actuaries	SCR.4.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
166.	Institute and Faculty of Actuaries	SCR.4.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
167.	Barnett Waddingham LLP	SCR.4.4.	The risk relating to intangible assets can vary according to the nature of the asset and a single parameter may oversimplify matters.	Noted.
168.	Federation of the Dutch Pension Funds	SCR.4.4.	It is not clear why EIOPA assumes the value of 80% of the exposure to be relevant as calculation of the capital requirement for intangible assets	Noted.
169.	Groupe Consultatif Actuariel Européen	SCR.4.4.	It is not clear why EIOPA assumes the value of 80% of the exposure to be appropriate for thecalculation of the capital requirement for intangible assets	Noted.
170.	Institute and Faculty of Actuaries	SCR.4.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
171.	Barnett Waddingham LLP	SCR.5.1.	The interaction of market risk with pension liability risk should be considered given that many IORPs in the UK pursue liability-driven investment strategies.	Noted.
172.	British Airways Pension Investment	SCR.5.1.	The fundamental issue is that market risk which arises from the level or volatility of market prices is neither an appropriate nor very relevant measure of risk for investors in private equity.	Noted.

	Management Limi		Investors in private equity are not investing in marketable securities or instruments. They invest in unquoted, non-tradable, non-redeemable, 10-year, closed-end vehicles. The limited partnership is the most common type of PE fund vehicle. Investors make legally-binding commitments which are drawn down over the life of the fund and it is expressly stated that when an investor commits to a PE fund the commitment cannot be redeemed before the end of the life of the fund. Placing a "quasi-market" value on a PE fund during its life and then saying the movement in this reflects the risk faced by investors in the PE fund is simply ignoring the fact that PE investments are not marketable assets in the first place. Movements in a quasi-market value placed on a PE fund during the life of a PE fund really have little relevance in terms of risk for pension funds investing in PE. Within the PE industry interim fair values are really only there as a guide to the general direction of the progress of the underlying investments made between the point of investment and the point of realization. It would be most unusual and unexpected event if the proceeds received on realization of an investment in a PE fund were less than the last fair value placed on that investment. Traditionally, private equity investments used to be held at the lower of cost or impairment for most of the period prior to being realized: this may be a rather baffling concept for investors in other asset classes but it worked just fine for private equity investors who recognized that interim valuations of unquoted investments was a pretty irrelevant concept. Private equity, as experienced by investors in the asset class, is a cash flow based investment: money is contractually committed to a fund at	

			the start of its life; drawn down gradually over a number of years; and realization proceeds are then distributed as the underlying investments are realized, which generally only happens in the latter years of the PE fund's life. One of the key risks faced by investors is that they (or their fellow investors in the PE fund) cannot meet their obligation to pay a drawdown of their commitment when it is due. Another key risk is that the commitments drawn down from investors by the PE fund are not returned, i.e. investors do not get back all the original money invested in the PE fund. A PE fund typically invests in 15-25 underlying unquoted companies over its life (significantly more if it is investing at the venture stage). While it is possible that an unquoted company fails and the money invested in it is not returned (either in whole or part) to the PE fund, this is not a common outcome. Moreover, even if one investment in a PE fund fails, it is highly unlikely that the investment loss will not be more than offset by the gains made on other investments made by the PE fund. Consequently, the likelihood of an entire PE fund not returning the capital drawn down from investors is very low. But then investors further mitigate this risk by building a diversified portfolio of many PE funds by manger, stage of investment, vintage year of fund raised and geography (for example, our portfolio is currently diversified across almost 100 private equity funds). Consequently, the manner in which pension funds invest in PE is designed to address one of the most relevant risks of investing in the asset class.	
173.	Federation of the Dutch Pension Funds	SCR.5.1.	As such, the level of market prices is not the cause for market risks.	Noted.
174.	Groupe	SCR.5.1.	We understand that this is taken from Solvency II but it appears	Noted.

	Consultatif Actuariel Européen		excessively complex and we would urge EIOPA to simplify if possible.	Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
175.	Institute and Faculty of Actuaries	SCR.5.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
176.	Federation of the Dutch Pension Funds	SCR.5.2.	As stated earlier in SCR2.10, allowing for the necessary simultaneous calculation of the loss absorbing capacity of both security mechanisms and technical provisions, also requires changes to these and following sections.	Noted. See revised text.
177.	Groupe Consultatif Actuariel Européen	SCR.5.2.	As stated earlier in SCR.2.10, allowing for the necessary simultaneous calculation of the loss absorbing capacity of both security mechanisms and technical provisions, also requires changes to these and following sections.	Noted. See revised text.
178.	Institute and Faculty of Actuaries	SCR.5.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
179.	Institute and Faculty of Actuaries	SCR.5.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
180.	Institute and Faculty of Actuaries	SCR.5.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
181.	Institute and	SCR.5.5.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
182.	Institute and Faculty of Actuaries	SCR.5.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
183.	Institute and Faculty of Actuaries	SCR.5.7.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
184.	Institute and Faculty of Actuaries	SCR.5.8.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
185.	Barnett Waddingham LLP	SCR.5.9.	Consideration should be given to innovative investment strategies with, for example, targets that reference bank base rates or inflation. The asset allocation of such funds can vary widely and at short notice, but without necessarily increased volatility of returns. We believe this section may also penalise schemes that are invested in investment schemes such as with-profits funds, where the allocation is not necessarily transparent but a certain level of guarantee applies to the investment.	Noted.
186.	Belgian Association of Pension Institutions (BVPI-	SCR.5.9.	How to apply look through approach in contex of hedge funds, funds icluding property (SPV), debt, etc…	Noted.
187.	British Airways	SCR.5.9.	If a single private equity fund is defined as a collective investment fund, then look through would seem to be inappropriate for private equity	Noted.

	Pension Investment Management Limi		funds: as explained in the reply to SCR.5.1. above, pension funds gain exposure to private equity by building a balanced and diversified portfolio which consists of many private equity funds (just as a public equity manager builds a portfolio consisting of many stocks). This is how one of the main risks of investing in private equity is mitigated by investors. So the entity in which the pension fund invests is the private equity fund, not the underlying assets of the fund. A typical investor's portfolio will consist of many funds.	
188.	Groupe Consultatif Actuariel Européen	SCR.5.9.	This is potentially very burdensome and simplification would be welcome.	Noted.
189.	Institute and Faculty of Actuaries	SCR.5.9.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
190.	European Private Equity & Venture Capital Associat	SCR.5.1.	EVCA stresses that a market-consistent examination of risk should not be limited to "mark-to-market" valuation as this will not always be appropriate. IORPs are long-term investors and their long-term investment horizon means they are able to invest in more illiquid growth assets such as private equity investments. For such investments mark-to-market valuations are not always possible, nor event meaningful. Therefore, EVCA urges EIOPA to expressly recognise that market consistent valuations encompass the "fair value" valuation methods consistently applied in the private equity fund sector and laid down in the International Private Equity Valuation (IPEV) guidelines in order for such valuation methods not to be detrimental to the financing of European non-listed companies.	Noted.

			For investors in private equity the risk is not about the volatility of market prices as the concept of a market price for unmarketable assets is not logical. Most investors in private equity focus on the long-term cash flow behaviour of the asset class and are not overly concerned with the quarterly changes of the valuations during the lifetime of the fund. This is because for investors the true economic value of the unquoted investments is only known upon realization of those investments. Investors in private equity are generally characterized by having a long-term investment horizon, so focus on the long-term return potential of a private equity fund commitment, while taking into consideration the loss risk of such an investment. Pension funds are a good example of the sort of typical investor that has a very long-term investment horizon. A pension fund is well-placed to bear the illiquid nature of private equity, as part of a balanced and diversified investment strategy. Moreover, exposure to private equity by such an investor will be gained through a diversified portfolio of private equity funds. In a recent EVCA research paper supplied to EIOPA[1] , EVCA presents an approach that fully captures the risk and return profile of investing in a portfolio of private equity funds distinguishing the three main risks In private equity: · Liquidity and funding risk: the risk that the investor cannot meet its obligations to pay draw downs on a commitment as they fall due.	

			☐ Long-Term default risk: the risk that the investor loses capital with its private equity investment over the entire lifetime of the product ("Hold to maturity"). Hence interim valuations do not really play a role, they only provide an indication of what the final and true value of the investment may be. Long term risk can be expressed through the ratio between capital returned and capital paid-in. Until the investor has received back its full capital drawn down it runs some risk of losing part of its capital. ☐ Short-term valuation changes (risk) is the risk that the value (NAV) changes over time. These values are mark-to-market, or often in the case of private equity, mark-to-model accounting values and not market values in the traditional sense used in public equity investing. By definition the underlying investments are not traded on any market, hence there is no real market value. Interim valuations and movements in the stated NAV can, however, play a role in the balance sheet of some institutional investors, such as banks. We believe that it is entirely compatible with a market consistent approach to capture the full value at risk of investments in a portfolio of private equity funds. 11Chakravarty/Diller (2012) EVCA Research Paper: "Calibration of Risk	

			and Correlation in Private Equity”	
191.	Institute and Faculty of Actuaries	SCR.5.10.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
192.	Institute and Faculty of Actuaries	SCR.5.11.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
193.	Institute and Faculty of Actuaries	SCR.5.12.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
195.	Institute and Faculty of Actuaries	SCR.5.13.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
196.	Insurance Europe	SCR.5.13.	It is too burdensome to shock a mutual fund according to a maximum capital consumption allocation. It should be allowed to the IORPs to use the actual allocation at valuation date because for other assets, a maximum capital consumption reinvestment strategy is not mandated when calculating market risk.	Noted. SCR.5.13. deals exactly with a situation, where the actual allocation is not known.
197.	Institute and Faculty of Actuaries	SCR.5.14.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
198.	Belgian Association of Pension	SCR.5.15.	Do we need to include insurance assets in the interest risk calculation as it was already taken into account in a SCR calculation.	Noted.

	Institutions (BVPI-			
199.	Federation of the Dutch Pension Funds	SCR.5.15.	In I.4.11, EIOPA states that it is still considering inserting an inflation risk module. While this is currently still missing, we suggest to delete the sentence « This applies to both real and nominal term structures. » As the real term structure can be considered to be derived from the nominal and inflation term structure, without any inflation term structure and inflation risk module, it is not possible for IORPs to consider real interest term structure.	Noted. Inflation risk module will be included in QIS.
200.	Groupe Consultatif Actuariel Européen	SCR.5.15.	In I.4.11, EIOPA states that it is still considering inserting an inflation risk module. While this is currently still missing, we suggest deleting the sentence « This applies to both real and nominal term structures. » As the real term structure can be considered to be derived from the nominal and inflation term structure, without any inflation term structure and inflation risk module, it is not possible for IORPs to consider real interest term structure.	Noted. Inflation risk module will be included in QIS.
201.	Institute and Faculty of Actuaries	SCR.5.15.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
202.	Institute and Faculty of Actuaries	SCR.5.16.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
203.	Institute and Faculty of Actuaries	SCR.5.17.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
204.	Institute and Faculty of Actuaries	SCR.5.18.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

205.	Institute and Faculty of Actuaries	SCR.5.19.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
206.	Institute and Faculty of Actuaries	SCR.5.20.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
207.	Institute and Faculty of Actuaries	SCR.5.21.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
208.	Belgian Association of Pension Institutions (BVPI-	SCR.5.22.	Why spread inclusive ? Simplified but double up ? See remark before SCR 5.73.	Noted.
209.	Federation of the Dutch Pension Funds	SCR.5.22.	Are the shocks supposed to be multiplied on the market interest rate curve including or excluding the Smith Wilson procedure for extrapolation?	Noted. The shocks are supposed to be multiplied on the interest rate curve used for valuation.
210.	Groupe Consultatif Actuariel Européen	SCR.5.22.	Are the shocks supposed to be multiplied on the market interest rate curve including or excluding the Smith Wilson procedure for extrapolation ?	Noted. The shocks are supposed to be multiplied on the interest rate curve used for valuation.
211.	Institute and Faculty of Actuaries	SCR.5.22.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

212.	Insurance Europe	SCR.5.22.	Insurance Europe would suggest that the interest rate scenarios for SCR interest rate risk used the extrapolation method to determine the stresses for maturities for the extrapolated part of the curve. That would give incentives for sound risk management. Otherwise it will be impossible to manage risks according to SCR and the actual changes of technical provisions at the same time. However, it must be ensured that such solutions should apply both the IORPs and Insurers and that solutions found should be addressed within the context of Solvency II.	Noted.
214.	Aon Hewitt	SCR.5.23.	As short-term interest rates are now below 0% in some countries; it is not appropriate to set the shocked rate to 0% if the unstressed rate is currently negative. We suggest removing the floor of 0% for the shocked rates.	Noted.
215.	Institute and Faculty of Actuaries	SCR.5.23.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
216.	Institute and Faculty of Actuaries	SCR.5.24.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
217.	Institute and Faculty of Actuaries	SCR.5.25.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
218.	Institute and Faculty of Actuaries	SCR.5.26.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

219.	Barnett Waddingham LLP	SCR.5.27.	We expect that supervisors will need to make approximations when using aggregate data for the submission and EIOPA should recognise that such results will not be accurate, invalidating the exercise.	Noted.
220.	Federation of the Dutch Pension Funds	SCR.5.27.	« Where data regarding maturities is not available ». Does EIOPA refer here to data regarding cash flows or regarding interest rate maturities? The latter is redundant given the Smith-Wilson extrapolation procedure, pending the answer on our question under SCR5.22.	Noted. Text has been adjusted.
221.	Groupe Consultatif Actuariel Européen	SCR.5.27.	« Where data regarding maturities is not available ». Does EIOPA refer here to data regarding cash flows or regarding interest rate maturities? The latter is redundant given the Smith-Wilson extrapolation procedure, pending the answer on our question under SCR.5.22.	Noted. Text has been adjusted.
222.	Institute and Faculty of Actuaries	SCR.5.27.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
223.	British Airways Pension Investment Management Limi	SCR.5.28.	As described in various answers above, the risk of investing in private equity is not related to movements in interim values placed on the assets which are unquoted and so have no market value in the first place. The only relevant market value for investors who invest in private equity funds, is the value realized when the underlying unquoted company in which the private equity fund invests is sold or is floated on the stock market. The main risks in private equity are that an investor in a private equity fund cannot meet is contractual obligation to pay a draw down on its commitment when due; or that money invested in an unquoted company by one of the private equity funds, from amongst the portfolio of funds invested in, is lost.	Noted.

224.	Federation of the Dutch Pension Funds	SCR.5.28.	As such, the level of market prices of equity is not the cause for equity risks.	Noted.
225.	Institute and Faculty of Actuaries	SCR.5.28.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
226.	Institute and Faculty of Actuaries	SCR.5.29.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
227.	Federation of the Dutch Pension Funds	SCR.5.30.	The percentage of assets invested in each equity category is also needed as input.	Noted.
228.	Groupe Consultatif Actuariel Européen	SCR.5.30.	The percentage of assets invested in each equity category is also needed as input	Noted.
229.	Institute and Faculty of Actuaries	SCR.5.30.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
230.	Institute and Faculty of Actuaries	SCR.5.31.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
231.	Institute and Faculty of Actuaries	SCR.5.32.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
232.	Aon Hewitt	SCR.5.33.	The definition of “Other” is too wide. In particular, some investments	Noted.

			such as private equity, hedge funds, infrastructure, and commodities have different risk/return characteristics to listed equities, and it is not appropriate to group them together for the purpose of calculating a risk level. This is particular the case for IORPs who may have much larger exposure to these other types of investments than is the case for insurers We would prefer to see "other" broken down into different types and considered separately. Given the level of detail for calculating spread risk and concentration risks, we think it is appropriate to consider further for equity risk, especially given its overall significance.	
233.	Belgian Association of Pension Institutions (BVPI-	SCR.5.33.	Why applying country of listing and not country of risk e.g. Gaspron – Russia vs Luxembourg ?	Noted.
234.	British Airways Pension Investment Management Limi	SCR.5.33.	The categories of equities seem to be defined based on risk characteristics, where risk is defined in relation to market price volatility. As this is not a relevant risk measure for private equity investment, it would seem that a third category of equity should be created which does actually reflect the risk characteristics of private equity. From the investor perspective it seems that if private equity is included in a category with assets which do not share its risk characteristics, then calibrating the risk becomes almost a box-ticking, mechanical exercise, rather than something which actually measures the risk faced.	Noted.
235.	Institute and	SCR.5.33.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
236.	Institute and Faculty of Actuaries	SCR.5.34.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
237.	Aon Hewitt	SCR.5.35.	The definition of "Other" is too wide. In particular, some investments such as private equity, hedge funds, infrastructure, and commodities have different risk/return characteristics to listed equities, and it is not appropriate to group them together for the purpose of calculating a risk level. This is particular the case for IORPs who may have much larger exposure to these other types of investments than is the case for insurers We would prefer to see "other" broken down into different types and considered separately. Given the level of detail for calculating spread risk and concentration risks, we think it is appropriate to consider further for equity risk, especially given its overall significance. We are concerned that having 40% for all other types of investments is inappropriate. In particular, many IORPs invest, or are considering investing, in infrastructure as they can give a more stable series of long-term cash flows than equity investments. Governments are also keen to have pension funds investing in long-term infrastructure investments. Given this, a proposed 40% charge on infrastructure investments appears penal and could discourage investment in this area (and therefore also impact overall European competitiveness), so we would like to see a lower	Noted.

			charge used for infrastructure (eg 25% or 30%).	
238.	Belgian Association of Pension Institutions (BVPI-	SCR.5.35.	Why not linked to managment actions ? Why not take into account p.e. low volatility strategies (minimum variance, ...) to use lower equity shocks? When pension funds invest in funds with explicit low volatility strategies as investment objective lower shocks would be more appropriate.	Noted. For the calculation of the equity risk capital requirement, hedging and risk transfer mechanisms should be taken into account (see SCR.5.29)
239.	Institute and Faculty of Actuaries	SCR.5.35.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
240.	Institute and Faculty of Actuaries	SCR.5.36.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
241.	Institute and Faculty of Actuaries	SCR.5.37.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
242.	British Airways Pension Investment Management Limi	SCR.5.38.	We agree private equity investment should be included in the determination of the capital requirement. It just needs to be included properly. That means performing an appropriate calibration calculation. To do that requires the correct methodology to be applied to an appropriate (i.e. relevant) index, as set out in the EVCA Research Paper "Calibration of Risk and Correlations in Private Equity" submitted to EIOPA on 20 May 2012.	Noted.

			If the appropriate calibration is not made, it would seem to defeat the point of doing the calibration in the first place: for the calibration to be helpful to investors and regulators alike it surely has to be based on the right elements which reflect the actual risks and characteristics of the private equity asset class?	
243.	Institute and Faculty of Actuaries	SCR.5.38.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
244.	Federation of the Dutch Pension Funds	SCR.5.39.	Investments in infrastructure by IORPs, which contribute to the EU 2020 agenda and the growth of the entire European economy, will be categorised as alternative investments. This results in a high required solvency charge, so a disincentive to invest in infrastructure. An alternative could be to incorporate infrastructure into the property category.	Noted.
245.	Institute and Faculty of Actuaries	SCR.5.39.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	
246.	European Private Equity & Venture Capital Associat	SCR.5.4.	The EVCA believes that these correlations are very conservative for alternative investments which are often called “alternative” because they are subject to low correlations between themselves and with other assets and risk areas. Current calibrations in Solvency II do not account for this. Such oversights should not be repeated, particularly within the longer term risk framework applying to IORPs, which will serve to enforce the onerous impact of such inacurracies. IORP’s should be incentivised to use higher yielding and less dependent	Noted.

			investments especially in the low interest rate, low growth and high volatility environments expected to prevail in the foreseeable future, especially in Europe. This will be the only way IORPs, and in turn society, will be able to fund reasonable pensions in an affordable manner.	
247.	Institute and Faculty of Actuaries	SCR.5.40.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
248.	British Airways Pension Investment Management Limi	SCR.5.41.	Just by saying private equity is included in "Other equity" it doesn't make private equity share the risk characteristics of the other assets included in this category. It is difficult to see how ignoring this fact is helpful to investors in private equity trying to calibrate the risk of investing in private equity.	Noted.
249.	Federation of the Dutch Pension Funds	SCR.5.41.	The index 'x' is redundant and leads to confusion.	Noted.
250.	Groupe Consultatif Actuariel Européen	SCR.5.41.	The index 'x' is redundant and leads to confusion	Noted.
251.	Institute and Faculty of Actuaries	SCR.5.41.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
252.	Institute and Faculty of Actuaries	SCR.5.42.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
253.	Institute and	SCR.5.43.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
254.	Aon Hewitt	SCR.5.44.	Given there is so much uncertainty over the actual confidence levels, we think that including other options at this stage is rather spurious, and that this option should be removed.	Noted. One purpose of QIS is to test all options in EIOPA advice to COM.
255.	Institute and Faculty of Actuaries	SCR.5.44.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
256.	Aon Hewitt	SCR.5.45.	Given there is so much uncertainty over the actual confidence levels, we think that including other options at this stage is rather spurious, and that this option should be removed. We cannot see IORPs supporting charges based on shocks of 39% and 49%.	Noted. One purpose of QIS is to test all options in EIOPA advice to COM.
257.	Institute and Faculty of Actuaries	SCR.5.45.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
258.	Aon Hewitt	SCR.5.46.	Given there is so much uncertainty over the actual confidence levels, we think that including other options at this stage is rather spurious, and that this option should be removed. However, we note that a lower stress level is likely to be supported by IORPs. However this proposal creates a cliff-edge. IORPs with duration of 11.5 years will have a much tougher treatment than those with duration of 12 years. It would be much better to make this more	Noted. One purpose of QIS is to test all options in EIOPA advice to COM.

			duration dependent (eg Equity Stress of 30%/40% at zero duration; reducing linearly to 22% at duration of 12 years). Also the proposed long-term stress of 22% is then lower than the 25% applied to property, which doesn't make sense . It this option is pursued, we would recommend having a duration-based approach to property as well.	
259.	Federation of the Dutch Pension Funds	SCR.5.46.	The idea of the duration-based approach can be supported. However, it is inconsistent to decrease to stress only for equity investments and not for the other asset categories (especially alternative investments). Furthermore, it is debatable why there is a hard limit on the average duration of 12 years. More different levels of average durations with associated stress levels would be more appropriate. For example an equity stress of 25% for an average duration which exceeds 8 years, a stress of 22% for an average duration which exceeds 12 years and an equity stress of 15 % for an average duration which exceeds 16 years.	Noted.
260.	Groupe Consultatif Actuariel Européen	SCR.5.46.	The idea of the duration-based approach can be supported. However, it is inconsistent to decrease to stress only for equity investments and not for the other asset categories (especially alternative investments). Furthermore, it is debatable why there is a hard boundary on the average duration of 12 years. More different levels of average durations with associated stress levels would be more appropriate. For example an equity stress of 25% for an average duration which exceeds 8 years, a stress of 22% for an average duration which exceeds 12 years and an equity stress of 15 years for an average duration which exceeds 16 years. Unless EIOPA clearly indicates that the boundary is purely for the purpose of this QIS and is not intended as a basis for further	Noted.

			parameterization, we suggest amending this part	
261.	Institute and Faculty of Actuaries	SCR.5.46.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
262.	Insurance Europe	SCR.5.46.	SCR.5.46 – SCR.5.47: Insurance Europe suggests replacing the distinct 12 year duration limit (for use of the equity duration-based approach) with a gradual transition, where increased duration leads to reduced SCR Equity stress. For example duration buckets of five years could be used. However, it must be ensured that such solutions should apply both the IORPs and Insurers and that solutions found should be addressed within the context of Solvency II.	Noted.
263.	Federation of the Dutch Pension Funds	SCR.5.47.	We suppose that EIOPA means that no ADDITIONAL calculation is required.	Noted.
264.	Institute and Faculty of Actuaries	SCR.5.47.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
265.	Institute and Faculty of Actuaries	SCR.5.48.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
266.	Institute and Faculty of Actuaries	SCR.5.49.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
267.	Institute and Faculty of Actuaries	SCR.5.50.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

268.	Institute and Faculty of Actuaries	SCR.5.51.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
269.	Federation of the Dutch Pension Funds	SCR.5.52.	The percentage of assets invested in property is also needed as input.	Noted.
270.	Groupe Consultatif Actuariel Européen	SCR.5.52.	The percentage of assets invested in property is also needed as input	Noted.
271.	Institute and Faculty of Actuaries	SCR.5.52.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
272.	Institute and Faculty of Actuaries	SCR.5.53.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
273.	Institute and Faculty of Actuaries	SCR.5.54.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
274.	Aon Hewitt	SCR.5.55.	As noted in our answer to SCR.5.46, a lower stress should be used if a duration-based approach is used for equities.	Noted.
275.	Association of German Pfandbrief Banks	SCR.5.55.	Differentiation of the property shock: The given instantaneous decrease of 25% in the value of investments in real estate is based on the volatility of commercial real estate situated in London. This property shock does not reflect the differences of real estate markets and their performance	Noted.

			during the crises. Compared to other asset classes this scenario has a detrimental impact on real estate investments. Thus a diversification of parameters depending on the location of the real estate investment is essential.	
276.	Belgian Association of Pension Institutions (BVPI-	SCR.5.55.	How to link property market to concept as defined in HBS 3.13 ?	Noted.
277.	Institute and Faculty of Actuaries	SCR.5.55.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
278.	Institute and Faculty of Actuaries	SCR.5.56.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
279.	Institute and Faculty of Actuaries	SCR.5.57.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
280.	Institute and Faculty of Actuaries	SCR.5.58.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
281.	Institute and Faculty of Actuaries	SCR.5.59.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
282.	Institute and Faculty of Actuaries	SCR.5.60.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

283.	Institute and Faculty of Actuaries	SCR.5.61.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
284.	Federation of the Dutch Pension Funds	SCR.5.62.	"Non-listed equity and property should be assumed to be sensitive to the currency of the country where it is located or the currency of the country where the issuer of the equity has its main operation, respectively." Because of the use of the term 'respectively', the items non-listed equity and property should be changed to avoid confusion.	Noted.
285.	Groupe Consultatif Actuariel Européen	SCR.5.62.	"Non-listed equity and property should be assumed to be sensitive to the currency of the country where it is located or the currency of the country where the issuer of the equity has its main operation, respectively." Because of the use of the term 'respectively', the items non-listed equity and property should be changed to avoid confusion.	Noted.
286.	Institute and Faculty of Actuaries	SCR.5.62.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
287.	Federation of the Dutch Pension Funds	SCR.5.63.	The percentage of assets subject to currency risk for each of the relevant currencies is also needed as input.	Noted.
288.	Groupe Consultatif Actuariel Européen	SCR.5.63.	The percentage of assets subject to currency risk for each of the relevant currencies is also needed as input	Noted.
289.	Institute and Faculty of Actuaries	SCR.5.63.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

290.	Institute and Faculty of Actuaries	SCR.5.64.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
291.	Institute and Faculty of Actuaries	SCR.5.65.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
292.	Institute and Faculty of Actuaries	SCR.5.66.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
293.	Institute and Faculty of Actuaries	SCR.5.67.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
294.	Institute and Faculty of Actuaries	SCR.5.68.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
295.	Institute and Faculty of Actuaries	SCR.5.69.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
296.	Institute and Faculty of Actuaries	SCR.5.70.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
297.	Institute and Faculty of Actuaries	SCR.5.71.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
298.	Federation of the Dutch	SCR.5.72.	What if nMKTfx,c,TP = nMKTfx,c,TPUP and nMKTfx,c,SM = nMKTfx,c,SMDOWN?	Noted.

	Pension Funds			
299.	Groupe Consultatif Actuariel Européen	SCR.5.72.	What if nMKTfx,c,TP = nMKTfx,c,TPUP and nMKTfx,c,SM = nMKTfx,c,SMDOWN ?	Noted.
300.	Institute and Faculty of Actuaries	SCR.5.72.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
301.	Belgian Association of Pension Institutions (BVPI-	SCR.5.73.	Can all rating offices be used ? Or only the 3 biggest ?	Noted.
302.	Federation of the Dutch Pension Funds	SCR.5.73.	In general, for the purpose of this QIS, the section on spread risk is far too detailed. The purpose of this QIS should be to gain insight in the working of the Holistic Balance Sheet and not to provide a calculation as detailed as possible on all sorts of risks. In particular, we suggest to at least remove, for the purpose of this QIS, the sections on mortgage covered bonds, structured products and credit derivatives, as these are unlikely to be of material effect for IORPs and for the working of the Holistic Balance sheet. Notwithstanding this comment, we have still taken the liberty to react also on those sections we have suggested to remove completely.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
303.	Institute and Faculty of Actuaries	SCR.5.73.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
304.	Insurance	SCR.5.73.	In case the assets are hold to mature due to the nature of the underlying	Noted.

	Europe		liabilities, a matching premium must be included in the calculations of the spread risk as this will be highly reduced; ie only default risk remains. As such, Insurance Europe highly welcomes EIOPAs intentions to test the matching premium in the context of the QIS. However, it must be ensured that such solutions should apply both the IORPs and Insurers and that solutions found should be addressed within the context of Solvency II. In addition, further testing for IORPs might be needed to check whether these mechanisms are appropriate given the differences between IORPs and Insurance Companies.	
305.	Belgian Association of Pension Institutions (BVPI-	SCR.5.74.	Would the spread risk also be applied on subordinated debt, considering it is not part of own fund which is not in line with SCR.1.8? Or is subordinated debt to be considered here as an investment and not a liability?	Noted. "Subordinated debt" is here considered as an investment.
306.	Federation of the Dutch Pension Funds	SCR.5.74.	The entire scope of the spread risk module is split out over sections SCR.5.74, SCR.5.75, SCR.5.77 and SCR.5.80. We suggest to include one single section in which the entire scope is laid out, in order to avoid misinterpretation of the relative importance of one asset class over the other. For example, there is no specific mentioning that the spread risk section is also to be applied for government bonds, while from SCR.5.93 onwards this is still being discussed.	Noted.
307.	Institute and Faculty of Actuaries	SCR.5.74.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
308.	Institute and Faculty of Actuaries	SCR.5.75.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

309.	Institute and Faculty of Actuaries	SCR.5.76.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
310.	Institute and Faculty of Actuaries	SCR.5.77.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
311.	Institute and Faculty of Actuaries	SCR.5.78.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
312.	Institute and Faculty of Actuaries	SCR.5.79.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
313.	Federation of the Dutch Pension Funds	SCR.5.80.	Up until here, EIOPA has been talking about the spread risk module, while in this and the following section, EIOPA refers to the 'spread risk sub-module'. Is the addition '-sub' intended ? If so, it is not clear what the distinction with the spread risk module is.	Noted.
314.	Groupe Consultatif Actuariel Européen	SCR.5.80.	is. ?????	Noted.
315.	Institute and Faculty of Actuaries	SCR.5.80.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
316.	Institute and Faculty of Actuaries	SCR.5.81.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

317.	Federation of the Dutch Pension Funds	SCR.5.82.	There is no subsection V.1. The strong reliance between the rating of assets and the capital requirements is remarkable, since a lot of European Policy makers are aiming to reduce over reliance on ratings. According to a recent ECON statement, no EU law will be permitted to refer to credit rating for regulatory purposes.	Noted.
318.	Groupe Consultatif Actuariel Européen	SCR.5.82.	There is no subsection V.1	Agreed. Text has been adjusted.
319.	Institute and Faculty of Actuaries	SCR.5.82.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
320.	Institute and Faculty of Actuaries	SCR.5.83.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
321.	Federation of the Dutch Pension Funds	SCR.5.84.	Again, please also allow for an integral calculation of the loss absorbing capacity if both security mechanisms and technical provisions.	Noted.
322.	Institute and Faculty of Actuaries	SCR.5.84.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
323.	Belgian Association of Pension Institutions (BVPI-	SCR.5.85.	Do bonds also inclue loans ?	Noted. Text has been adjusted.
324.	Institute and	SCR.5.85.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
325.	Institute and Faculty of Actuaries	SCR.5.86.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
326.	Institute and Faculty of Actuaries	SCR.5.87.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
327.	Federation of the Dutch Pension Funds	SCR.5.88.	Without performing the actual calculations, as will only be done during the actual QIS, it is impossible for us to assess whether the proposed shocks indeed lead to a 99.5% VaR, as stated in section SCR.5.87. We therefore reserve ourselves the liberty to comment on this during the QIS. Furthermore, it is not clear what EIOPA intends with the Duration cap. Does this mean that a duration equal to duration cap should be assumed in case of a higher duration, or that the calculation is not allowed for higher duration bonds? In the latter, please specify what the calculation should be. In addition, as in section SCR.5.94, the factors for government bonds are given, please refer to 'corporate bonds' here, instead of simply 'bonds'. It is questionable why companies – with a same credit rating – are assumed to be more risky than governments with the same credit rating agencies.	Noted. A duration equal to duration cap should be assumed in case of a higher duration.
328.	Groupe Consultatif Actuariel Européen	SCR.5.88.	Without performing the actual calculations, as will only be done during the actual QIS, it is impossible for us to assess whether the proposed shocks indeed lead to a 99.5% VaR, as stated in section SCR.5.87. We therefore reserve the liberty to comment on this during the QIS. Furthermore, it is not clear what EIOPA intends with the Duration cap.	Noted. A duration equal to duration cap should be assumed in case of a higher duration.

			Does this mean that a duration equal to duration cap should be assumed in the case of a higher duration, or that the calculation is not allowed for higher duration bonds ? If the latter, please specify what the calculation should be. In addition, as in section SCR.5.94, the factors for government bonds are given, please refer to 'corporate bonds' here, instead of simply 'bonds'. It's questionable why companies – with a same credit rating – are assumed to be more risky than governments with the same credit rating.	
329.	Institute and Faculty of Actuaries	SCR.5.88.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
330.	Institute and Faculty of Actuaries	SCR.5.89.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
331.	European Private Equity & Venture Capital Associat	SCR.5.9.		Noted.
332.	Institute and Faculty of Actuaries	SCR.5.90.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
333.	Institute and Faculty of Actuaries	SCR.5.91.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
334.	Association of German	SCR.5.92.	Inclusion of Covered Bonds with an external rating of AA: We noted that the specifications for the sub-module on Mktsp spread risk will be	Noted.

	Pfandbrief Banks		updated in the course of the consultation. Nevertheless we want to stress the importance of long-term covered bonds, especially Pfandbriefe for German institutions for occupational retirement provision (IORP). Special reference is already given to mortgage covered bonds and public sector covered bonds with an AAA credit quality. Pfandbriefe, the German Covered Bonds, are low-risk instruments. They represent a long established, safe and non-speculative funding tool. Likewise deposits, they don't represent a systemic risk. In Germany, their high level of safety is based on the Pfandbrief Act which stipulates particularly strong requirements for the issuance of Pfandbriefe and the conduct of the underlying Pfandbrief business. Due to these safety features and the related investor confidence, Pfandbriefe proved its reliability and soundness during the financial crises. Thus an advanced privileged treatment has to be considered. Furthermore Covered Bonds, in particular Pfandbriefe with a credit quality lower than AAA should be privileged compared to unsecured bonds. Because of the different risk inherent in these asset classes an equal treatment of Covered Bonds and unsecured bonds with a credit quality of AA is not justifiable.	
335.	Institute and Faculty of Actuaries	SCR.5.92.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
336.	Aon Hewitt	SCR.5.93.	Given recent bail-outs and credit downgrades in a number of EEA countries , we do not think it is appropriate to say that no capital requirement should apply for bonds issued by EEA states. We think the same considerations should be made as for non-EEA states in SCR.5.94.	Noted.
337.	Association of	SCR.5.93.	Capital requirements for exposures to governments: No capital	Noted.

	German Pfandbrief Banks		requirement shall apply to the borrowings by or demonstrably guaranteed by national governments of an EEA state. In our opinion the credit quality of central governments has to be taken into consideration as these bonds were definitely no riskless investment during the crisis, especially with regard to Pfandbriefe. As a consequence of the current wording a high concentration in government bonds can be expected, which we feel is inappropriate compared to the inherent risk.	
338.	Barnett Waddingham LLP	SCR.5.93.	EIOPA should consider whether it is necessary to apply any member-state-specific adjustment here.	Noted.
339.	Federation of the Dutch Pension Funds	SCR.5.93.	It is remarkable that no capital requirement should apply to borrowings by or demonstrably guaranteed by national government of an EEA state.	Noted.
340.	Groupe Consultatif Actuariel Européen	SCR.5.93.	We understand that this derogation also applies in Solvency II, but it can be argued that EU Government bonds and similar exposures should be treated in the same way as any other assets in relation to spread risk. For Ireland this could be an important issue given the existence of sovereign annuities backed by EU Government bonds where the default risk is passed to the pensioners.	Noted.
341.	Institute and Faculty of Actuaries	SCR.5.93.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
342.	Insurance Europe	SCR.5.93.	The spread risk should be treated the same regardless of whether such debt is issued in EURO or in another EEA currency. For countries like eg. Sweden and Norway with a relatively low outstanding national debt, debt issuance in SEK and NOK by EURO countries can be an important asset source for duration purposes.	Noted.

343.	Aon Hewitt	SCR.5.94.	Given recent bail-outs and credit downgrades in a number of EEA countries, we do not think it is appropriate to say that no capital requirement should apply for bonds issued by EEA states. We think the same considerations should be made as for non-EEA states in SCR.5.94. Why isn't this table also applied to EEA government bonds; so there is a risk factor for any EEA government bond issued by a country with a credit rating of A or below? Why is the factor for unrated governments and central banks is higher than the factor for those rated B or lower? Surely the lack of a rating would suggest concerns about the credit quality of the government or bank concerned?	Noted.
344.	Federation of the Dutch Pension Funds	SCR.5.94.	In SCR.5.93, reference is made to bonds issued by the European Central Bank only, while reference is made here to 'Central banks' in plural. Are national central banks also comprised or not?	Noted. Text has been adjusted.
345.	Groupe Consultatif Actuariel Européen	SCR.5.94.	In SCR.5.93, reference is made to bonds issued by the European Central Bank only, while reference is made here to 'Central banks' in plural. Are national central banks also includedd or not ?	Noted. Text has been adjusted.
346.	Institute and Faculty of Actuaries	SCR.5.94.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

347.	Federation of the Dutch Pension Funds	SCR.5.95.	For the purpose of this QIS, it is not appropriate to ask IORPs to disclose their full and actual positions.	Noted. Text has been adjusted.
348.	Institute and Faculty of Actuaries	SCR.5.95.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
349.	Belgian Association of Pension Institutions (BVPI-	SCR.5.96.	Direct/indirect – why not taking into account latest SII version and use simplified version (direct approach)	Noted.
350.	Federation of the Dutch Pension Funds	SCR.5.96.	In general, the level of detail in the next sections on spread risk for structured products is undesirable for the purpose of this QIS	Noted.
351.	Institute and Faculty of Actuaries	SCR.5.96.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
352.	Federation of the Dutch Pension Funds	SCR.5.97.	The formula is not complete. What does the formula result in?	Noted.
353.	Groupe Consultatif Actuariel Européen	SCR.5.97.	The formula is not complete. What does the formula result in ?	Noted.
354.	Institute and Faculty of Actuaries	SCR.5.97.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

355.	Institute and Faculty of Actuaries	SCR.5.98.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
356.	Federation of the Dutch Pension Funds	SCR.5.99.	The formula is not complete. What does the formula result in?	Noted.
357.	Groupe Consultatif Actuariel Européen	SCR.5.99.	The formula is not complete. What does the formula result in ?	Noted.
358.	Institute and Faculty of Actuaries	SCR.5.99.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
359.	Belgian Association of Pension Institutions (BVPI-	SCR.5.100.	Why different Fup factors in table 5.100 vs 5.88 ?	Noted.
360.	Institute and Faculty of Actuaries	SCR.5.100.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
361.	Institute and Faculty of Actuaries	SCR.5.101.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
362.	Institute and Faculty of Actuaries	SCR.5.102.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

363.	Institute and Faculty of Actuaries	SCR.5.103.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
364.	Institute and Faculty of Actuaries	SCR.5.104.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
365.	Institute and Faculty of Actuaries	SCR.5.105.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
366.	Institute and Faculty of Actuaries	SCR.5.106.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
367.	Institute and Faculty of Actuaries	SCR.5.107.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
368.	Federation of the Dutch Pension Funds	SCR.5.108.	The formula refers to Fup, while the explanation refers to F'up. Which one should be used? Furthermore, Fup has been defined twice, both in section SCR.5.88 and in SCR.5.94. It is not clear which one to use. More precision in the definition is needed here.	Noted.
369.	Groupe Consultatif Actuariel Européen	SCR.5.108.	The formula refers to Fup, while the explanation refers to F'up. Which one should be used ? Furthermore, Fup has been defined twice, both in section SCR.5.88 and in SCR.5.94. It is not clear which one to use. More precision in the definition is needed here.	Noted.
370.	Institute and	SCR.5.108.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
371.	Aon Hewitt	SCR.5.109.	For note that EIOPA's report on QIS5 for insurers showed that concentration risk was a very small part of the overall risk (6% of the overall total). Given this, it seems disproportionate to require IORPs to carry out all the calculations in this section. Why not have a simplification, eg concentration risk = 6% of overall market risk?	Noted.
372.	Federation of the Dutch Pension Funds	SCR.5.109.	In general, for the purpose of this QIS, the section on concentration risk is far too detailed. The purpose of this QIS should be to gain insight in the working of the Holistic Balance Sheet and not to provide a calculation as detailed as possible on all sorts of risks.	Noted.
373.	Institute and Faculty of Actuaries	SCR.5.109.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
374.	European Private Equity & Venture Capital Associat	SCR.5.11.	The look through approach should be applied to funds of private equity funds but it should not go beyond the level of a private equity fund making direct investments into unlisted companies.	Noted.
375.	Institute and Faculty of Actuaries	SCR.5.110.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
376.	Institute and	SCR.5.111.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
377.	Institute and Faculty of Actuaries	SCR.5.112.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
378.	Institute and Faculty of Actuaries	SCR.5.113.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
379.	Institute and Faculty of Actuaries	SCR.5.114.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
380.	Institute and Faculty of Actuaries	SCR.5.115.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
381.	Institute and Faculty of Actuaries	SCR.5.116.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
382.	Institute and Faculty of Actuaries	SCR.5.117.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
383.	Institute and Faculty of Actuaries	SCR.5.118.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
384.	Aon Hewitt	SCR.5.119.	We note that, where IORPs have significant equity allocations, they may well have holdings in individual companies that are above the concentration threshold. This holdings are, in many cases, likely to be holdings in the largest companies in their member state, as such	Noted.

			companies will form a large proportion of local equity indices. This means IORPs may also be penalised even if they invest passively in index-tracking portfolios. We think the proposed thresholds of 1.5%/3% could penalise investment in some of Europe's largest companies (many of which have a geographically diverse business). It is not clear if EIOPA has considered this point, but we do not think EIOPA's intention should be to discourage investment in Europe's largest companies. It also seems inappropriate to have a low threshold for holdings in large European companies, and a 10% threshold in a single property (see SCR.5.124). Given this, we think that the concentration thresholds should be reviewed, or set so they at least based on the % exposure in underlying stock market indices, or set so they are the same as the threshold of 10% for individual properties in SCR.5.125.	
385.	Institute and Faculty of Actuaries	SCR.5.119.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
386.	Institute and Faculty of Actuaries	SCR.5.120.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
387.	Institute and	SCR.5.121.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
388.	Institute and Faculty of Actuaries	SCR.5.122.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
389.	Institute and Faculty of Actuaries	SCR.5.123.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
390.	Federation of the Dutch Pension Funds	SCR.5.124.	It is not clear what the last sentence means. Does EIOPA mean to say that government bonds should be included in the calculation of 'total assets'?	Noted. Text has been adjusted.
391.	Groupe Consultatif Actuariel Européen	SCR.5.124.	It is not clear what the last sentence means. Does EIOPA mean to say that government bonds should be included in the calculation of 'total assets' ?	Noted. Text has been adjusted.
392.	Institute and Faculty of Actuaries	SCR.5.124.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
393.	Institute and Faculty of Actuaries	SCR.5.125.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
394.	Barnett Waddingham LLP	SCR.5.126.	EIOPA should indicate the meaning of « sufficiently nearby » - same street, same city, same administrative region ?	Noted.
395.	Institute and Faculty of Actuaries	SCR.5.126.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

396.	Institute and Faculty of Actuaries	SCR.5.127.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
397.	Aon Hewitt	SCR.5.128.	Given recent bail-outs and credit downgrades in a number of EEA countries, we do not think it is appropriate to say that no capital requirement should apply for bonds issued by EEA states. We think the same considerations should be made as for non-EEA states in SCR.5.94. EEA states with credit ratings of A or below should arguably be included in these calculations, and that saying no capital requirement applies understates the current risk.	Noted.
398.	Groupe Consultatif Actuariel Européen	SCR.5.128.	We understand that this derogation also applies in Solvency II, but it can be argued that EU Government bonds and similar exposures should be treated in the same way as any other assets in relation to market risk concentrations. For Ireland this could be an important issue given the existence of sovereign annuities backed by EU Government bonds where the default risk is passed to the pensioners.	Noted.
399.	Institute and Faculty of Actuaries	SCR.5.128.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
400.	Aon Hewitt	SCR.5.129.	Given recent bail-outs and credit downgrades in a number of EEA countries, we do not think it is appropriate to say that no capital requirement should apply for bonds issued by EEA states. We think the same considerations should be made as for non-EEA states in SCR.5.94.	Noted.

			EEA states with credit ratings of A or below should arguably be included in these calculations, and that saying no capital requirement applies understates the current risk.	
401.	Federation of the Dutch Pension Funds	SCR.5.129.	In SCR.5.128, reference is made to bonds issued by the European Central Bank only, while reference is made here to 'Central banks' in plural. Are national central banks also comprised or not?	Noted. Text has been adjusted.
402.	Groupe Consultatif Actuariel Européen	SCR.5.129.	In SCR.5.128, reference is made to bonds issued by the European Central Bank only, while reference is made here to 'Central banks' in plural. Are national central banks also included or not ?	Noted. Text has been adjusted.
403.	Institute and Faculty of Actuaries	SCR.5.129.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
404.	Institute and Faculty of Actuaries	SCR.5.130.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
405.	Belgian Association of Pension Institutions (BVPI-	SCR.5.131.	Why would concentration risk not be applicable to SPV notes with significant features of equities ?	Noted.
406.	Institute and Faculty of Actuaries	SCR.5.131.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

407.	European Private Equity & Venture Capital Associat	SCR.5.14.	This approach assumes an investment is in a single private equity fund. Investment activity of pension funds is always based on investing in a portfolio of funds diversified by investment stages, geographies and vintage years. This leads to a considerably lower risk profile of the portfolio as a whole compared to that of each single fund. In addition each fund benefits from diversification benefits from investing in a number of individual, unlisted companies (perhaps twenty or more companies and typically no fewer than eight companies). In addition there is no cross-collateralisation between the assets of different portfolio companies. This means that even in the case of a default investment in a single company by a private equity fund, there is no impact on the other investments of the private equity fund. As previously stated pension funds diversify their investments across a number of PE funds, and in turn potentially thousands of underlying portfolio companies. Many studies have shown evidence that a diversified portfolio of private equity funds has a relatively low risk. One of the most important studies in this area from Weidig / Mathonet (2004) shows that a portfolio with more than 20 funds has extremely limited risks (i.e. zero risk) with a confidence level of 99% of losing any capital over the entire lifetime of the portfolio. A study from Diller / Herger shows that a well-diversified portfolio of 25 funds spread over 5 years will end up with a similar result. Meyer / Mathonet (2005) also show that a portfolio with more than 20 funds is considered as being well-diversified. It is therefore not appropriate to apply this look through approach to private equity and venture capital funds. Because of the above and the factors outlined in our comments on SCR 5.28, 5.29, 5.33, 5.38 private equity and venture capital should be in its	Noted.

			own sub-group with an appropriate risk calibration.	
408.	European Private Equity & Venture Capital Associat	SCR.5.28.	For investors in private equity the risk is not about the volatility of market prices as the concept of a market price for unmarketable assets is not logical. Institutional investing in private equity is predominantly through unlisted funds that have a contractual lifetime of 10 years and follow a very distinct lifecycle. In such cases it is meaningless to view risk as the volatility of a time series over short horizons. In order to correctly capture the risk of investing in private equity funds the following factors should be taken into consideration: ☐ Liquidity and funding risk: the risk that the investor cannot meet its obligations to pay draw downs on a commitment as they fall due. ☐ Long-Term default risk: the risk that the investor loses capital with its private equity investment over the entire lifetime of the product ("Hold to maturity"). Hence interim valuations do not really play a role, they only provide an indication of what the final and true value of the investment may be. Long term risk can be expressed through the ratio between capital returned and capital paid-in. Until the investor has received back its full capital drawn down it runs some risk of losing part of its capital.	Noted.

			☐ Short-term valuation changes (risk) is the risk that the value (NAV) changes over time. These values are mark-to-market, or often in the case of private equity, mark-to-model accounting values and not market values in the traditional sense used in public equity investing. By definition the underlying investments are not traded on any market, hence there is no real market value. Interim valuations and movements in the stated NAV can, however, play a role in the balance sheet of some institutional investors, such as banks.	
409.	European Private Equity & Venture Capital Associat	SCR.5.33.	Investors in private equity funds are not exposed to market volatility and as such it is entirely appropriate for private equity to be classified in third and separate sub-group. In order to calculate any theoretical risk calibration and correlations for private equity and venture capital, the full specificities of measuring risk in the asset class should be taken into consideration in order to produce a risk calibration and correlations that are appropriate. These specificities together with an appropriate database and calibration methodologies are explained in detail in the EVCA Research Paper "Calibration of Risk and Correlations in Private Equity"┐ presented to EIOPA on May 20th 2012.	Noted.

			This EVCA Research Paper demonstrates depending on the calibration method and the data base used, the shocks for the asset class, and hence the standard risk weighting for private equity, are between 20% and 35%. In addition to an appropriate risk calibration and correlation the specific characteristics of the asset class should also be taken into consideration when classifying private equity and venture capital within the market risk sub-module. These characteristics include: ☐ PE funds typically make long-term, one hundred per cent equity backed, investments; ☐ PE funds do not offer redemption rights for investors; ☐ PE funds do not use leverage at fund level, i.e. they are not exposed at fund level; ☐ PE funds do not engage in credit origination activities. Against the background of these characteristics of private equity and venture capital funds a fund structure has developed that may be defined as follows: "Private equity and venture capital funds are unleveraged funds which predominantly invest in equity instruments and instruments that are economically similar to equity instruments issued by unlisted companies. Such funds are characterised by alignment of interest through sharing of risk between management and investors. They are generally only open to	

			eligible investors, namely professional clients and certain sophisticated HNWIs, and do not provide redemption rights to investors for a period of at least five years after the first closing of the fund, i.e. the date when the first investor is admitted to the fund. Private equity and venture capital funds of funds invest in private equity and venture capital funds as defined above."┐ In addition many studies have shown evidence that a diversified portfolio of private equity funds has a relatively low risk. One of the most important studies in this area from Weidig / Mathonet (2004)┐ shows that a portfolio with more than 20 funds has extremely limited risks (i.e. zero risk) with a confidence level of 99% of losing any capital over the entire lifetime of the portfolio. A study from Diller / Herger┐ shows that a well-diversified portfolio of 25 funds spread over 5 years will end up with a similar result. Meyer / Mathonet (2005)┐ also show that a portfolio with more than 20 funds is considered as being well-diversified. It is therefore not appropriate to apply this look through approach to private equity and venture capital funds. It is also impossible to accommodate larger return potentials and increased diversification effects, which are the main drivers of increased allocations by long term investors, including IORPs, to alternative asset classes if these asset classes, such as private equity, real estate, hedge funds etc are not separated.. Again, this is a repetition of inadequacies inherent in Solvency II. Consequently, we recommend creating a private equity and venture capital sub-module to accurately reflect the standard risk weighting for investing in private equity and venture capital funds and the unique	

			characteristics of private equity and venture capital funds. 12Chakravarty/Diller (2012) EVCA Research Paper: "Calibration of Risk and Correlation in Private Equity" 13EVCA Position Paper (2012) "What is a private equity and venture capital fund?" 14Weidig/Methonet (2004) The risk profiles of private equity 15Diller/Herger (2009) Assessing the risk of private equity fund investments 16Meyer/Mathenot (2005) Beyond the J Curve	
410.	European Private Equity & Venture Capital Associat	SCR.5.35.	Any calibration needs to take into account the following : 1. The long term investment & risk horizons of most IORPs : shocks of the mentioned magnitude seem exaggerated even for short term volatile assets. 2. A long term horizon needs to accommodate return expectations . Ignoring this point implies a heavy unjustified discriminatory charge on many illiquid high yielding asset categories such as private equity. This type of approach will be detrimental to the funding issues European IORPs and societies at large are confronted with. Such investments are characterised by higher returns and lower risks, especially for longer horizons. IORP's need such long term revenue contributors particularly in	Noted.

			times of very low interest rates. At the same time European business needs long term financing to overcome the current crisis. 3. A long term horizon implies that liquidity should play a much less important role in risk measurment. It seems that EIOPA has just modified Solvency II risk charges modestly downwards regardless of the criteria driving the Solvency II calibrations. As can been seen in the EVCA research paper, or in any analysis relying on real private equity data instead of listed private equity data, risk for private equity under Solvency II is heavily exaggerated. Such a choice might have been driven by liquidity considerations. While such a choice is already more than questionable for insurance undertakings, such a heavy impact of illiquidity on risk measures is completely unreasonable for the typical long risk and investment horizon of IORPs. 4. Not only EVCA but also independent academics have shown how heavily flawed the calibration methods are in Solvency II. We urge EIOPA to avoid the use of any inappropriate data and methods for calibration of risk charges for IORPs. The longer horizon might make inaccuracies stemming from the use of inappropriate data and methods even more harmful┐ 5. A proper modelling of diversification effects among alternative investments, such as private equity, hedge funds, real estate and other asset classes is even more important for a long investment and risk horizon. Alternative Investments are often called "alternative" because they are significantly uncorrelated to other assets. Repeating Solvency II calibrations ignores the huge diversification potential in, and between	

			alternatives, and between alternatives and other asset classes. This lack of recognition of the diversification benefits of alternative assets will be event more detrimental in this context than is the case for insurers under Solvency II. Given this, and the information evidenced in our comments on SCR 5.28, 5.29, 5.33, and 5.38 much lower risk charges for private equity are required. 17Mittnik(2011) Solvency II Calibrations: Where Curiosity Meets Spuriosity	
411.	European Private Equity & Venture Capital Associat	SCR.5.36.	See the EVCA comments on SCR 5.35	Noted.
412.	European Private Equity & Venture Capital Associat	SCR.5.37.	See the EVCA comments on SCR 5.35	Noted.

413.	European Private Equity & Venture Capital Associat	SCR.5.38.	The EVCA does recognise the need to measure private equity risk. In order to calculate any theoretical risk calibration and correlations for private equity and venture capital, the full specificities of measuring risk in the asset class should be taken into consideration in order to produce a risk calibration and correlations that are appropriate. In order to achieve this the EVCA strongly recommends that private equity should be classified in an individual, separate sub-module. These specificities together with an appropriate database and calibration methodologies are explained in detail in the EVCA Research Paper "Calibration of Risk and Correlations in Private Equity"┐ presented to EIOPA on May 20th 2012. This EVCA Research Paper demonstrates depending on the calibration method and the data base used, the shocks for the asset class, and hence the standard risk weighting for private equity, are between 20% and 35%. In addition to an appropriate risk calibration and correlation the specific characteristics of the asset class should also be taken into consideration when classifying private equity and venture capital within the market risk sub-module. These characteristics include: · PE funds typically make long-term, one hundred per cent equity backed, investments;	Noted.

			☐ PE funds do not offer redemption rights for investors; ☐ PE funds do not use leverage at fund level, i.e. they are not exposed at fund level; ☐ PE funds do not engage in credit origination activities. Against the background of these characteristics of private equity and venture capital funds a fund structure has developed that may be defined as follows: "Private equity and venture capital funds are unleveraged funds which predominantly invest in equity instruments and instruments that are economically similar to equity instruments issued by unlisted companies. Such funds are characterised by alignment of interest through sharing of risk between management and investors. They are generally only open to eligible investors, namely professional clients and certain sophisticated HNWIs, and do not provide redemption rights to investors for a period of at least five years after the first closing of the fund, i.e. the date when the first investor is admitted to the fund. Private equity and venture capital funds of funds invest in private equity and venture capital funds as defined above." Consequently, we recommend creating a private equity and venture capital sub-module to accurately reflect the standard risk weighting for investing in private equity and venture capital funds and the unique characteristics of private equity and venture capital funds.	

			18Chakravarty/Diller (2012) EVCA Research Paper: "Calibration of Risk and Correlation in Private Equity"	
414.	European Private Equity & Venture Capital Associat	SCR.5.41.	In order to assess the appropriate risk and correlation parameters for private equity to be used in a regulatory framework, EVCA ran various analyses and presented the responses to EIOPA on May 20th 2012 in the EVCA Research Paper "Calibration of Risk and Correlations in Private Equity". In this paper EVCA presented two approaches: 1. An approach employing methods used for common statistical procedures and the calibrations of other modules within the QIS 5 Solvency II calibration paper most notably Property. EVCA ran various analyses; starting from a Base Index based on quarterly NAV data up to an Expanded Index which has higher correlation and volatility through the expansion to monthly data. All the empirical data was fitted to use standardized distributions in order to derive the shock and correlation parameters. 2. A cash flow based approach as most investors in private equity focus on the long-term cash flow behaviour of the asset class and are not overly concerned with the quarterly changes of the valuations during the lifetime of the fund. This is because for investors the true economic value of the unquoted investments is only known upon realization of those investments.	Noted.

			Using the first approach a correlation figure of 59% and 75% with the MSCI world index was found. Taking this into account and the points outlined inSCR 5.28, 5.29, 5.33, 5.35 and 5.38 the EVCA strongly recommends the creation of a separate and individual sub-group for private equity.	
415.	European Private Equity & Venture Capital Associat	SCR.5.46.	The EVCA welcomes the recognition that the long-term nature of a pension funds liabilities should be taken into consideration when calculating the equity risk calibration, however this should be on a sliding scale, which takes into account all characteristics of private equity risk outlined in comment .on SCR 5.28, 5.29, 5.33, 5.35 and 5.38. As such, and irrespective of the duration of the IORP liabilities, investments in private equity funds should be in a separate sub-module.	Noted.
417.	Federation of the Dutch Pension Funds	SCR.6.1.	In general, most of the proposed calculations are difficult to follow for the staff of an average IORP. Most of the text is taken straight from Solvency II where involvement in this type of calculation has been built up over years. For IORPs, there currently is no capital requirement for counterparty default risk that is calculated in such a detailed way as is the case under Solvency II.	Noted.

			Given the purpose of this QIS, it is advisable to simplify substantially or remove this entire section. This subparagraph is very extensive and complex. There could be more simplifications, especially for the purpose of this QIS. Furthermore, the sponsor default risk could be a separate module, given the importance of the sponsor support in the HBS.	
418.	Institute and Faculty of Actuaries	SCR.6.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	
419.	Insurance Europe	SCR.6.1.	Regarding the treatment of recoverables from insurance contracts we would recommend that products as for example the German "Rückdeckungsversicherungen" are not subject to counterparty default risk, since - The counterparty is an insurance company under Solvency II supervisory with a confidence level of 99,5%; - The additional protection schemes available should be taken into account in case of insolvency of these insurance companies ; - Technical provisions, according local GAAP, are highly protected under national law and have priority in case of insolvency.	Noted.
420.	Aon Hewitt	SCR.6.2.	We do not agree that the case has been made for counterparty risk adjustments, other than in respect of non-collateralised swaps and other contracts of insurance. The counterparty risk for plan sponsor can then simply be set to a % of the Value of the Sponsor Support on the Holistic Balance Sheet; where this % is linked to the credit rating. We have done some work assessing	Noted.

			what these %'s could look like, and we would be happy to share our thinking. The above proposals would massively simplify the level of calculations required for this section.	
421.	Federation of the Dutch Pension Funds	SCR.6.2.	It is unclear how the SCR for sponsor support should be calculated for multi-employer plans or for multinationals.	Noted.
422.	Groupe Consultatif Actuariel Européen	SCR.6.2.		Noted.
423.	Institute and Faculty of Actuaries	SCR.6.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
424.	Institute and Faculty of Actuaries	SCR.6.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
425.	Institute and Faculty of Actuaries	SCR.6.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
426.	Association of British Insurers	SCR.6.5.	It should be clear that in the case of insurance recoverables the credit rating and default analysis should be based on the status of the insurance policy, not the credit rating of an unsecured creditor of the insurance undertaking.	Noted.

427.	Institute and Faculty of Actuaries	SCR.6.5.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
428.	Institute and Faculty of Actuaries	SCR.6.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
429.	Institute and Faculty of Actuaries	SCR.6.7.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
430.	Institute and Faculty of Actuaries	SCR.6.8.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
431.	Institute and Faculty of Actuaries	SCR.6.9.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
432.	Institute and Faculty of Actuaries	SCR.6.10.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
433.	Institute and Faculty of Actuaries	SCR.6.11.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
434.	Institute and Faculty of Actuaries	SCR.6.12.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
435.	Institute and Faculty of	SCR.6.13.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
436.	Federation of the Dutch Pension Funds	SCR.6.14.	In general, IORPs will not be familiar with calculations involving loss distribution functions. The specifications laid out in this section will be hard if not impossible to set up for IORPs given their little or no experience in this respect.	Noted.
437.	Groupe Consultatif Actuariel Européen	SCR.6.14.	EIOPA should be aware that most IORPs will not be familiar with calculations involving loss distribution functions, as this is currently not pension practice. The specifications laid out in this section will be hard if not impossible to set up for IORPs with little or no experience in this.	Noted.
438.	Institute and Faculty of Actuaries	SCR.6.14.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
439.	Belgian Association of Pension Institutions (BVPI-	SCR.6.15.	What is dependant/independant ?	Noted. See SCR.6.6.
440.	Federation of the Dutch Pension Funds	SCR.6.15.	See our comment on section SCR.6.14 Also, IORPs will most likely be unfamiliar with the terms, meaning and calculation of Vinter and Vintra.	Noted.
441.	Groupe Consultatif Actuariel Européen	SCR.6.15.	See our comment on section SCR.6.14 Also, IORPs will most likely be unfamiliar with the terms, meaning and calculation of Vinter and Vintra.	Noted.
442.	Institute and Faculty of Actuaries	SCR.6.15.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

443.	Institute and Faculty of Actuaries	SCR.6.16.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
444.	Aon Hewitt	SCR.6.17.	Most large listed companies have credit ratings AND market implied ratings. Most small or private or subsidiary companies do not have either. Using the parent rating if a subsidiary rating is not available undermines the nature of the "legal" covenant. . The complexity of some corporate structures can also have a significant impact on the true covenant strength. For example, on the "wish list" of most UK trustee groups (and the UK Pension Regulator!) is that the UK trustees obtain a parent company guarantee in order to reduce the pension fund's reliance on the standalone (ie "legal") covenant of the UK subsidiary which may be financially much weaker than the parent. In reality, most UK pension funds do not succeed in getting such a guarantee as it can entail substantial financial costs to the parent company. Therefore, using the parent's company credit rating if the subsidiary is not rated may result in a material over-estimation of the strength of the sponsor and goes against the UK's scheme specific approach. We do not agree that unrated sponsors should have a default rating in line with that of a B rated company. There is some logic in this for a financial institution investing in a broad range of bonds almost all of which are rated, and which can sell the non-rated bonds if it wants. This logic does not apply in relation to IORPs who cannot choose their sponsor.	Noted.
445.	Federation of the Dutch	SCR.6.17.	In comparison to most insurance companies, most IORPs are unrated. The default probability PDi for the sponsor of the IORP will therefore be	Noted.

	Pension Funds		overestimated. It is also not clear how a multi-employer plan should be rated.	
446.	Institute and Faculty of Actuaries	SCR.6.17.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
447.	Aon Hewitt	SCR.6.18.	It is not clear how this 50% has been derived. Given the incredibly complex construction of the rest of the SCR the arbitrary nature of this key assumption seems to have very little backing.	Noted.
448.	Institute and Faculty of Actuaries	SCR.6.18.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
449.	Institute and Faculty of Actuaries	SCR.6.19.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
450.	Belgian Association of Pension Institutions (BVPI-	SCR.6.20.	Why is the risk mitigating not added to the BE to define the LGD of a reinsurance contract?	Noted.
451.	Institute and Faculty of Actuaries	SCR.6.20.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
452.	Institute and Faculty of Actuaries	SCR.6.21.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

453.	Belgian Association of Pension Institutions (BVPI-	SCR.6.22.	Why is the risk mitigating on market risk of the derivative not added to define the LGD of a derivative? F' should be corrected (extract from L2 – art. 175: "F' denotes a factor to take into account the economic effect of the collateral arrangement in relation to the derivative (not reinsurance) in case of credit event related to the counterparty")	Noted.
454.	Institute and Faculty of Actuaries	SCR.6.22.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
455.	Institute and Faculty of Actuaries	SCR.6.23.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
456.	Institute and Faculty of Actuaries	SCR.6.24.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
457.	Institute and Faculty of Actuaries	SCR.6.25.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
458.	Association of German Pfandbrief Banks	SCR.6.26.	Preferential treatment of mortgage loans compared to mortgage covered bonds: We noticed that a single mortgage loan financed by an insurance company will be privileged compared to a mortgage covered bond. This treatment is not plausible. Mortgage covered bonds consist of front-ranking mortgage loans, which are usually well diversified. Against this background it is not conceivable for us why a single mortgage loan should get a better treatment than a mortgage covered bond.	Noted.
459.	Institute and Faculty of	SCR.6.26.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
460.	Institute and Faculty of Actuaries	SCR.6.27.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
461.	Institute and Faculty of Actuaries	SCR.6.28.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
462.	Institute and Faculty of Actuaries	SCR.6.29.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
463.	Institute and Faculty of Actuaries	SCR.6.30.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
464.	Belgian Association of Pension Institutions (BVPI-	SCR.6.31.	How to calculate ?	Noted.
465.	Institute and Faculty of Actuaries	SCR.6.31.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
466.	Belgian Association of Pension Institutions (BVPI-	SCR.6.32.	The % as mentioned in SCR 6.32 seem to be very low. How to explain ?	Noted.
467.	Institute and	SCR.6.32.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
468.	Institute and Faculty of Actuaries	SCR.7.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
469.	Institute and Faculty of Actuaries	SCR.7.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
470.	Institute and Faculty of Actuaries	SCR.7.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
471.	Federation of the Dutch Pension Funds	SCR.7.4.	If IORPs should incorporate a risk margin into their technical provisions for adverse assumptions, risks with respect to pension liabilities will be double counted. However, we reject the proposal of including a risk margin into the technical provisions in order to create a safety net for the wrong assumptions. This should be done in the SCR. Including uncertainty into the technical provisions themselves leads to the risk of piling up prudence on prudence.	Noted.
472.	Institute and Faculty of Actuaries	SCR.7.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
473.	Insurance Europe	SCR.7.4.	One of the risks that is often covered by the pension schemes is the premium waiver. This is a cover to fully pay the amounts as foreseen in the contract, in case of disability or illness of the employee. It is unclear where to include this cover: under disability, benefit option or even the health risk module.	Noted.

474.	Federation of the Dutch Pension Funds	SCR.7.5.	Again, please also allow for an integral calculation of the loss absorbing capacity if both security mechanisms and technical provisions.	Noted.
475.	Groupe Consultatif Actuariel Européen	SCR.7.5.	Again, please also allow for an integral calculation of the loss absorbing capacity in(?) both security mechanisms and technical provisions.	Noted.
476.	Institute and Faculty of Actuaries	SCR.7.5.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
477.	Institute and Faculty of Actuaries	SCR.7.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
478.	Barnett Waddingham LLP	SCR.7.7.	Other correlation factors may be appropriate depending on the particular circumstances of each IORP.	Noted.
479.	Federation of the Dutch Pension Funds	SCR.7.7.	The index 'x' is redundant and leads to confusion.	Noted.
480.	Groupe Consultatif Actuariel Européen	SCR.7.7.	The index 'x' is redundant and leads to confusion More generally, this appears to be copied directly from Solvency II, which begs the question as to whether the same correlations etc are appropriate for an insurance company selling products in the market and an IORP providing benefits for an employed workforce.	Noted.
481.	Institute and Faculty of	SCR.7.7.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
482.	Institute and Faculty of Actuaries	SCR.7.8.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
483.	Institute and Faculty of Actuaries	SCR.7.9.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
484.	Institute and Faculty of Actuaries	SCR.7.10.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
485.	Institute and Faculty of Actuaries	SCR.7.11.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
486.	Institute and Faculty of Actuaries	SCR.7.12.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
487.	Barnett Waddingham LLP	SCR.7.13.	We would like EIOPA to confirm why such a floor is considered appropriate, given the loss-absorbing nature of the interaction between the different pension liability risks.	Noted.
488.	Institute and Faculty of Actuaries	SCR.7.13.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
489.	Institute and Faculty of Actuaries	SCR.7.14.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
490.	Federation of	SCR.7.15.	The fact that no input is required to calculate the capital requirement for	Noted.

	the Dutch Pension Funds		mortality risk seems strange. If EIOPA means that no input is required, because all required information is already available from previous sections, it would be advisable to state so.	
491.	Groupe Consultatif Actuariel Européen	SCR.7.15.	The fact that no input is required to calculate the capital requirement for mortality risk seems strange. If EIOPA means that no input is required, because all required information is already available from previous sections, it would be advisable to state so. However, this is not entirely clear from the specifications.	Noted.
492.	Institute and Faculty of Actuaries	SCR.7.15.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
493.	Institute and Faculty of Actuaries	SCR.7.16.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
494.	Institute and Faculty of Actuaries	SCR.7.17.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
495.	Towers Watson B.V.	SCR.7.17.	The mortality shocks seem to be arbitrarily determined.	Noted.
496.	Institute and Faculty of Actuaries	SCR.7.18.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
497.	Institute and Faculty of Actuaries	SCR.7.19.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
498.	Institute and Faculty of	SCR.7.20.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
499.	Institute and Faculty of Actuaries	SCR.7.21.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
500.	Institute and Faculty of Actuaries	SCR.7.22.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
501.	Institute and Faculty of Actuaries	SCR.7.23.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
502.	Institute and Faculty of Actuaries	SCR.7.24.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
503.	Barnett Waddingham LLP	SCR.7.25.	We would like EIOPA to confirm why such a floor is considered appropriate, given the loss-absorbing nature of the interaction between the different pension liability risks.	Noted.
504.	Institute and Faculty of Actuaries	SCR.7.25.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
505.	Institute and Faculty of Actuaries	SCR.7.26.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
506.	Institute and Faculty of Actuaries	SCR.7.27.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
507.	Institute and	SCR.7.28.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
508.	Federation of the Dutch Pension Funds	SCR.7.29.	In SCR.1.11, EIOPA states that all parameters and shocks are calibrated to yield a 99.5% VaR. Given the fact that mortality and longevity are complementary risks, it cannot be compatible that for mortality risk, as stated in SCR.7.17, this calibration yields a shock of 15% and for longevity this same calibration yields 20%. This is especially strange since EIOPA asks IORPs in HBS.4.2 to take into account any foreseeable trend in longevity. Given the fact that this trend is taken into account, deviation around this trend should be symmetric. The assumed stress scenario is very huge and unrealistic.	Noted.
509.	Groupe Consultatif Actuariel Européen	SCR.7.29.	In SCR.1.11, EIOPA states that all parameters and shocks are calibrated to yield a 99.5% VaR. Given the fact that mortality and longevity are complementary risks, it cannot be compatible that for mortality risk, as stated in SCR.7.17, this calibration yields a shock of 15% and for longevity this same calibration yields 20%. This is especially strange since EIOPA asks IORPs in HBS.4.2 to take into account any foreseeable trend in longevity. Given the fact that this trend is taken into account, deviation around this trend is symmetric. The assumed stress scenario is very huge and unrealistic.	Noted.
510.	Institute and Faculty of Actuaries	SCR.7.29.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
511.	Towers Watson B.V.	SCR.7.29.	The longevity shocks seem to be arbitrarily determined.	Noted.
512.	Institute and Faculty of Actuaries	SCR.7.30.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

513.	Institute and Faculty of Actuaries	SCR.7.31.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
514.	Institute and Faculty of Actuaries	SCR.7.32.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
515.	Institute and Faculty of Actuaries	SCR.7.33.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
516.	Institute and Faculty of Actuaries	SCR.7.34.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
517.	Institute and Faculty of Actuaries	SCR.7.35.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
518.	Institute and Faculty of Actuaries	SCR.7.36.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
519.	Insurance Europe	SCR.7.36.	It is unclear how to assess the difference between recurring payments as a result of disability-morbidity risk and financial compensation as a result of a "health insurance obligation". Examples of both could help to value the right risks with the right modules.	Noted.
520.	Institute and Faculty of Actuaries	SCR.7.37.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

521.	Institute and Faculty of Actuaries	SCR.7.38.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
522.	Groupe Consultatif Actuariel Européen	SCR.7.39.	This appears to be copied directly from Solvency II, which begs the question as to whether the same risks arise for an insurance company selling disability products in the market and an IORP providing disability benefits for an employed workforce.	Noted.
523.	Institute and Faculty of Actuaries	SCR.7.39.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
524.	Institute and Faculty of Actuaries	SCR.7.40.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
525.	Institute and Faculty of Actuaries	SCR.7.41.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
526.	Institute and Faculty of Actuaries	SCR.7.42.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
527.	Institute and Faculty of Actuaries	SCR.7.43.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
528.	Aon Hewitt	SCR.7.44.	It is not entirely clear what risks are supposed to be included in the Benefit Options module. What about the risk of conversion terms changing in the future; what about the risk of adverse demographic experience e.g. turnover, early retirement. Given the insurance-focused nature of the wording, it is not easy to work out what risks EIOPA want to	Noted, will be further developed at a later stage.

			have captured in this module? What about salary increases being higher than expected? What about pension increases being higher than expected? What about members having a greater number of beneficiaries than expected (so greater levels of benefits payable upon death). In general, there is a danger of the approach adopted being disproportionate for IORPs as many of the benefit options are broadly cost-neutral.	
529.	Federation of the Dutch Pension Funds	SCR.7.44.	This risk is not relevant for Dutch IORPs.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
530.	Institute and Faculty of Actuaries	SCR.7.44.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
531.	Institute and Faculty of Actuaries	SCR.7.45.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
532.	Aon Hewitt	SCR.7.46.	We are puzzled by use of the term 'lapse' when this is very specific to insurers, and not a phrase generally used by IORPs. This gives the impression this part has been lifted from Solvency II for insurers, without thinking about how it could apply for IORPs.	Noted.
533.	Institute and	SCR.7.46.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
534.	Institute and Faculty of Actuaries	SCR.7.47.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
535.	Institute and Faculty of Actuaries	SCR.7.48.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
536.	Aon Hewitt	SCR.7.49.	As for SCR.7.46, use of the terms lapse and lapsation is rather off-putting and not relevant for most IORPs.	Noted.
537.	Institute and Faculty of Actuaries	SCR.7.49.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
538.	Aon Hewitt	SCR.7.50.	As for SCR7.46, there are terms here that are more specific to insurers eg surrender value?	Noted.
539.	Institute and Faculty of Actuaries	SCR.7.50.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
540.	Aon Hewitt	SCR.7.51.	What else is supposed to be included here? What about the risk of conversion terms changing in the future; what about the risk of adverse demographic experience eg turnover, early retirement. Given the insurance-focused nature of the wording, it is not easy to work out what risks EIOPA want to have captured in this module?	Noted, will be further developed at a later stage.

			What about salary increases being higher than expected? What about pension increases being higher than expected? What about members having more beneficiaries than expected (so greater levels of benefits payable upon death).	
541.	Institute and Faculty of Actuaries	SCR.7.51.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
542.	Institute and Faculty of Actuaries	SCR.7.52.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
543.	Institute and Faculty of Actuaries	SCR.7.53.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
544.	Institute and Faculty of Actuaries	SCR.7.54.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
545.	Institute and Faculty of Actuaries	SCR.7.55.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
546.	Institute and Faculty of Actuaries	SCR.7.56.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
547.	Institute and Faculty of Actuaries	SCR.7.57.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

548.	Institute and Faculty of Actuaries	SCR.7.58.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
549.	Aon Hewitt	SCR.7.59.	Again, we have insurance style terminology eg surrender strains. This is off-putting for use by most IORPs, so we suggest making more IORP-friendly.	Noted.
550.	Institute and Faculty of Actuaries	SCR.7.59.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
551.	Institute and Faculty of Actuaries	SCR.7.60.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
552.	Institute and Faculty of Actuaries	SCR.7.61.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
553.	Institute and Faculty of Actuaries	SCR.7.62.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
554.	Institute and Faculty of Actuaries	SCR.7.63.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
555.	Institute and Faculty of Actuaries	SCR.7.64.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
556.	Institute and	SCR.7.65.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
557.	Institute and Faculty of Actuaries	SCR.7.66.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
558.	Institute and Faculty of Actuaries	SCR.7.67.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
559.	Institute and Faculty of Actuaries	SCR.7.68.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
560.	Financial Reporting Council – staff response	SCR.7.69.	The formula name should include pension instead of life.	Agreed. Text has been adjusted.
561.	Institute and Faculty of Actuaries	SCR.7.69.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
562.	Belgian Association of Pension Institutions (BVPI-	SCR.7.70.	Is this only applicable on current annuities or on a possible risk that lump sum needs to be converted to annuities due to a change in the legal environment? How to understand change in state of health of the person insured? (anti selection risk?) Or linked to disability?	Noted.
563.	Institute and Faculty of Actuaries	SCR.7.70.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

564.	Aon Hewitt	SCR.7.71.	It is difficult to be certain which annuities might be subject to changes in the "legal environment" given that the law can be changes in unexpected ways. This aspect will need to be clarified. For example, in the UK, we have potential uncertainty surrounding GMP equalisation, application of TUPE to early retirement and pensions; application of age-discrimination to IORPs following the Test-Achats Case in 2011? These are all linked to the legal environment, and is EIOPA saying that the capital requirement for this risk is simply 3% of annuities payable. EIOPA should clarify where the 3% has come from, and whether it is considered to be appropriate to all types of benefits in all member states? EIOPA should also clarify whether it means "benefits payable" instead of "annuities payable", as annuities seems to be insurance-specific.	Noted.
565.	Belgian Association of Pension Institutions (BVPI-	SCR.7.71.	Is this only applicable on current annuities or on a possible risk that lump sum needs to be converted to annuities due to a change in the legal environment? How to understand change in state of health of the person insured? (anti selection risk?) Or linked to disability?	Noted.
566.	Institute and Faculty of Actuaries	SCR.7.71.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
567.	Institute and Faculty of	SCR.7.72.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
568.	Institute and Faculty of Actuaries	SCR.7.73.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
569.	Institute and Faculty of Actuaries	SCR.7.74.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
570.	Institute and Faculty of Actuaries	SCR.7.75.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
571.	Institute and Faculty of Actuaries	SCR.7.76.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
572.	Federation of the Dutch Pension Funds	SCR.7.77.	This risk will not be material for IORPs. For the purpose of this QIS, this risk category should not be taken into account. Somewhat undiplomatically formulated: a catastrophe will be good for the financial position of IORPs (i.e. decreasing value of liabilities).	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
573.	Institute and Faculty of Actuaries	SCR.7.77.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
574.	Groupe Consultatif Actuariel Européen	SCR.7.78.	We consider that catastrophe risk is unlikely to be material for IORPs but if it is to be considered, the risks arising for an insurance company selling products in the market and an IORP providing benefits for an employed workforce are likely to be different.	Noted.

575.	Institute and Faculty of Actuaries	SCR.7.78.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
576.	Institute and Faculty of Actuaries	SCR.7.79.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
577.	Institute and Faculty of Actuaries	SCR.7.80.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
578.	Institute and Faculty of Actuaries	SCR.7.81.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
579.	Institute and Faculty of Actuaries	SCR.7.82.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
580.	Institute and Faculty of Actuaries	SCR.7.83.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
581.	Institute and Faculty of Actuaries	SCR.7.84.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
582.	Institute and Faculty of Actuaries	SCR.7.85.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
583.	Institute and Faculty of	SCR.7.86.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
584.	Institute and Faculty of Actuaries	SCR.7.87.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
585.	Federation of the Dutch Pension Funds	SCR.8.1.	This risk will not be material for IORPs. For the purpose of this QIS, this risk category should not be taken into account.	Noted. Excluding a particular risk (sub-)module in the SCR calculation in case it is not material will be considered a simplification in the QIS.
586.	Institute and Faculty of Actuaries	SCR.8.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
587.	Institute and Faculty of Actuaries	SCR.8.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
588.	Institute and Faculty of Actuaries	SCR.8.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
589.	Institute and Faculty of Actuaries	SCR.8.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
590.	Barnett Waddingham LLP	SCR.8.5.	EIOPA should clarify in what circumstances IORPs will need to use the health risk module. We would expect ancillary pension scheme benefits such as enhanced pensions on ill-health retirement, and contribution waivers in the event of long-term sickness, to be included under the	Noted.

			disability module.	
591.	Institute and Faculty of Actuaries	SCR.8.5.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
592.	Insurance Europe	SCR.8.5.	As indicated in the disability-morbidity risk sub module, Insurance Europe believes that there should be more guidance for which obligations of IORPs, including risks as health risks, would be more appropriate.	Noted.
593.	Institute and Faculty of Actuaries	SCR.8.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
594.	Institute and Faculty of Actuaries	SCR.8.7.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
595.	Barnett Waddingham LLP	SCR.9.1.	Some collective investment vehicles used by IORPs include the use of financial risk mitigation techniques. IORPs should be able to make use of information provided by their investment managers on such techniques where they approximate the requirements in this section.	Noted.
596.	Belgian Association of Pension Institutions (BVPI-	SCR.9.1.	It seems strange that if investments or risk mitigation techniques involve insurance undertakings or banks, the same capital requirements are required for risks already taking into account at the counterparty side as for them also Solvency II and Basel III applies.	Noted.
597.	Institute and Faculty of Actuaries	SCR.9.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

598.	Institute and Faculty of Actuaries	SCR.9.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
599.	Belgian Association of Pension Institutions (BVPI-	SCR.9.3.	Rental cotract for property over a period of 20 years, can this be considered as financial risk mitigation ?	Noted.
600.	Institute and Faculty of Actuaries	SCR.9.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
601.	Institute and Faculty of Actuaries	SCR.9.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
602.	Belgian Association of Pension Institutions (BVPI-	SCR.9.5.	We regret the proposed framework doesn't taken into account risk mitigating effects of e.g. ☐ Dynamic portfolio strategies (whether or not explicit in the investment strategy of investment funds or implicit through management actions) where pension funds might invest in more risk-baring assets when their coverage ratio is good (and less when it is bad). The proposed framework would automatically imply higher Solvency Requirements as soon as the risk baring assets would grow, even if coverage ratios are excellent …. It is certainly strange to take into account the effect of management actions on the liability side but not on the asset side while they can both be viable options for the management of a pension fund ☐ low volatility strategies (minimum variance, …) used to lower the risk of equity investments	Noted.

603.	Institute and Faculty of Actuaries	SCR.9.5.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
604.	Institute and Faculty of Actuaries	SCR.9.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
605.	Institute and Faculty of Actuaries	SCR.9.7.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
606.	Institute and Faculty of Actuaries	SCR.9.8.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
607.	Institute and Faculty of Actuaries	SCR.9.9.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
608.	Institute and Faculty of Actuaries	SCR.9.10.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
609.	Institute and Faculty of Actuaries	SCR.9.11.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
610.	Belgian Association of Pension Institutions (BVPI-	SCR.9.12.	We regret the proposed framework doesn't taken into account risk mitigating effects of e.g. ☐ Dynamic portfolio strategies (whether or not explicit in the investment strategy of investment funds or implicit through management actions) where pension funds might invest in more risk-baring assets	Noted.

			when their coverage ratio is good (and less when it is bad). The proposed framework would automatically imply higher Solvency Requirements as soon as the risk baring assets would grow, even if coverage ratios are excellent …. It is certainly strange to take into account the effect of management actions on the liability side but not on the asset side while they can both be viable options for the management of a pension fund ☐ low volatility strategies (minimum variance, …) used to lower the risk of equity investments	
611.	Institute and Faculty of Actuaries	SCR.9.12.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
612.	Institute and Faculty of Actuaries	SCR.9.13.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
613.	Dexia Asset Management	SCR.9.14.	The definition of a material basis risk is unclear. The possibility to include a derivative as a financial mitigation element should be more detailed. We would like to ask EIOPA the following questions - How to calculate the correlation? What is a correlation "nearby 1"? - If the IORP owns a portfolio of equities and purchase a put option at the money on the Eurostoxx 50 index, what is the SCR for equity risk in the case the correlation between the Eurostoxx 50 and the portfolio is 95%? 80%? 65%? - Same question for the SCR for spread risk if the IORP owns a portfolio of corporate credit and purchase a CDS index.	Noted.
614.	Institute and	SCR.9.14.	The consultation period has proved to short for us to comment on this	Noted.

	Faculty of Actuaries		paragraph. We would welcome the opportunity to provide comments after the deadline.	
615.	Institute and Faculty of Actuaries	SCR.9.15.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
616.	Institute and Faculty of Actuaries	SCR.9.16.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
617.	Federation of the Dutch Pension Funds	SCR.9.17.	More information about the definition how to determine the absence of liquidity will be necessary.	Noted.
618.	Institute and Faculty of Actuaries	SCR.9.17.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
619.	Belgian Association of Pension Institutions (BVPI-	SCR.9.18.	Why is dynamic hedging excluded ?	Noted.
620.	Institute and Faculty of Actuaries	SCR.9.18.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
621.	Institute and Faculty of Actuaries	SCR.9.19.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
622.	Institute and Faculty of	SCR.9.20.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments	Noted.

	Actuaries		after the deadline.	
623.	Institute and Faculty of Actuaries	SCR.9.21.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
624.	Belgian Association of Pension Institutions (BVPI-	SCR.9.22.	A BBB credit rating gives no information on the quality of the deposit-taking institution. Who is deposit-taking institution – their might be a chain of deposit takers, which one to judge ?	Noted.
625.	Institute and Faculty of Actuaries	SCR.9.22.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
626.	Institute and Faculty of Actuaries	SCR.9.23.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
627.	Institute and Faculty of Actuaries	SCR.9.24.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
628.	Institute and Faculty of Actuaries	SCR.9.25.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
629.	Institute and Faculty of Actuaries	SCR.9.26.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
630.	Institute and Faculty of Actuaries	SCR.9.27.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

631.	Institute and Faculty of Actuaries	SCR.9.28.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
632.	Institute and Faculty of Actuaries	SCR.9.29.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
633.	Institute and Faculty of Actuaries	SCR.9.30.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
634.	Institute and Faculty of Actuaries	SCR.9.31.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
635.	Institute and Faculty of Actuaries	SCR.9.32.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
636.	Institute and Faculty of Actuaries	SCR.9.33.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
637.	Institute and Faculty of Actuaries	SCR.9.34.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
638.	Belgian Association of Pension Institutions (BVPI-	SCR.10.1.	It seems strange that if investments or risk mitigation techniques involve insurance undertakings or banks, the same capital requirements are required for risks already taking into account at the counterparty side as for them also Solvency II and Basel III applies.	Noted.

639.	Institute and Faculty of Actuaries	SCR.10.1.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
640.	Institute and Faculty of Actuaries	SCR.10.2.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
641.	Institute and Faculty of Actuaries	SCR.10.3.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
642.	Institute and Faculty of Actuaries	SCR.10.4.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
643.	Institute and Faculty of Actuaries	SCR.10.5.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
644.	Belgian Association of Pension Institutions (BVPI-	SCR.10.6.	?	Noted.
645.	Institute and Faculty of Actuaries	SCR.10.6.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
646.	Institute and Faculty of Actuaries	SCR.10.7.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.

647.	Institute and Faculty of Actuaries	SCR.10.8.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
648.	Institute and Faculty of Actuaries	SCR.10.9.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
649.	Belgian Association of Pension Institutions (BVPI-	SCR.10.10.	Why imposing a collateral for a reinsurance ?	Noted.
650.	Institute and Faculty of Actuaries	SCR.10.10.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.
651.	Institute and Faculty of Actuaries	SCR.10.11.	The consultation period has proved to short for us to comment on this paragraph. We would welcome the opportunity to provide comments after the deadline.	Noted.