

Comments Template on Consultation Paper on the proposal for implementing technical standards on internal models approval processes

**Deadline
30 June 2014
23:59 CET**

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| Name of Company: | CFO Forum and CRO Forum | |
| Disclosure of comments: | Please indicate if your comments should be treated as confidential: | Public |
| <p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-14-005@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the paragraphs refers to Consultation Paper on the proposal for implementing technical standards with regard to the procedures to be used for granting supervisory approval for the use of ancillary own-fund items.</p> | | |
| Reference | Comment | |
| General Comments | <p>Thank you for opportunity to comment on CP-14-05. The CFO Forum and CRO Forum welcome the publication of this consultation paper. We have set out our comments on the individual articles of the paper below. However, we would like to emphasise that there should be a clear decision /feedback provided by the supervisor within the given period of six months, in order to give undertakings sufficient certainty in planning for the application for approval of the internal model. We note also that the ITS as drafted leaves some level of discretion for national supervisors, which may create uncertainty for undertakings. We would welcome clearer guidance, and note that dedicated guidance for group internal model applications has not been provided. We would also note in general that the references to the draft Delegated Acts in the ITS will need</p> | |

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| | to be updated as the Delegated Acts are finalised and adopted. | |
| Recital (1) | | |
| Recital (2) | | |
| Recital (3) | | |
| Recital (4) | | |
| Recital (5) | | |
| Recital (6) | We would suggest that the nature, scope and expected response to the recommendations that may be made by supervisory authorities should be clarified. | |
| Recital (7) | | |
| Recital (8) | | |
| Recital (9) | | |
| Recital (10) | | |
| Article 1 | | |
| Article 2 (1) | | |
| Article 2 (2) | | |
| Article 2 (3) | A comparison at the most granular level between the Standard Formula SCR and the Internal Model SCR is required. We would question whether a comparison at the most granular level is necessary. | |
| Article 2 (4) | | |
| Article 2 (5) | | |
| Article 3 | (1)(b) does not appear to be clearly worded. We assume the intention is that the policy should not be approved if it enables the inclusion of new risks or business units without approval by the supervisory authorities, which is a reasonable objective. However, as worded, a policy which set out a process to be followed to seek approval for inclusion of new elements in the model would not be capable of approval by the supervisory authorities. | |
| Article 4 (1) | | |

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| Article 4 (2) | | |
| Article 4 (3) | | |
| Article 4 (4) | | |
| Article 4 (5) | | |
| Article 4 (6) | | |
| Article 4 (7) | 'Adjustments' to the internal model can be requested by supervisors. We would suggest that further language describing the scope of adjustments is required to ensure harmonization and consistency. | |
| Article 4 (8) | | |
| Article 4 (9) | | |
| Article 5 | | |
| Article 6 (1) | | |
| Article 6 (2) | | |
| Article 6 (3) | We expect that the six month approval period should be generally adhered to. After six months, we believe that applicants should have certainty on their ability to use their internal model. | |
| Article 6 (4) | | |
| Article 6 (5) | | |
| Article 6 (6) | | |
| Article 7 (1) | | |
| Article 7 (2) | Given the technical nature of the transitional plan, approval by the Risk Committee may be more appropriate than the administrative, management or supervisory body. | |
| Article 7 (3) | | |
| Article 8 (1) | | |
| Article 8 (2) | | |
| Article 8 (3) | | |
| Article 9 (1) | | |
| Article 9 (2) | | |

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| Article 10 | | |
| Annex I | | |