



# Public consultation on technical advice on the standard formula capital requirements for exposures to central counterparties (CCP) when they become direct clearing members

Fields marked with \* are mandatory.

## Introduction

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The European Insurance and Occupational Pensions Authority (EIOPA) has published a consultation paper on technical advice on standard formula capital requirements for direct exposures to qualifying central counterparties.

Stakeholders are invited to provide their feedback on the consultation paper by Wednesday 23 October 2024. The feedback received will be taken into account in the finalisation of the draft technical advice, which is due to be submitted to the European Commission by 31 January 2025.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

To submit your comments, please click on the blue “Submit” button in the last part of the survey. Please note that comments submitted after Wednesday 23 October 2024 or submitted via other means will not be processed. In case you have any questions please contact [SolvencyIIreview@eiopa.europa.eu](mailto:SolvencyIIreview@eiopa.europa.eu).

### Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and [EIOPA's rules on public access to documents](#).

Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all non-confidential information in your contribution, in whole/in part – as indicated in your responses, including to the publication of the name of your organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

### Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of the public consultation document.

## General Information on the Respondent

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\* Name of the stakeholder

Gesamtverband der Deutschen Versicherungswirtschaft e. V. (GDV)

\* Type of stakeholder

- Insurance or reinsurance undertaking
- Industry Association/Federation
- Consumer Protection Association
- Academic
- Other

\* Jurisdiction of establishment

Germany

\* Name of Point of Contact

Elias Hartmann

\* Email address of point of contact

e.hartmann@gdv.de

\* Please provide your explicit consent for the publication of your response

- Yes, publish my whole response
- Yes, publish a part of my response
- No, do not publish my response

## Questions

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### General comments

\* Q1. Do you have general comments on the consultation document?

- Yes  
 No

Comments field

GDV welcomes the opportunity to provide input to this consultation paper. German insurers are managing round about 1.9 trillion Euro for their clients. To preserve the market value of these investments insurers use derivatives for hedging purposes. Nevertheless, the use of derivatives is limited to hedging purposes and to facilitate efficient portfolio management, article 132 para 4 Directive 2009/138/EC. For the German market we notice that insurers use exclusively indirect clearing arrangements with one or more banks. The background is that under the current financial market framework insurers cannot act as direct clearing members. Even if the financial framework is adapted and the supervisory disadvantage is removed, we doubt that many insurers are willing to become a direct clearing member. Nevertheless, we welcome the efforts of EIOPA to remove the su-pervisory disadvantage.

When evaluating the proposed options, we support Option 3, to extend treatment of indirect exposure to direct exposure to QCCPs and to further align the treatment of default fund contributions to CRR. This option provides the most balanced approach.

## 1. Introduction

\* Q2. Do you have comments on Section 1.1 'Call for advice'?

- Yes  
 No

\* Q3. Do you have comments on Section 1.2 'Context'?

- Yes  
 No

\* Q4. Do you have comments on Section 1.3 'Structure of the advice'?

- Yes  
 No

## 2. Draft advice

\* Q5. Do you have comments on Section 2.1 'Extract from the call for advice'?

- Yes  
 No

\* Q6. Do you have comments on Section 2.2 'Relevant legal provisions'?

- Yes  
 No

\* Q7. Do you have comments on Section 2.3 'Previous EIOPA advice'?

- Yes

No

\* Q8. Do you have comments on Section 2.4 'Other regulatory background'?

Yes

No

\* Q9. Do you have comments on Section 2.5 'Identification of the issue'?

Yes

No

\* Q10. Do you have comments on Section 2.6 'Analysis'?

Yes

No

\* Q11. Do you have comments on Section 2.7 'Draft advice'?

Yes

No

Comments field

GDV generally supports the draft advice of EIOPA, although currently no German (re)insurer acts as a direct clearing member. This situation may change in the future. In-line with changes in the applicable regulatory framework that enables (re)insurers to act as a direct clearing member and subject to corresponding offers from QCCPs, (re)insurers may opt to do so. However, it remains unclear on how to deal with the credit risk on assets posted as collateral to a CCP or a clearing member that are bankruptcy remote. These assets are currently excluded from the counterparty default risk module (Article 189 (6) (e) Delegated Regulation 2015 /35). As these assets are bankruptcy remote, we suggest maintaining the exclusion.

### 3. Questions to stakeholders

\* Q12. EIOPA is exploring to extend the proposed approach for derivatives to repurchase transactions and possibly other securities. Would you consider such an extension appropriate?

Yes

No

Do these exposures have specificities that need to be considered?

The extension of the proposed approach to repurchase transactions and other securities must be considered very carefully. The discussed solution for derivatives has its justification in the fact, that a QCCP is involved with its risk mitigating effects. We cannot see a comparable situation for repurchase transactions or other securities. If the extension of the approach does not improve the risk assessment or reduces the capital requirements for insurers, the current treatment should be maintained to avoid implementation costs and efforts.

Additionally, we would only support this proposal if it is designed as an additional option. Expanding the proposed approach for derivatives to include repurchase transactions and other securities should not replace or undermine the existing practices.

\* Q13. Do you have comments on the current treatment of direct exposures to QCCPs in Solvency II?

Yes

No

\* Q14. Do you have comments on the treatment of liquidity risk faced by insurance and reinsurance undertakings when they are members of a QCCP?

Yes

No

Comments field

The latest amendments to the Solvency II Directive oblige (re)insurers to have a liquidity management plan (LMP). Any potential requirements for liquidity should be considered in such a plan if the arising liquidity risks are relevant. Therefore, we do not see the necessity for a special treatment of such risks.

## Any other comments

\* Q15. Do you have any other comments?

Yes

No

## Contact

SolvencyIIreview@eiopa.europa.eu