

**Comments Template on the proposal for
implementing technical standards on special purpose vehicles**

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

Name of Company:	Horseshoe Group	
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-14-008@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The numbering refers to Consultation Paper on the proposal for implementing technical standards on special purpose vehicles.</p>		
Reference	Comment	
General Comment		
Q1		
Q2		
Recital (1)		
Recital (2)		
Recital (3)	There is no definition of « aggregate maximum risk exposure ». What is intended in the context of SPVs? Fully Funded definition should mean that the collateral required in the contract is in place rather than the maximum potential limit. The reason for this clarification is that some "sidecars"	

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	<p>or “collateralized reinsurance” transactions requires an amount of collateral to be posted to the cedant by the SPV of less than the maximum potential limit, for example, some structures require only a multiple of Probably Maximum Loss. To the extent that there is a mandatory Limited Recourse Clause (whereby the maximum recovery from the cedant is limited to the assets in the collateral account) then there is remote bankruptcy risk. Perhaps this is what is already intended by the “aggregate maximum risk exposure” and should be clarified.</p> <p>Another point is on “risk transfer”. Again, there is no definition nor guidance on this term. It would be helpful to provide detailed definition within the guidelines and explain why this is necessary from a regulatory perspective of the SPV</p>	
Recital (4)		
Recital (5)		
Recital (6)		
Recital (7)		
Recital (8)		
Article 1		
Article 2		
Article 3		
Article 4		
Article 5		
Article 6	<p>Section (2) : There should be a materiality standard applied prior to triggering reporting to the supervisory authority. Negligible amounts should not be subject to reporting under this article.</p> <p>To the extent that there is a mandatory Limited Recourse Clause (see Recital (3) for definition), then from a regulatory reporting of the SPV there should be no concern.</p>	
Article 7		
Article 8		

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Article 9		
Article 10	What is the nature of the pre-authorization consultation with other Member States? We need more clarity on this and guidance. How will this impact the timeliness of the authorization, unless there is a specific timeframe established under which the Member States are obligated to respond? Also this is not feasible in a multi-arrangement SPV, where several cedants are involved.	
Article 11		
Article 12		
Article 13		
Article 14		
Article 15	(1)(c) – We suggest specific guidelines prohibiting the insurance or reinsurance undertakings transferring risks to manage the SPV. Furthermore, there should be a prohibition to have the entity managing the SPV to be related to the Investment Bank raising the funds for the SPV (1)(d) – How much details is needed, need to provide clearer guidelines	
Article 16	(1)(e) – How does that work in the context of multi-arrangement SPVs? This will not be practical considering that timing is of the essence. A template needs to be pre-approved without the need to seek approval for each and every transaction.	
Article 17		
Article 18		
Article 19		
Article 20		
Annex I	Several of the information requirements in this annex are not practical nor realistic when it comes to multi-arrangement SPVs. Item 9 – Due to the timing on approval, only DRAFT documents can be provided for approval as final documents are not available until the last few days before the transaction is effective. There should be a standard of materiality under which the manager of the SPV needs to report any	

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	<p>substantial changes between draft documents submitted for approval and final documents.</p> <p>Item 11 (g) – This requirement makes no sense and adds nothing to the regulatory robustness of the SPV. We suggest it be struck out</p> <p>Item 11 (k) – What is the definition and scope of the “Actuarial Review”? What is this review supposed to cover and why it is useful from a regulatory standpoint?</p> <p>Item 12 – All documents available for approval will be in DRAFT format due to timing of approval versus the closing of the transaction.</p>	
Annex II : SPV.01.01		
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Annex III : SPV.01.01		
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Annex 1 : Impact Assessment		
Baseline		
Policy analysis		
Proportionality considerations		

