

EIOPA Final Report on Public Consultation No. 14/008 on the Implementing Technical Standard (ITS) on special purpose vehicles

Table of Contents

1. Executive Summary 3

2. Feedback Statement 5

Annex I: Impact Assessment 8

Annex II: Resolution of comments 19

Annex III: Draft Implementing Technical Standard 39

1. Executive Summary

Reasons for publication

According to Article 15 of Regulation (EU) No 1094/2010 (EIOPA Regulation) EIOPA may develop implementing technical standards by means of implementing acts under Article 291 TFEU, in the areas specifically set out in the legislative acts referred to in Article 1 (2) of the EIOPA Regulation.

Before submitting the draft implementing technical standards to the European Commission, EIOPA shall conduct open public consultations and analyse the potential costs and benefits. In addition, EIOPA shall request the opinion of the Insurance and Reinsurance Stakeholder Group (IRSG) referred to in Article 37 of the EIOPA Regulation.

According to Articles 211 (2) (a) and (2) (b) of Directive 2009/138/EC¹ (Solvency II Directive), EIOPA shall develop implementing technical standards (ITS) on the procedures to be followed for supervisory approval to establish special purpose vehicles, for the cooperation and exchange of information between supervisory authorities regarding special purpose vehicles as well as to set out formats and templates for information to be reported by special purpose vehicles.

As a result of the above, on 2 April 2014 EIOPA launched a public consultation on the draft ITS on special purpose vehicles. The Consultation Paper is also published on EIOPA's website².

Content

This Final Report includes the feedback statement to the consultation paper (EIOPA-CP-14/008) and the full package of the Public Consultation, including:

Annex I: Impact Assessment and cost and benefit analysis.

Annex II: Resolution of comments.

Annex III: Draft Implementing Technical Standard.

¹ OJ L 335, 17.12.2009, p. 1–155.

² <https://eiopa.europa.eu/consultations/consultation-papers/2014-closed-consultations/april-2014/public-consultation-on-the-set-1-of-the-solvency-ii-implementing-technical-standards-its/index.html>.

Next steps

In accordance with Article 15 of EIOPA Regulation, the draft ITS in Annex III will be submitted to the European Commission for endorsement by October 31, 2014, as requested by Article 86(3) of the Solvency II Directive.

According to Article 15 of the EIOPA Regulation, the European Commission shall forward it to the European Parliament and the Council.

Within 3 months of receipt of the draft ITS, the European Commission shall decide whether to endorse it in part or with amendments, where the Union's interests so require. The European Commission may extend that period by 1 month.

If the European Commission intends not to endorse a draft ITS or intends to endorse it in part or with amendments, it shall send it back to EIOPA explaining why it does not intend to endorse it, or, explaining the reasons for its amendments, as the case may be.

Within a period of 6 weeks, EIOPA may amend the ITS on the basis of the European Commission's proposed amendments and resubmit it in the form of a formal opinion to the European Commission. In this case EIOPA must send a copy of its formal opinion to the European Parliament and to the Council.

If on the expiry of the 6 weeks period, EIOPA has not submitted an amended draft ITS, or if it has submitted a draft ITS that is not amended in a way consistent with the European Commission's proposed amendments, the European Commission may adopt the implementing technical standard with the amendments it considers relevant or it may reject it.

Where the European Commission intends not to endorse a draft ITS or intends to endorse it in part or with amendments, it shall follow the process as set out in Article 15 of EIOPA Regulation.

2. Feedback Statement

Introduction

EIOPA would like to thank the Insurance and Reinsurance Stakeholder Group (IRSG) and all the participants to the Public Consultation for their comments on the draft ITS. The responses received have provided important guidance to EIOPA in preparing a final version of the ITS for submission to the European Commission. All of the comments made were given careful consideration by EIOPA. A summary of the main comments received and EIOPA's response to them can be found below and a full list of all the comments provided and EIOPA's responses to them can be found in Annex II.

General comments

Overall respondents to the public consultation were content with the approach of the ITS and in particular the permissibility of multi-arrangement SPVs. However, respondents would have liked to see the scope of the ITS widened in some instances and minimised in other instances. Although the scope of the ITS is determined by the empowerments, which prevents EIOPA to regulate, for example grandfathering rules or winding-up procedures. Of course, EIOPA considered carefully all the comments received, which is reflected in Annex II.

General nature of the participants to the Public Consultation

EIOPA received comments from the Insurance and Reinsurance Stakeholder Group (IRSG) and seven responses from other stakeholders to the public consultation. All non-confidential comments received have been published on EIOPA's website.

Respondents can be classified into four main categories: European trade, insurance, or actuarial associations; national insurance or actuarial associations; (re)insurance groups or undertakings; and other parties such as consultants and lawyers.

IRSG opinion

The IRSG opinion on the draft Implementing Technical Standard (ITS) for approval processes, as well as the particular comments on the draft ITS at hand, can be consulted under the following link:

<https://eiopa.europa.eu/about-eiopa/organisation/stakeholder-groups/sgs-opinion-feedback/index.html>

Proportionality

A few respondents mentioned that – even though they acknowledge that proportionality is addressed – the ITS could provide for thresholds (for example, balance sheet size) to exempt small SPVs from some requirements. EIOPA fully supports a proportionate approach to the regulation of SPVs and believes that proportionality is inherent, for example in the documentation and reporting requirements, where simple and small SPVs will naturally experience less

documentation and reporting efforts due to their smaller size and less complex structure than bigger and more complex SPVs.

Grandfathering rules

Some respondents mentioned that the ITS should incorporate grandfathering rules, similar to the ones laid down in the Solvency II Directive. EIOPA considered that request carefully and came to the conclusion that the scope of the empowerment in Article 211 of the Solvency II Directive prevents EIOPA from further regulating those grandfathering rules.

Notification of application completeness

A few respondents would prefer the ITS to provide for a formal notification process by the supervisor to confirm that the application is complete. The ITS on SPV does set strict and precise requirements on which documentation is required to evidence that the criteria for authorisation of a SPV can be met. Therefore, applicants are provided with legal certainty about which documentation and information will be needed for a complete application. Local practices and regulation are applicable for authorities to notify that (1) an application was received (acknowledgment of receipt) and (2) whether the application is confirmed to be complete.

Definition of “aggregate maximum risk exposure” and “risk transfer”

One respondent mentioned that the terms “aggregate maximum risk exposure” and “risk transfer” are undefined and will leave considerable scope for interpretation. EIOPA agrees that the terms taken outside their context may lead to confusion. However, both terms are unambiguously defined in the Solvency II Directive and in the Implementing Measures.

Withdrawal of authorisation and winding-up procedures

A few respondents questioned the envisaged scope of the ITS covering procedures to address the withdrawal of authorisation, but not to cover winding-up procedures of SPVs in case they become insolvent. Again, EIOPA carefully analysed the scope of the empowerment in Article 211 of the Solvency II Directive, which enables EIOPA to look into procedures to authorise SPVs. Authorisation should be interpreted broadly – similarly as in the general requirements for authorisation of undertakings in the Solvency II Directive. Those procedures clearly cover both the supervisory approval of authorisation, as well as the withdrawal of authorisation. However, winding-up procedures, i.e. how the debtors are treated when undertakings become insolvent and how SPVs are to be liquidated, are not connected to providing authorisation to act as a SPV according to the Solvency II Directive. EIOPA believes that winding-up procedures are regulated by national company and contract law and are outside the scope of this ITS.

Timeline of authorisation

Some respondents mentioned that a timeline of six months to authorise a SPV may be impractical in some instances. EIOPA believes that due to a SPV essentially acting as a reinsurer, the importance of a proper analysis and understanding of the SPV's future actions and set-up needs to be safeguarded. The authorisation requirements are fully in line with the general requirements for insurance and reinsurance undertakings in the Solvency II Directive. Further, the ITS was clarified that the SPV as a legal entity is being authorised, but not its individual contractual arrangements.

Annual reporting

One respondent felt that reporting should be done on an ad hoc basis, and if a regular reporting is required, the reporting period and frequency should be further defined. The ITS only deals with the formats and templates to be used for the reporting. The requirements on what should be reported, the frequency and timing of the reporting are determined by the Implementing Measures.

Internal ratings

A few respondents challenged the idea that the financing arrangements should require an external rating and suggested that internally generated ratings should be accepted. EIOPA notes that currently such securitisation instruments are externally rated to ensure that market participants actually buy those instruments, so it seems obvious that external ratings are available. On the other hand, EIOPA acknowledges that current practices may change in the future and that internally generated ratings may be acceptable, if market participants may find them acceptable in the future. Consequently, the ITS was amended to reflect that internal ratings are permissible, if there are no external ratings available.

Draft documentation

Some respondents noted that for the application to authorise a SPV in specific circumstances no final, signed contracts may be available. EIOPA understands that concern and acknowledges that in particular circumstances draft documentation may be permissible and amended the ITS accordingly. However, it is also clear that the eventual authorisation decision needs to be based on final, legally enforceable documentation and contracts.

Comments on the Impact Assessment

Stakeholders have requested further details about the expected impact from this ITS. EIOPA is of the view that this ITS cannot add any material incremental burden to undertakings, as it only covers procedures, templates and formats to be followed to efficiently apply the requirements of the Solvency II Directive and the accompanying Implementing Measures. However, EIOPA felt that more information on the thought process to develop the ITS can be provided, which is now reflected in an amended impact assessment.

Annex I: Impact Assessment

Procedural issues and consultation with interested parties

In accordance with Article 15 (1) of Regulation 1094/2010 EIOPA did analyse the costs and benefits of the scope and impact of the draft implementing technical standard (ITS). Hereby EIOPA followed a specific impact assessment methodology, which can be outlined as follows: In the course of the policy drafting of each provision in the ITS, an analysis has been carried out with respect to the expected costs and benefits following from these provisions.

For the last years, EIOPA has been working on requirements to improve the transparency of the use of special purpose vehicles (SPVs). The key goal is hereby to foster an effective risk management and a fair reflection of an undertaking's risk situation, but to limit a potential mis-use and accounting arbitrage by not effectively transferring risks and assets to SPVs. In its letter of 19 July 2007, the European Commission requested CEIOPS to provide final, fully consulted advice on Implementing Measures by October 2009 and recommended CEIOPS to develop guidance on certain areas to foster supervisory convergence. EIOPA followed this call and provided advice for the development of Implementing Measures by the Commission³. The technical standards and guidelines for the proper authorization, monitoring, management and control of risks arising from the use of SPVs will complement those regulatory measures.

Starting from the public consultation of CEIOPS' Level 2 Advice to the European Commission (CEIOPS-CP-36/09) regarding special purpose vehicles in 2009, EIOPA has continuously invited stakeholders' views to enable a proportionate regulation in the area of special purpose vehicles. This included an informal pre-consultation with stakeholders and the relevant EIOPA stakeholder group in May and June 2012 as well as the public consultation of 2014. That public consultation ran between 1 April and 30 June 2014.

EIOPA's predecessor's (CEIOPS) first public consultation in this area showed the stakeholders' wish to encourage a proportionate, fair and consistently applicable regulation for SPVs and their respective contractual arrangements in the EU. The feedback received and relevant for this ITS covered in particular the wish to enable:

- (1) The authorisation of multi-arrangement SPVs, which would allow SPVs not to apply for authorisation of additional contractual arrangements transferring risk;
- (2) The authorisation of "internal" SPVs in the meaning of SPVs used by entities within one single group only;
- (3) That the documentation required for authorisation does not necessarily all be prepared in the form of a legal opinion and the actuary involved can be an internal or external resource;
- (4) An appropriate level of cooperation between the supervisory authorities of undertakings transferring risk and the supervisory authorities of the SPVs accepting risk.

³ https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP36/CEIOPS-L2-Final-Advice-on-Special-Purpose-Vehicles.pdf

The informal feedback received during May and June 2012 was fairly positive agreeing that EIOPA has struck a fair balance between a principle-oriented and a convergent approach to ensure an overall proportionate regulation. Although two main areas of concern remained:

- (1) The length of the authorisation period of six months was perceived as too long considering that most SPVs are set-up in a nearly standardised format and;
- (2) The documentation required for authorisation seemed to be extensive and not sufficiently standardised, which may lead to regulatory arbitrage and room for judgement by the supervisory authority.

EIOPA's public consultation of the draft ITS finally reflected on the following areas relevant for the assessment of the ITS' impact on costs and benefits:

- (1) Authorisation period should be six weeks instead of six months;
- (2) Immediate information when breaching the capital requirements – should only be done in case of material breaches;
- (3) Use of internal credit ratings, instead of external credit ratings, should be allowed;
- (4) Use of draft documentation, instead of signed contracts, should be permitted for the purposes of the application;
- (5) The need to provide information in the application about the investor concentration and the management share in the capital base.

Apart from these concerns the stakeholders were fairly pleased with the proportionate approach taken in this area, but some asked for a more extensive analysis of the costs and benefits of the ITS' impact.

All the comments received were duly considered and were individually evaluated in the assessment of the policy options as outlined below.

Problem definition

The Solvency II Directive explicitly allows for the use of SPVs to transfer risk and acknowledges that risk transfer as permissible risk mitigating tools subject to an economically effective risk transfer. SPVs are independent legal entities that are established by one or more originator or sponsors. The establishment of separate legal entities aims at creating an independent third party to which insurance risks and assets can be transferred. After the establishment and the transfer of assets, portfolios or insurance risk, the originator or sponsor ideally will not have any control over the SPV and the SPV will not have any rights against the originator or sponsor.

In an insurance context SPVs assume insurance risks from insurance or reinsurance undertakings. The set-up and structure of the SPV is important to achieve a permissible, effective risk transfer in accordance with the requirements of the Solvency II Directive. The SPV and the contractual arrangements transferring risks to the SPV have to be structured in a manner (1) to create an independent third party and (2) to prevent the possibility of recourse to the originator or sponsor. If that is not ensured, the insurance risk may partially remain with the sponsoring insurance and reinsurance undertaking – and accounted for as remaining in the originator's or sponsor's accounts.

More specifically, EIOPA has prepared technical standards on procedures for granting supervisory approval to establish special purpose vehicles to ensure uniform

conditions of the Solvency II Directive and the Implementing Measures in that regard. Authorisations to establish SPVs would then be consistently undertaken in the EU ensuring a level playing field and preventing regulatory arbitrage within the EU and the internal market. Even though it may seem that those provisions only set requirements for the SPV, they in fact also set out rights of the SPV.

Those rights and requirements include a timeline for the decision by the supervisory authority on whether an SPV is authorised as well as a set of minimum documentation that need to be submitted for the authorisation. The Implementing Measures establish the requirement for a SPV to be fully funded, which is the key requirement affecting the supervisor's decision for the authorisation. "Fully-funded" means that the SPV owns assets that are equal to or exceed its aggregate maximum risk exposure.

The documentation requirements for the setting-up and running of SPVs are necessary to accommodate a sound and prudent risk management of SPVs and investors in SPVs without unduly restricting SPVs in their options to enter into contracts. The formal establishment and monitoring of processes, policies and documentation is necessary to ensure the transparency of the risks transferred and assumed.

Following the same idea to enable a level playing field and uniform treatment, the technical standards aim at harmonising the formats and templates to be used for the regulatory reporting of the SPV to its supervisor. The regular reporting enables the supervisory authority to monitor the risk borne by the SPV and its financing. Hereby, the SPV shall report both quantitative as well as qualitative information to provide the supervisor with a well-balanced overview on the established structures and changes during the reporting period in order to facilitate the analysis of the financial position and risk situation of both the SPV – and the effectiveness of the risk transfer.

Baseline

When analysing the impact from proposed policies, the Impact Assessment methodology foresees that a baseline scenario is applied as the basis for comparing policy options. This helps to identify the incremental impact of each policy option considered. The aim of the baseline scenario is to explain how the current situation would evolve without additional regulatory intervention.

The baseline is based on the current situation of the market, taking into account the progress towards the implementation of the Solvency II framework achieved at this stage by insurance and reinsurance undertakings and supervisory authorities.

In particular the baseline for this implementing technical standard includes:

- The content of Directive 138/2009/EC, as amended by Directive 2014/51/EC, in particular Article 211;
- The relevant Implementing Measures (Articles 318 to 327).

Objectives pursued

Objective 1: To enable greater convergence of process for supervisory approval of SPVs. Given the increasing cross-border nature of insurance business, divergences between Member States' regimes on special purpose vehicles, which are subject to the provisions of the Solvency II Directive, should be reduced to the greatest extent possible, taking account of their supervisory structures.

Objective 2: To develop appropriate rules for SPVs which assume insurance risks from insurance and reinsurance undertakings without being an insurance or reinsurance undertaking.

These two key objectives need to be read in the context of the general objectives of the Solvency II Directive and in particular with the aim to facilitate the taking-up and pursuit of the activities of insurance and reinsurance, for which it is necessary to eliminate the most serious differences between the laws of the Member States as regards the rules to which insurance and reinsurance activities are subject. The legal framework needs to accommodate insurance and reinsurance undertakings to conduct insurance business throughout the internal market thus making it easier for insurance and reinsurance undertakings with head offices in the Community to cover risks and commitments situated therein.

It is in the interests of the proper functioning of the internal market that coordinated rules be established relating to the supervision of insurance activities, in particular regarding cross-border activities, and, with a view to the protection of policyholders and creditors of insurance undertakings.

Policy Options

In order to achieve the objectives as set out in the previous section, EIOPA has analysed and considered the advantages and disadvantages as well as the costs and benefits of the impact of each policy option. Most of the provisions in this Regulation are not expected to have a material impact compared to the baseline, which is Solvency II Directive and the accompanying Implementing Measures. These are, for example, the reporting requirements and templates, which are just the translation of the requirements as set out in the Implementing Measures in reporting language, which is due to the fact that there is no discretion incorporated in the respective provisions of the Implementing Measures. The proposed reporting requirements and the templates in fact only introduce a structure for the content specified in Article 318 SPV 10 of the draft Implementing Measures. Also, the templates provided in the annex are intended to facilitate the presentation of this information, which can reasonably be expected to be available at the SPVs, as following normal accounting structures.

In the section below the relevant policy options are presented, including those that were discarded.

Policy issue 1: Authorisation of multi-arrangement SPVs

The options considered were:

- 1.1 authorise SPV per contractual arrangement;
- 1.2 authorise each individual contractual arrangement;
- 1.3 authorise multi-arrangement SPV with specific conditions for current and future contractual arrangements.

Policy issue 2: Conditions for the authorisation of SPVs regarding the identity of the originator or sponsor

The options considered were:

- 2.1 authorise only SPVs which are not exclusively used by one group;

2.2 authorise SPVs according to certain terms and condition which are neutral towards the identity of the originator or sponsor.

Policy issue 3: Length of authorisation timeframe

The options considered were:

- 3.1 define timeframe consistent with the authorisation of insurance or reinsurance undertakings;
- 3.2 leave it up to the individual supervisor.

Policy issue 4: List of required documentation to be submitted when applying for authorisation

The options considered were:

- 4.1 define closed list;
- 4.2 define minimum relevant list;
- 4.3 leave it up to the individual supervisor.

Policy issue 5: Legal opinion on the documentation to be submitted when applying for authorisation

The options considered were:

- 5.1 require that all documents are accompanied by a legal opinion;
- 5.2 only require a legal opinion where relevant.

Policy issue 6: Draft documentation

The options considered were:

- 6.1 require final signed contracts;
- 6.2 allow for draft documents, where appropriate.

Policy issue 7: Level of cooperation between supervisory authorities of undertakings transferring risk and the supervisory authorities of the SPVs accepting risks

The options considered were:

- 7.1 require joint decisions and agreement on decisions like authorisation or withdrawal of authorisation;
- 7.2 consultation and information;
- 7.3 regular reporting of decisions.

Analysis of impacts

Policy issue 1: Authorisation of multi-arrangement SPVs

Policy option 1 to authorise one SPV per contractual arrangement would mean that one SPV needs to be set up for one contractual arrangement. For a supervisor that means a considerable administrative burden due to the number of the potential application. For the undertaking transferring risk this means a significant burden, as all the legal set-up of a SPV needs to be undertaken before risk can be transferred.

The benefits for the policyholder are limited as the additional costs would be reflected in the premiums. However, this would ensure that each risk transfer can be assessed individually.

Policy option 2 to authorise each individual contractual arrangement is similar to policy option 1 in terms of close supervision of the individual contractual arrangement. The administrative burden for both supervisors and undertakings are less, as the same SPV can be used for a multitude of contractual arrangements. The benefit for the policyholder is that each individual contractual arrangement would be assessed and can be judged regarding the effectiveness of the risk transfer.

Policy option 3 to authorise multi-arrangement SPV with specific conditions for current and future contractual arrangements means that when SPVs are authorised, the set-up of the SPV needs to be clearly determined and the requirements on the contractual arrangements have to be set in such a manner that enables a consistent application ensuring an effective risk transfer and the maintenance of the SPV's solvency requirements. The administrative burden for supervisors can be limited by convergent, reasonable requirements, which enable the supervisor to monitor, instead of authorise, the SPV's on-going business. The undertaking transferring risk has no administrative burden other than that a SPV needs to be authorised, which is a requirement stemming from the Solvency II Directive. The policyholder is not impacted if the initial authorisation sets the requirements on the set-up of the SPV and the requirements on effective risk transfer and solvency at an appropriate level.

Policy issue 2: Conditions for the authorisation of SPVs regarding the identity of the originator or sponsor

Policy option 1 to authorise only SPVs which are not exclusively used by one group has no impact on the supervisor. Undertakings transferring risk as well as originators or sponsors would be affected as they would need to find a party outside the group to establish the SPV. Probably policyholders would need to pay the price for that. Other than that, policyholders may benefit from the risk transfer outside the group.

Policy option 2 to authorise SPVs according to certain terms and condition which are neutral towards the identity of the originator or sponsor ensures effective risk transfer, but needs the close monitoring of intra-group transactions with SPVs. There is no impact on the supervisor, the undertakings involved or the policyholder if the terms and conditions ensure the effective risk transfer and the maintenance of the solvency requirements for the SPV.

Policy issue 3: Length of authorisation timeframe

Policy option 1 to define the timeframe for authorisation consistently with the authorisation of insurance or reinsurance undertakings is fully in line with the objective to treat an SPV appropriately considering it bears insurance risk without being a regulated insurance or reinsurance undertaking. The importance of an appropriate set-up of an SPV to be capable of fulfilling the requirements on effective risk transfer and solvency cannot be underestimated. The impact on supervisors, undertakings and policyholders is expected to be marginal. The strategy of setting-up a SPV as a risk mitigation technique must be considered as a business model, which can accommodate a six months authorisation period. If the set-up of the SPV allows for it, the supervisor will not need the full six months to come to a conclusion and can authorise it earlier.

Policy option 2 to leave it up to the individual supervisor how long it will take to authorise a SPV would not impact the supervisor, but it would not be in line with the objective to arrive at convergent practices and an equal application in the EU preventing regulatory arbitrage.

Policy issue 4: List of required documentation to be submitted when applying for authorisation

Policy option 1 to define a closed list of documentation provides a maximum level of certainty on what documentation is required for the authorisation. Also, it would maximise the convergent practices within the EU. As the set-up of SPVs and the individual forms of contractual arrangements are diverse, that closed list would probably be very long to ensure that any specificity of the SPV and the contractual arrangements are covered. Also, the Regulation would need to be amended if there are innovations in the market. The impact on supervisors would be marginal. The impact on the undertakings transferring risks, sponsors or originators may be an additional administrative burden as potentially irrelevant documentation would need to be provided.

Policy option 2 to define a minimum of relevant documents to accompany an application would mean that a reasonable list of items provides legal certainty to applicants and provides for convergent supervisory practices. The supervisors and the undertakings transferring risks or the originator or sponsor are permitted to submit relevant documentation to reflect on the specificities of the contracts and the set-up of the SPV. There is no impact on the supervisor; the impact on undertakings is expected to be marginal subject to the relevance of the list and whether it can be expected that supervisors will not ask for excessive additional documentation.

Policy option 3 to leave the required documentation up to the individual supervisor would serve the objective to treat SPVs fairly as entities bearing insurance risk without being a regulated insurance or reinsurance undertaking. However, that option does not provide for legal certainty on relevant documentation and does not promote convergent supervisory practices and a level playing field within the internal market. The impact of policy option 3, however, on the stakeholders may be negligible.

Policy issue 5: Legal opinion on the documentation to be submitted when applying for authorisation

Policy option 1 to require that all documents are accompanied by a legal opinion would fulfil the objective to ensure an appropriate treatment of SPVs bearing insurance risk without being a regulated insurance or reinsurance undertaking and would ensure the legality of all the documentation for the set-up and the contractual arrangements of the SPV. Further, it may even be standard practices to commission legal opinions on such contracts and therefore would not add any additional costs to the SPV. However, if that is not the case the additional costs of legal scrutiny for each item of an application may be significant, which would indirectly affect policyholders. There would be no impact on supervisors.

Policy option 2 to only require a legal opinion for the application where relevant acknowledges the need for legal scrutiny on key items of an application, which will probably be available anyway. There is an impact on supervisors though who will have to counter the lack of legal scrutiny by a more thorough assessment. The undertakings transferring risks, originators or sponsors would not or only marginally be affected. Also, there is no impact on policyholders to be expected.

Policy issue 6: Draft documentation

Policy option 1 to require final signed contracts could be regarded as a natural requirement to provide the supervisor with certainty that when authorisation is given that is based on a stable and reliable basis. However, as the actual authorisation of the SPV may influence the signing of contracts, it simply may not be possible for some documentation and contracts to be finalised and signed when applying for authorisation. In order to meet the objective of enabling the establishment of SPVs, this may not be a feasible option. The impact on undertakings transferring risk, originators or sponsors and indirectly on policyholders may be significant.

Policy option 2 to allow for including some documents that are not final and signed when applying for an authorisation ensures that SPVs can be established. In order to provide the supervisor with the actual ability to decide upon an authorisation based on a stable and reliable basis this can only be permitted in exceptional cases and where appropriate and unavoidable. The impact on the supervisor is that the assessment and follow-up on the authorisation process will need to be more rigorous and costly. There is no impact on undertakings transferring risk, originators or sponsors or policyholders.

Policy issue 7: Level of cooperation between supervisory authorities of undertakings transferring risk and the supervisory authorities of the SPVs accepting risks

Policy option 1 to require joint decisions and agreement on decisions like authorisation or withdrawal of authorisation would require intense cooperation and discussions between supervisory authorities. In fact, at least two authorities would be responsible to assess an application and to authorise the establishment of a SPV. That would mean high administrative costs and possibly lengthy processes. The impact on the supervisors would be high in terms of additional costs; also, the authorisation process may have to be extended beyond the envisaged six months, which again would affect undertakings transferring risk, originators or sponsors and indirectly policyholders.

Policy option 2 to require consultation with the supervisors of the undertakings transferring risk and information about decisions taken in a timely manner is in line with the objective to fairly treat an SPV as an entity bearing risks without being a regulated insurance or reinsurance undertaking. In order to properly supervise the SPV and the undertakings transferring risks it is paramount to understand the terms and conditions enabling an effective risk transfer. The supervisors need to exchange information, which is due to the nature of the transaction. Therefore, there is no impact on supervisors, undertakings transferring risk, originators or sponsors or policyholders to be expected.

Policy option 3 to ask for regular reporting of decisions from the SPV's supervisor to the supervisors of the undertakings transferring risks may be a lower administrative burden than policy option 2, but may not be able to supervise an effective risk transfer in a timely manner. Therefore, there is an impact on the supervisor and indirectly on the undertakings transferring risk, originators or sponsors and policyholders.

Comparison of options

Policy issue 1: Authorisation of multi-arrangement SPVs

Even though multi-arrangement SPVs can be very difficult to understand as the structures are complex, EIOPA decided in favour of policy option 3. The supervisor will

have to thoroughly analyse the risk transfer attributable to one single transaction and be mindful to understand the set-up of the assets and liabilities of the SPV not to mix or double-count assets and liabilities, which eventually affect the cover of the aggregate maximum risk exposure. This option entails an impact on the supervisor, but no impact on the undertakings transferring risk, originators or sponsors and policyholders. The other options would have been costly to them and would have affected their choice to establish SPVs in the internal market.

Policy issue 2: Conditions for the authorisation of SPVs regarding the identity of the originator or sponsor

EIOPA carefully considered stakeholders' feedback in this policy issue. EIOPA decided to acknowledge the need to try to keep an authorisation as neutral as possible towards the identity of the originator or sponsor and not to judge upon its riskiness purely based on the exclusive use of an SPV by a group. Surely, policy option 2 to authorise SPVs according to certain terms and condition which are neutral towards the identity of the originator or sponsor ensures effective risk transfer, requires the close monitoring of intra-group transactions with SPVs. There is no direct impact on the supervisor of the SPV, the undertakings involved or the policyholder if the terms and conditions ensure the effective risk transfer and the maintenance of the solvency requirements for the SPV. It will, however, require close cooperation with the supervisor of the other entities within the group.

Policy issue 3: Length of authorisation timeframe

On balance, EIOPA decided to ensure a proper authorisation procedure treating all SPVs in the internal market equally. Therefore, EIOPA decided in favour of policy option 1 to define the timeframe for authorisation consistently with the authorisation of insurance or reinsurance undertakings is fully in line with the objective to treat an SPV appropriately considering it bears insurance risk without being a regulated insurance or reinsurance undertaking. The importance of an appropriate set-up of an SPV to be capable of fulfilling the requirements on effective risk transfer and solvency is paramount.

Policy issue 4: List of required documentation to be submitted when applying for authorisation

This policy issue was a difficult one to resolve. On balance, EIOPA decided to use policy option 2 and to work on a reasonable, standardised set of documents. To define a minimum set of relevant documents to accompany an application ensures sufficient legal certainty to applicants and provides for convergent supervisory practices. The trade-off is that supervisors will need to assess whether that SPV's nature requires specific documentation needed to understand the set-up and the contractual arrangements transferring risks.

Policy issue 5: Legal opinion on the documentation to be submitted when applying for authorisation

Whilst legal opinions provide comfort on the legality of the application, it seems that the additional burden on the undertakings would exceed the benefits to the supervisor and the policyholder. Therefore, EIOPA decided in favour of policy option 2. EIOPA considered thoroughly which parts of the application documentation will require a legal opinion and which legal opinions should be readily available as they are already required by market participants.

Policy issue 6: Draft documentation

EIOPA carefully considered stakeholders' feedback that for some documentation it may simply not be possible to provide final, signed contracts, as those depend on the authorisation. This ITS has to ensure the possibility of establishing SPVs in the internal market – however, the trade-off means that the decision on authorisation may be based on documents that can change after authorisation. That is why EIOPA decided in favour of option 2, but could only allow in exceptional cases to provide draft documentation for the application.

Policy issue 7: Level of cooperation between supervisory authorities of undertakings transferring risk and the supervisory authorities of the SPVs accepting risks

Considering the impact of the other decisions taken as outlined above, it became clear that a good and timely cooperation between the supervisor of the SPV and the supervisor of the undertakings transferring risks is paramount – in particular considering the complex structure of intra-group transactions and multi-arrangement SPVs. In line with that thinking, EIOPA decided in favour of policy option 2 to require consultation with the supervisors of the undertakings transferring risk and information about decisions taken in a timely manner. EIOPA was not convinced that significant decisions, such as authorisation and withdrawal of authorisation, need to be taken by a group of supervisors in a joint decision. Whilst in order to properly supervise the SPV and the undertakings transferring risks it is important to understand the terms and conditions enabling the effective risk transfer, the sole responsibility of supervising the SPV is with the supervisor of the SPV. On balance, policy option 2 seems to best meet the objectives of this ITS.

Monitoring and evaluation

The following indicators may be relevant in assessing whether the ITS has been effective and efficient in respect of the objective specified above:

<p>To enable greater convergence of process for supervisory approval of SPVs. Given the increasing cross-border nature of insurance business, divergences between Member States' regimes on special purpose vehicles, which are subject to the provisions of the Solvency II Directive, should be reduced to the greatest extent possible, taking account of their supervisory structures.</p> <p>To develop appropriate rules for SPVs which assume insurance risks from insurance and reinsurance undertakings without being an insurance or reinsurance undertaking.</p>	<p>Possible indicators of progress towards meeting the objectives may be:</p> <ul style="list-style-type: none">• Average length of time taken by supervisory authorities to authorise a SPV with respect to the total number of applications received.• Number of applications approved and rejected with respect to the total number of applications received.
---	---

Annex II: Resolution of comments

Summary of Comments on Consultation Paper CP-14-008-ITS on Special Purpose Vehicles				
<p>EIOPA would like to thank Insurance and Reinsurance Stakeholder Group, CFO Forum and CRO Forum, Financial Supervisory Authority of Romania, Horseshoe Group, Insurance Europe, International Underwriting Association of London, Munich Re, and The Actuarial Association of Europe.</p> <p>The numbering of the paragraphs refers to Consultation Paper No. EIOPA-CP-14/008.</p>				
No.	Name	Reference	Comment	Resolution
1.	IRSG	General Comment	<ul style="list-style-type: none"> As Delegated Acts (DA) are still under drafting it is bit unclear whether or not there will become some issues to SPV (Level 2) articles that needs to be taken into account somehow. Also some of the issues that might be needed to clarify on the use of SPV's are not covered in DA and therefore these can't be brought up when commenting on this ITS The wording should be aligned with the draft Delegated Acts and the Directive. Because of interconnections the timeline for the internal model needs to give due consideration to the one of SPVs when an application for the SPV is currently being processed. This is to avoid the risk to consider an out-of-date SPV in the approval of the internal model. As SPV's can be of quite different volumes (balance sheet size) covering several or just one risk group and the investor groups behind SPV's also varies (as some are more closed to all investors) it could be reviewed that this ITS takes into account the proportionality principle in a relevant manner. Grandfathering rules on SPV's? The draft DA text and this ITS proposal doesn't seem to mention anything about grandfathering rules on how these requirements have to be complied by a SPV that has got its approval before Solvency II comes into force. As this might be a critical 	<p>Partially agree – the content of the Implementing Measures determine this ITS, the Implementing Measures have been fully taken into account.</p> <p>The drafting of the Implementing Measures and the ITS needs to be fully aligned. This is ensured in the final ITS.</p> <p>The interconnectedness between internal models and SPVs is not obvious. Anyway, it seems natural to first get a SPV authorised and operational before it can be regarded as a risk-</p>

			<p>issue for some of the SPV's it could be clarified in this ITS how this process works for them.</p>	<p>mitigating instrument – both as standard formula user and internal model user.</p> <p>Proportionality is inherent in this regulation. Simple and small SPVs (in terms of balance sheet size) will naturally experience less documentation and reporting efforts than complex and big ones.</p> <p>The scope of empowerment in Article 211 of the Solvency II Directive prevents EIOPA to further regulate the grandfathering rules as set out in the Solvency II Directive.</p>
2.	CFO Forum and CRO Forum	General Comment	<p>Thank you for opportunity to comment on CP-14-08. 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, which are intended to address concerns with the information required for the authorisation of SPVs, and the need for further clarity where authorisation is withdrawn. We also believe that the current period within which a decision may be made on the application is too long, and does not reflect market dynamics. We would also note in general that the references to the draft Delegated Acts in the ITS will need to be updated as the Delegated Acts are finalised and adopted.</p>	<p>Partially agree – the content of the Implementing Measures determine this ITS, the Implementing Measures have been fully taken into account.</p> <p>The drafting of the Implementing Measures and the ITS needs to be fully aligned. This is ensured in the final ITS.</p>
3.	Insurance	General	<p>1. Insurance Europe welcomes the opportunity to comment on this consultation Paper on the Implementing Technical Standards on Special</p>	<p>Partially agree – the content of the</p>

	Europe	Comment	<p>Purpose Vehicles (SPV).</p> <p>It is important to note that, bearing in mind that the draft Delegated Acts are not finalised yet, these comments are provided with a caveat that they could change depending on the final Delegated Acts.</p> <p>The issues related to this paper and which are of great concern for us are as follows:</p> <p>Lack of approval or a clear process defining the way forward if no response from supervisor is reached within the deadline.</p> <p>Supervisors shall not remain silent and further clarity should be provided in this respect. Should this happen and when the timeline for approval has elapsed, the undertaking should be able to consider that its SPV has been approved and be allowed to use it. Indeed, there is no justification to leave an undertaking in a situation of uncertainty when the application is complete and receipt of submission has been received. The approval process should be clearly defined and certainly not be perceived as a possible never ending process as this will discourage undertakings to take this route.</p> <p>Insufficient alignment between the terms used in the ITS and the terms used in the Directive and the Delegated Acts when referring to special purpose vehicles. Indeed, this will ease the readability of the Solvency II framework and ensure consistent understanding of the ITS. The use of terms such as investors vs. sponsors vs. originators is a suitable example. The term investor is mentioned once in the ITS and then again in the annex 1 on page 15. However, sponsors and originators are not mentioned in neither the Solvency II Directive, the Delegated Acts nor the ITS itself. The first time sponsors and originators are mentioned is in annex 1 on page 15. Hence, terms used but not defined should be explained to ensure both a common understanding but also for readers to understand clearly which roles sponsors/originators/investors are referring to in the context of the establishment of an SPV.</p> <p>Insufficient guidance in this ITS to account for interdependencies</p>	<p>Implementing Measures determine this ITS, the Implementing Measures have been fully taken into account.</p> <p>The wording has been amended to clarify the legal situation when the supervisor rejects or does not respond within six months in line with the general requirements for insurance undertakings in the Solvency II Directive.</p> <p>The drafting of the Implementing Measures and the ITS needs to be fully aligned. This is ensured in the final ITS.</p> <p>Originators and sponsors are mentioned in the Implementing Measures and are the appropriate terms in the context of an SPV's set-up. Similarly, investor is a term used and well understood, which should not be considered synonymously with the terms originator or sponsor.</p> <p>The interconnectedness between internal models and SPVs is not obvious.</p>
--	--------	---------	---	---

			<p>regarding the use of an SPV in the internal model when an application for the SPV is currently being processed. Particularly, The timeline for the approval process regarding the use of an internal model needs to give due consideration to the timeline regarding the approval of the use of an SPV, the risk being that the SPV is outdated for being used in the internal model by the time the approval is granted for the use of the SPV. In turn, this might even potentially cause the rejection of the application for the use of an internal model. Furthermore, when an undertaking or group is applying for an internal model and that undertaking or group is also applying for an SPV there are two parallel processes ongoing. The timeline for these two processes needs to be aligned as to ensure that the approval process for an Internal Model do not exceed the usability of the SPV since Article 7 of the ITS sets out that NCA may withdraw the authorisation of the SPV if it ceases to pursue business for more than six months. The relationship between SPVs and internal models needs to be further clarified in the ITS.</p> <p>Lack of consistency across all the different ITS on approval processes. The paper remains silent as to what timeline is allotted to the supervisor for notifying that the application is complete. This is inconsistent with the other approval processes in the other ITS (MA, USP, Internal model, AOF) which feature such a provision.</p> <p>In line with the ITS on the Internal model approval, we believe that where the supervisory authorities request further information, the decision for a suspension of the six months approval period should be left up to the insurance or reinsurance undertaking.</p>	<p>Anyway, it seems natural to first get a SPV authorised and operational before it can be regarded as a risk-mitigating instrument – both as standard formula user and internal model user.</p> <p>This ITS is fully in line with the general requirements for authorisation processes for insurance or reinsurance undertakings. The acknowledgement of receipt is addressed by local requirements.</p> <p>There is no provision that prevents an applicant to ask for a suspension of the application.</p>
4.	International Underwriting Association of London	General Comment	<p>We welcome the draft technical standards. However, the reporting requirements are unduly onerous and could be simplified to achieve a more proportionate reflection of risk.</p> <p>We are also concerned about the potential damage to a firm if a supervisor does not provide a response within the deadline. In our view, in those circumstances, the application should be deemed approved. We believe that the supervisory authority should implement an active internal policy of ensuring that approvals are provided within a</p>	<p>Partially agree - proportionality is inherent in this regulation. Simple and small SPVs (in terms of balance sheet size and risk exposure) will naturally experience less documentation and</p>

			<p>reasonable timescale and certainly within the prescribed timescale. There should be full clarity about the timeline for approval and a regular dialogue with the firm about progress and any issues that may arise.</p> <p>In addition, grandfathering of existing SPVs will be essential and should be included in the standards.</p>	<p>reporting efforts than complex and big ones.</p> <p>The scope of empowerment in Article 211 of the Solvency II Directive prevents EIOPA to further regulate the grandfathering rules as set out in the Solvency II Directive.</p>
5.	The Actuarial Association of Europe (AAE)	General Comment	<p>The directive as revised by Omnibus II provides that a special purpose vehicles authorised before 31 December 2015 shall be subject to the law of the Member State having authorized it. but, any new activity commenced by such a special purpose vehicle after that date shall be subject to paragraphs 1, 2 and 2a. This ITS proposal doesn't mention anything about these 'grandfathering rules'. As the ITS already repeats various parts of the directive and DA it would be helpful if it also referred to this scope provision.</p>	<p>Disagree - the scope of empowerment in Article 211 of the Solvency II Directive prevents EIOPA to further regulate the grandfathering rules as set out in the Solvency II Directive.</p>
6.	Horseshoe Group	Recital (3)	<p>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" 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>Partially agree - the definition is provided in the Implementing Measures. The final wording of the Implementing Measures will be public when this ITS is applicable.</p> <p>The terms risk transfer and effective risk transfer are defined in the Solvency II Directive and the Implementing Measures.</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	
7.	Insurance Europe	Recital (6)	It is appreciated that all ITSs are included in one comprehensive ITS. This ensures better coherence between and overview of the requirements.	Agree.
8.	Insurance Europe	Article 1	Article 1 mentions that the scope of this ITS contains the procedure to be followed when both granting and withdrawing authorisation for an SPV. However, there is no legal basis in the Directive nor the DAs for this ITS to determine how to withdraw the authorisation of an SPV. The withdrawal should be deleted from this Article. The same applies to Article 7.	Disagree – the empowerment covers the authorisation and therewith also for the withdrawal of authorisation. That requirement is fully in line with the general requirements for insurance undertakings in the Solvency II Directive.
9.	Financial Supervisory Authority of Romania (ASF)	Article 3	The special purpose vehicle shall seek authorisation from the supervisory authority of the Member State in which the special purpose vehicle is establishing establishes its head office. within the territory of that Member State.	Agree.
10.	International Underwriting Association of London	Article 3	Please see our general comment.	Partially agree – see comments to 4.

11.	CFO Forum and CRO Forum	Article 4	<p>As currently drafted, the decision on an application for autorisation has to be taken by the supervisory authority within six months. SPVs are widely used in capital markets transactions, which commonly have a total timeline of around three months. There is also a significant risk that reinsurance market conditions have materially changed during such long period leaving the ceding (re)insurer with unacceptable uncertainty about the availability and terms of coverage. We therefore consider a timeline of six months to be impractical. We would suggest that the autorisation process for an SPV should be simple and standardised, and should not consume an extensive period of time, such as would be required for a fully operational license. We consider six weeks to be an appropriate term for a decision to be taken.</p>	<p>Partially agree – a SPV takes over the role of a reinsurance undertaking, which means any authorisation needs to be duly considered. The authorisation requirements are fully in line with the general requirements for insurance undertakings in the Solvency II Directive. The ITS was clarified that the SPV is being authorised, but not individual contractual arrangements.</p>
12.	Insurance Europe	Article 4	<p>The approval process remains silent as to what happens when the timeline for approval has elapsed. In such a case, the company should be allowed to consider the use of the SPV as approved as there is no justification to leave an undertaking in a situation of uncertainty. The approval process should be clearly defined and certainly not be perceived as a possible never ending process. We note in this regard that the paper remains silent as to what timeline is allotted to the supervisor for notifying that the application is complete. This is inconsistent with the other papers on ITS (MA, USP, Internal model, AOF) which feature such a provision.</p> <p>Additionally, this is not in line with the Directive nor is it in line with the risk-based approach. The longer the final approval is extended the bigger the risk of having a significant deviation from the undertakings risk</p>	<p>Partially agree - the wording is in line with the general requirements for insurance undertakings in the Solvency II Directive.</p> <p>This ITS is fully in line with the general requirements for authorisation processes for insurance or reinsurance undertakings. The acknowledgement of receipt is addressed by local requirements.</p>

			profile.	
13.	Munich Re	Article 4	As to the current draft the decision on an application for autorisation has to be taken by the supervisory authority within 6 month. For implementing a capital markets transaction where SPVs are widely used this term for decision is too long and impracticable. The whole transaction is usually conducted within a timeframe of about 3 month. Seeing the complexity of some transactions nevertheless the autorisation of a SPV should be a standardized and simplified process not consuming an extensive period of time such as a fully operational license. A term for decision of 6 weeks would be appreciated.	Partially agree – a SPV takes over the role of a reinsurance undertaking, which means any authorisation needs to be duly considered. The authorisation requirements are fully in line with the general requirements for insurance undertakings in the Solvency II Directive. The ITS was clarified that the SPV is being authorised, but not individual contractual arrangements.
14.	The Actuarial Association of Europe (AAE)	Article 4	4. (1) allows a 6 month decision period. This is potentially too long. We assume that EIOPA members will take a pragmatic approach, following the development of a case and not waiting to start the 6 month from when the last piece of backing becomes available. Some items are not fixed until very close to market launch.	Partially agree – supervisors will apply a reasonable approach and will issue authorisation as soon as possible. However, a supervisor can only start its assessment once the application is complete.
15.	IRSG	Article 6	<ul style="list-style-type: none"> If the authorization of a SPV is withdrawn (as in art. 6 & 7 specified) it could be clarified what needs to be covered from SPV's 	Disagree – the empowerment covers the

			<p>perspective towards the investors. The DA draft does cover the rights of the financing providers (in SPV5 article) that has to be covered in the contracts but leaves it bit open how the actual procedure works under winding-up process.</p> <ul style="list-style-type: none"> • Art 6 '[...] the special purpose vehicle shall immediately inform its supervisory authority [...] if there is a risk of non-compliance within the following three months': this specific wording may be interpreted such that there can be no non-compliance without the supervisory authority having received prior notice. There is, however, a not just theoretical possibility that a newly emerging risk leads to immediate non-compliance. Suggestion to add something along the lines of 'reasonable probability'. 	<p>authorisation and therewith also for the withdrawal of authorisation. That requirement is fully in line with the general requirements for insurance undertakings in the Solvency II Directive. However, the empowerment does not cover the winding-up procedures.</p> <p>Partially agree – any non-compliance needs to be immediately reported.</p>
16.	Financial Supervisory Authority of Romania (ASF)	Article 6	(3) [...] a realistic finance scheme to restore compliance with the requirement to be fully funded within three months of that since the observation.	Agree.
17.	Horseshoe Group	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>	Partially agree – the reporting requirement stems from the Implementing Measures. It cannot be disabled by this ITS.
18.	Insurance	Article 6	This Article is not in line with Article 318 SPV10 (5) of the DA.	Partially agree – any non-compliance needs to be immediately reported.

	Europe		Article 318 SPV10 (5) explicitly sets out the responsibility of the SPV to inform their supervisors about any change that could affect compliance with the fully funded-requirement (no matter whether or when the corresponding change could end up in a non-compliance situation). Article 6 (1) requires the SPV to reveal a critical situation only if non-compliance already has materialized or is likely to do so within three months. Clarification is needed.	
19.	The Actuarial Association of Europe (AAE)	Article 6	<p>Art 6 `... the special purpose vehicle shall immediately inform its supervisory authority... if there is a risk of non-compliance within the following three months': There is a possibility that a newly emerging risk leads to immediate non-compliance. It would be better to refer to `if there is perceived to be a material risk of ..'</p> <p>Art6.3 and Art7.2 can create cliff edge derecognition for the ceding entity even when the SPV is not exhausted but say 25% below fully funded.This risks creating a crisis where one need not exist.</p>	Partially agree – any non-compliance needs to be immediately reported.
20.	IRSG	Article 7	<ul style="list-style-type: none"> It could be clarified in art. 7.1(c) that the not-fulfilling condition should be only on material errors. This could be done by clarifying this paragraph or writing a new one (as Art. 7.2 does for 7.1(d)) which clarifies in which conditions SPV is no longer fulfilling the conditions, is there some process with time constraints for SPV to fix the problem, etc. 	Partially agree – any non-compliance needs to be immediately reported.
21.	CFO Forum and CRO Forum	Article 7	It is not currently clear in the ITS that when the authorization for the SPV is withdrawn, reinsurance arrangements should be allowed to remain in force. Art. 7 (Withdrawal of authorization) describes circumstances under which the authorization of an SPV may be withdrawn. It does not however comment on the consequences of such withdrawal for outstanding reinsurance arrangements. With respect to outstanding reinsurance arrangements it would be important to allow for them to continue as even in situations when, e.g. an SPV no longer fulfils the fully funded requirement, it may be valuable for the ceding reinsurer to keep the protection in place depending on the market situation, the cost	Disagree – the empowerment covers the authorisation and therewith also for the withdrawal of authorisation. That requirement is fully in line with the general requirements for insurance undertakings in

			involved with terminating the cover and other protection options available at the time.	the Solvency II Directive. However, the empowerment does not cover the winding-up procedures.
22.	Insurance Europe	Article 7	<p>Should the supervisor revoke the approval given for using an SPV, the undertaking needs to be informed in writing with a document that explains the rationale behind this decision. This document shall be sent by the supervisor no later than the date where the approval is revoked. The supervisor shall inform the undertaking of its intention to revoke the approval early enough in advance to allow the undertaking to take remedial action or to envisage other options to manage efficiently the risks that have been transferred to the SPV.</p> <p>In any case, interdependencies with the use of an internal model shall be considered by the supervisor when deciding to revoke the approval to use an SPV. Further information shall be provided in this ITS to provide clarity on the impact that this revocation can have on the approval to use an internal model so as to avoid undertakings to have an internal model that is not compliant with the requirements as stated in the Solvency II Directive.</p> <p>Article 7 sets out the procedure to be followed when withdrawing authorisation of an SPV. However, there is no legal basis in the Directive nor the DA for this ITS to determine how to withdraw the authorisation of an SPV. This Article should be deleted from this ITS. Please see comment to Article 1.</p>	<p>Partially agree – it is already specified in the provision that the communication shall state the full reasons and that it shall be done without delay.</p> <p>The interconnectedness between internal models and SPVs is not obvious. Anyway, it seems natural to first get a SPV authorised and operational before it can be regarded as a risk-mitigating instrument – both as standard formula user and internal model user.</p> <p>The empowerment covers the authorisation and therewith also addresses the withdrawal of authorisation. That requirement is fully in line with the general requirements for insurance undertakings in the Solvency II Directive.</p>

23.	The Actuarial Association of Europe (AAE)	Article 7	See above re Art6.3 and Art7.2 . 7.1(c) should be limited to material breaches. It could also be qualified using 7.2.	Disagree – the reporting requirement stems from the Implementing Measures. It cannot be disabled by this ITS.
24.	IRSG	Article 8	<ul style="list-style-type: none"> In art. 8, with multi-arrangement SPV's does it need to be covered somehow what are the risks if one of the insurers behind the SPV defaults or loses its business volume substantially? This results in lower premiums towards SPV without SPV probably not being able to adjust its year payments (interest) towards investors. Ultimately though, this ends up on investors risk (which probably is as it should) which might make this issue something not so much of EIOPA's concern. Art 8 (1) '[...] multi-arrangement SPV shall demonstrate to the satisfaction of its supervisory authority that its solvency cannot be adversely affected by the winding-up proceedings of any one of those insurance or reinsurance undertakings [...]'. It seems this demand can hardly be met in practice and, as such, it would become impossible to get approval for multi-arrangement SPV's. Art 8 (2) suggests that SPVs cannot be used to achieve diversification benefits, while diversification is at the core of insurance and reinsurance. Is this really intended? 	<p>Partially agree – the requirement to be fully funded applies to the SPV, not to the individual contractual arrangement.</p> <p>That requirement stems from the Implementing Measures. It cannot be disabled by this ITS.</p> <p>That paragraph addresses the overall aggregate maximum risk exposure of the SPV and therewith allows for diversification benefits.</p>
25.	CFO Forum and CRO Forum	Article 8	We welcome the provisions made for the approval and regulation of multi-arrangement SPVs. Multi-arrangement SPVs are already used in non-European jurisdictions, and we support provision for their use under Solvency II.	Agree.
26.	Insurance Europe	Article 8	Article 8(1) states that '[...] multi-arrangement SPV shall demonstrate to the satisfaction of its supervisory authority that its solvency cannot be adversely affected by the winding-up proceedings of any one of those insurance or reinsurance undertakings [...]'. It is not clear how this demand should or could be met in practice. As such, it would become	Disagree – this requirement stems from the Implementing Measures. It cannot be

			<p>impossible to get approval for multi-arrangement SPV's. Clarification is needed.</p> <p>Art 8 (2) suggests that SPVs cannot be used to achieve diversification benefits, while diversification is at the core of insurance and reinsurance. Is this really intended? Clarification is needed.</p>	<p>disabled by this ITS.</p> <p>That paragraph addresses the overall aggregate maximum risk exposure of the SPV and therewith allows for diversification benefits.</p>
27.	Munich Re	Article 8	We appreciate the regulation of multi-arrangement SPVs. This is an instrument already used in non-European jurisdictions and should definitively be implemented.	Agree.
28.	Financial Supervisory Authority of Romania (ASF)	Article 9	<p>Article 9 - On-going cooperation between supervisory authorities</p> <p>Prior consultation before granting an authorisation</p> <p>Prior to granting authorisation, the supervisory authority from which supervisory approval to establish a special purpose vehicle is sought shall consult with the supervisory authorities of the Member States in which the insurance or reinsurance undertakings transferring risks are established.</p>	Agree.
29.	Financial Supervisory Authority of Romania (ASF)	Article 10	<p>Article 10 - Prior consultation before granting an authorisation</p> <p>On-going cooperation between supervisory authorities</p> <p>Where the special purpose vehicle which assumes risk from an insurance or reinsurance undertaking is established in a Member State which is not the Member State in which the insurance or reinsurance undertaking is authorised, those supervisory authorities shall cooperate on an on-going basis. Those supervisory authorities shall exchange information relevant to the exercise of supervisory responsibilities, including information on any planned supervisory actions against the special purpose vehicle or the insurance and reinsurance undertakings transferring risk where this may affect the supervision of that special purpose vehicle or the insurance and reinsurance undertakings transferring risk. In such circumstances, the supervisory authorities of Member States shall</p>	Agree.

			communicate without delay. That is the normal order.	
30.	Horseshoe Group	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.	Partially agree – the overall timeline cannot be affected. Consultation does not mean approval.
31.	Insurance Europe	Article 13	The second part of Article 13(1) states that in case of multi-arrangement SPV's, the responsible NCA for the SPV may only share the annual report from the SPV with the relevant undertakings established in the same Member State as the SPV. This "may" clause seems very limiting and do not foster good communication nor transparency for sponsors participating in the SPV which are not situated in the same Member State as the SPV. We find it difficult to see, where such limitations to information are justified.	Partially agree – this provision is about the reporting to supervisors to enable a proportionate approach. The wording has been slightly amended.
32.	Insurance Europe	Article 14	When data is mentioned, it should be specified what is the period of reference that should be considered for providing these data (e.g. balance sheet of year N, risks transferred to the SPV as from X, etc.). Further clarity on this is welcomed to avoid misunderstanding, for instance by referring to the "reporting period" (as mentioned in Article15 (1)(f)).	Disagree – the reporting needs to be done on an annual basis and should therefore cover a reporting period of one year.
33.	Horseshoe Group	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	Partially agree – it would not seem to be a proportionate approach to simply prohibit that. Surely, the impact on the effectiveness of the risk transfer needs to be

			(1)(d) – How much details is needed, need to provide clearer guidelines	assessed, which is already captured by that provision.
34.	Horseshoe Group	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.	Agree. Provision was deleted.
35.	Insurance Europe	Article 17	<p>Article 17(1)(b) refers to types of tiers of financing mechanism, specifying the tranches and tiers. However, tranches are not defined in the Solvency II Directive nor in the ITS and tiers are only mentioned in relation to Own Funds in the Solvency II Directive. Clarification on these terms is needed to avoid misunderstanding.</p> <p>Additionally, it should be acknowledged that some undertakings are using credit ratings that do not come from external credit ratings agencies. These ratings can be defined internally depending on the resources available within undertakings' organisations. Therefore, flexibility should be provided to undertakings (e.g. bank insurers) when credit ratings are defined internally and when undertakings can demonstrate that the rating has been done accurately according to professional standards and best practices.</p>	<p>Disagree – this terminology is used in the Solvency II Directive and the Implementing Measures.</p> <p>Agree - the wording has been amended to accommodate internal ratings.</p>
36.	Insurance Europe	Article 18	The timeline to submit reporting quantitative and qualitative information should be specified further, as well as the frequency should part of the information is required in advance of the yearly reporting.	Disagree – the timeline and frequency are determined by the Implementing Measures.
37.	International Underwriting Association of	Article 18	In our view, the frequency of required reporting should be adjusted to be proportionate to the supervisory benefit and the burden on the insurer or reinsurer.	Disagree – the timeline and frequency are determined by the

	London			Implementing Measures.
38.	AA IRSG	Annex I	<ul style="list-style-type: none"> Annex I: We acknowledge that the treatment of solo vs. multi-arrangement SPVs evidences proportionality. However, the highly detailed description of required documentation in Annex 1 suggests quite the contrary. In Annex 1.12 it seems like SPV should always have a rating? As there seems not to be such requirements in the draft Delegated Acts and considering the fact that there might be (or become) quite different type of SPV's it could be reviewed whether this requirement could be lowered under some situations. 	Agree – the wording has been slightly amended, also to clarify that ratings from credit rating agencies are not necessarily required.
39.	CFO Forum and CRO Forum	Annex I	<p>With respect to item 9, we would suggest that summary information be provided about the underlying reinsurance portfolio, as there may be a large number of original policies underlying the relevant risk(s).</p> <p>With respect to item 11, the list of items to be included is extensive for a company that is not fully operational. In addition, many of the items mentioned will not apply to a regular SPV, or will be very short (e.g. financial projections). Information requirements regarding the investor base of the SPV also need to be realistic. Many SPVs (e.g. in the context of catastrophe bonds) are financed with a low level of share capital and a large amount of securities issued. In case the SPV is financed through a traded security, neither the SPV management nor the cedent will be able to follow the investor composition and concentration with respect to such traded instruments on a continuous basis. The information requirement should therefore be eliminated. Further, whether an SPV is consolidated into the balance sheet of a group should not be relevant to the approval decision, and the consolidation requirements of the SPV should not form part of the authorization request. This aspect of risk protection using SPVs would be more appropriately assessed at the level of the ceding (re)insurer.</p> <p>With respect to item 12, we assume that substantial drafts may be used</p>	Partially agree – that can be considered a reasonable approach in some circumstances. The wording has been amended to accommodate the permissibility of draft documentation.

			for the application, with final documentation needed only for final approval. Otherwise, this would excessively extend the period of time needed for an entire transaction.	
40.	Horseshoe Group	Annex I	<p>Several of the information requirements in this annex are not practical nor realistic when it comes to multi-arrangement SPVs.</p> <p>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 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>	Partially agree – that can be considered a reasonable approach in some circumstances. The wording has been amended to accommodate the permissibility of draft documentation. Also, the wording was amended to “actuarial assessment”.
41.	Insurance Europe	Annex I	<p>Paragraph 2 sets out information needed for documentation purposes, stating where the originator or sponsor of the SPV differs from the (re)insurance undertaking transferring risks this should be stated. However, it is not evident how the originator or sponsor can differ from the (re)insurance undertaking, since this setup has not been mentioned throughout the ITS. Clarification is needed.</p> <p>It also seems that an SPV should always have a rating according to Annex 1, paragraph 12 (b). However, there is no such requirement in the</p>	<p>Partially agree – this set-up is well understood in the context of SPVs and is used in the Implementing Measures.</p> <p>The wording has been slightly amended, also to clarify that ratings from credit rating agencies are</p>

			Directive or in the DAs. Clarification needed.	not necessarily required.
42.	Munich Re	Annex I	No. 9 : This can only be summary information about the underlying reinsurance portfolio, as there may be a large amount of original policies underlying this risk. The list under No. 11 is extensive for a company not being fully operative. Many of the operations mentioned here will not apply to a regular SPVs or will be very short (e.g. financial projections). No. 12 should mention that substantial drafts can be used for the application and only for final approval the final documentation needs to be provided. Else this would also excessively extend the period of time needed for an entire transaction.	Partially agree – that can be considered a reasonable approach in some circumstances. The wording has been amended to accommodate the permissibility of draft documentation.
43.	The Actuarial Association of Europe (AAE)	Annex I	<p>It is generally clear that proposed documents or arrangements should be submitted. This is essential as many documents can not be finalised until close to taking the proposal to prospective note holders</p> <p>4,5 and 7 use 'or will be' whereas 6 uses 'or will be expected'. We would use 'or are expected ' for all of them as future events can not be certain until closed.</p> <p>9 should refer to 'policies' not 'policy'</p> <p>11b Investor concentration may not be known before offering, Also given that the SPV will hold the investors funds with no further claim on the investors we are not clear why this concentration matters.</p> <p>11b also refers to management share of the capital base. We are not clear whether this refers to the management of the SPV or of the sponsor/ceding entity or its group.</p> <p>11c does consolidation refer to general accounting (IFRS, USGAAP etc) or just to prudential reporting? It would be helpful to reference DA content dealing with when an SPV can be omitted from a consolidated group view.</p>	<p>Partially agree – that can be considered a reasonable approach in some circumstances. The wording has been amended to accommodate the permissibility of draft documentation.</p> <p>The wording has been slightly amended, also to clarify that ratings from credit rating agencies are not necessarily required.</p>

			Annex 1.12(b) refers to rating agency reports. While these are currently normal it would be better to allow for cases where such a report is not obtained especially if the Directive and DA do not require one and reliance on rating agencies is to be reduced. Suggest '(b) any rating agency report prior to the issue ...'.	
44.	Insurance Europe	Annex II : SPV.01.01	It seems a bit strange to present the reporting templates first, and then the explanations (logs) in annex III. It might be worth swap around annex II and Annex III to ease the readability.	Agree.
45.	Insurance Europe	Explanatory text		Agree.
46.	Insurance Europe	4.2	It should be ensured that the approval process is not reset if further documentation is requested from the NCA, otherwise the approval process can be never-ending. We are of the view that the decision for a suspension of the six months approval period should be left up to the insurance or reinsurance undertaking.	Partially agree - the wording is in line with the general requirements for insurance undertakings in the Solvency II Directive. There is no provision that prevents an applicant to ask for a suspension of the application.
47.	The Actuarial Association of Europe (AAE)	Proportionality considerations	Given the extensive requirements set out in Annex 1 and the varying nature and size of arrangements and their significance to the soundness of the ceding entity a proportionate approach to each case is recommended.	Agree.
48.	Insurance Europe	4.9	Third sentence of this paragraph is a repetition of the third paragraph in paragraph 4.9. Clarification on the difference between 4.9 and 4.10 is needed.	Agree – paragraphs are deleted.

49.	Insurance Europe	4.10	Third sentence of this paragraph is a repetition of the third paragraph in paragraph 4.9. Clarification on the difference between 4.9 and 4.10 is needed.	Agree – paragraphs are deleted.
50.	Insurance Europe	4.20	Clarification on what Implementing Measures refers to is needed. Should it be updated to Delegated Acts?	Partially agree – this terminology is often used synonymously.
51.	Insurance Europe	Annex 1 : Impact Assessment	The impact assessments seems very shallow and do not propose any policy options discussed nor a justification of e.g. the amount of documentation needed for approval as set out in annex I. The impact assessment is a mere summary of the ITS itself.	Partially agree – further considerations have been added.
52.	Insurance Europe	Policy analysis	What are the costs and benefits?	Partially agree – further considerations have been added.

Annex III: Draft Implementing Technical Standard



EUROPEAN COMMISSION

Brussels, XXX
[...] (2011) XXX draft

COMMISSION IMPLEMENTING REGULATION (EU) No .../..

of []

COMMISSION IMPLEMENTING REGULATION (EU) No .../... laying down implementing technical standards with regard to the procedures for supervisory approval to establish special purpose vehicles, for the cooperation and exchange of information between supervisory authorities regarding special purpose vehicles as well as to set out formats and templates for information to be reported by special purpose vehicles according to Directive 2009/138/EC of the European Parliament and of the Council

of XXX

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2009/138/EC of 25 November 2009 of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)⁴ and in particular Articles 211 (2)(a) and (2)(b) thereof,

Whereas:

- (1) Special purpose vehicles require supervisory approval to be established prior to assuming risks from insurance or reinsurance undertakings. The conditions and procedures to be followed for granting and withdrawing this approval, including documentation requirements, are set out in this Regulation.
- (2) Where a special purpose vehicle assumes risks from more than one insurance or reinsurance undertaking, this Regulation clarifies that the special purpose vehicle should maintain assets equal to or exceeding its aggregate maximum risk exposure taking into account each individual contractual obligation. When granting supervisory approval, the supervisory authority should assess whether this obligation is being met and consider each individual contractual arrangement and risk transfer.
- (3) This Regulation sets out the procedures to be followed for the cooperation and exchange of information between supervisory authorities, where the special purpose vehicle is established in a Member State which is not the Member State where the insurance or reinsurance undertaking, from which it assumes risk, is established. The cooperation and exchange of information between those supervisory authorities is particularly important during the process of the supervisory approval of the special purpose vehicle. Also, if there are material changes that potentially affect the special purpose vehicle's compliance with the requirements of Article 211 of Directive 2009/138/EC and when the authorisation is withdrawn or lapses, the cooperation and exchange of information between those supervisory authorities is necessary to ensure effective and efficient supervision.
- (4) The supervisory reporting requirements, which are set out in [Article 325], should enable the supervisory authorities of the special purpose vehicles to assess continued compliance with the relevant requirements. These requirements are complemented by the templates and formats specified in this Regulation.
- (5) The provisions in this Regulation are closely linked to each other, since they deal with the supervisory authorisation of special purpose vehicles as well as the cooperation and exchange of information between supervisory authorities regarding special purpose vehicles. To ensure coherence between those provisions, which should enter into force at the same time, and to facilitate a comprehensive view and compact access to them by persons subject to those obligations, including investors that are non-Union residents, it is desirable to include all the implementing technical standards required by Article 211 (2a) and (2b) of Directive 2009/138/EC in a single Regulation.

⁴ OJ L 335, 17.12.2009, p.1.

- (6) This Regulation is based on the draft implementing technical standards submitted by the European Insurance and Occupational Pensions Authority to the Commission.
- (7) The European Insurance and Occupational Pensions Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Insurance and Reinsurance Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1094/2010.

HAS ADOPTED THIS REGULATION:

SECTION 1

SUBJECT MATTER AND DEFINITIONS

Article 1

Subject matter

- (1) This Regulation sets out:
- (1) the procedures to be followed for granting and withdrawing supervisory approval to establish special purpose vehicles;
 - (2) the procedures to be followed for cooperation and exchange of information between the supervisory authority of the Member State in which the special purpose vehicle is established and the supervisory authority of the Member State in which the insurance or reinsurance undertaking transferring risk is established;
 - (3) the formats and templates to be used for the annual reporting of information by the special purpose vehicle.

Article 2

Definitions

- (1) For the purposes of this Regulation the following definition shall apply:
- ‘Multi-arrangement special purpose vehicle’ means a special purpose vehicle which assumes risks under more than one separate contractual arrangement from one or more insurance or reinsurance undertakings.

SECTION 2

PROCEDURES FOR GRANTING SUPERVISORY APPROVAL TO ESTABLISH SPECIAL PURPOSE VEHICLES AND WITHDRAWAL OF AUTHORISATION

Article 3 -

Application

- (1) The special purpose vehicle shall seek authorisation from the supervisory authority of the Member State in which the special purpose vehicle is establishing its head office. within the territory of that Member State.

Article 4

Decision

- (1) The supervisory authority of the Member State in which the special purpose vehicle is established or is to be established shall decide on an application for authorisation within six months of the date of its receipt.
- (2) In its decision to grant supervisory approval the supervisory authority shall state the activities for which the special purpose vehicle is authorised and, where relevant, any terms and conditions relating to those activities.
- (3) Any decision to refuse an authorisation shall state full reasons and shall be communicated to the special purpose vehicle by the supervisory authority.

Article 5

Demonstration and documentation requirements

- (1) When applying for supervisory approval to establish, the special purpose vehicle shall demonstrate that the requirements set out in [Articles 318 to 324 and 326 to 327] are met and that the special purpose vehicle is capable of meeting the requirements of [Article 325] by providing documentary evidence of that in its application. When submitting an application for authorisation, the special purpose vehicle shall submit, at least, the supporting documentation as set out in Annex I. The documentation shall cover the structure of the special purpose vehicle, the risk to be assumed and the funding of the special purpose vehicle.

Article 6

Withdrawal of authorisation

- (1) The supervisory authority granting supervisory approval to establish the special purpose vehicle may consider withdrawing the authorisation of that special purpose vehicle in particular when:
 - (a) the special purpose vehicle no longer fulfils the original conditions under which the approval to establish that special purpose vehicle was granted; or
 - (b) the special purpose vehicle fails seriously in its obligations under the regulations to which it is subject.
- (2) In the case specified in paragraph b) above, the supervisory authority may consider as a serious failure if the special purpose vehicle does not comply with the requirement to remain fully funded and cannot restore its compliance within a reasonable timeframe.
- (3) Any decision to withdraw authorisation shall state the full reasons and shall be communicated to the special purpose vehicle without delay.

Article 7

Multi-arrangement special purpose vehicle

- (1) When applying for supervisory approval to establish a multi-arrangement special purpose vehicle, the multi-arrangement special purpose vehicle shall additionally demonstrate to the satisfaction of its supervisory authority that its solvency cannot be adversely affected by the winding-up proceedings of any one of the insurance or reinsurance undertakings transferring risks and that the multi-arrangement special purpose vehicle can maintain the solvency requirement at all times.
- (2) When demonstrating that the multi-arrangement special purpose vehicle's solvency cannot be adversely affected by the winding-up proceedings of any one of the insurance or reinsurance undertakings transferring risk, the multi-arrangement special purpose vehicle shall provide sufficient supporting evidence to allow its supervisory authority to assess the multi-arrangement special purpose vehicle's overall aggregate maximum risk exposure and the aggregate maximum risk exposure of each individual contractual arrangement relating to the transfer of risk from an insurance or reinsurance undertaking.

- (3) When applying for supervisory approval to establish a multi-arrangement special purpose vehicle, the multi-arrangement special purpose vehicle shall provide sufficient supporting evidence that it satisfies the conditions set out in [Articles 319 to 321 and 326] taking into account each individual contractual arrangement in order to determine whether the multi-arrangement special purpose vehicle complies with the solvency requirements.
- (4) Where the multi-arrangement special purpose vehicle is not able to provide sufficient supporting evidence in line with the provisions of paragraphs 1 to 3, the supervisory authority shall refuse the application for the establishment of the multi-arrangement special purpose vehicle.

SECTION 3

Procedures for the cooperation and exchange of information between the supervisory authorities of the special purpose vehicle and of the insurance or reinsurance undertaking transferring risk

Article 8

On-going cooperation between supervisory authorities

- (1) Where the special purpose vehicle which assumes risk from an insurance or reinsurance undertaking is established in a Member State which is not the Member State in which the insurance or reinsurance undertaking is authorised, the supervisory authorities concerned shall cooperate on an on-going basis. The supervisory authorities shall exchange information relevant to the exercise of supervisory tasks, including information on any planned supervisory actions against the special purpose vehicle or the insurance and reinsurance undertakings transferring risk where this may affect the supervision of that special purpose vehicle or the insurance and reinsurance undertakings transferring risk. In such circumstances, the supervisory authorities shall communicate without delay.

Article 9

Prior consultation before granting an authorisation

- (1) Prior to granting authorisation, the supervisory authority from which supervisory approval to establish a special purpose vehicle is sought shall consult with the supervisory authority of the Member State in which the insurance or reinsurance undertaking transferring risk is established.

Article 10

Communication of changes

- (1) The special purpose vehicle's supervisory authority shall communicate without delay any relevant information received from a special purpose vehicle according to [Article 325 (5)] relating to any changes that could affect the special purpose vehicle's compliance with the requirements set out in [Articles 318 to 324 and 326 to 327] to the supervisory authority of the insurance or reinsurance undertaking transferring risk to that special purpose vehicle. The supervisory authority shall communicate without delay the special purpose vehicle's breach of solvency requirements after its authorisation.

Article 11

Communication of withdrawal or lapse of authorisation

- (1) In the event of withdrawal or lapse of a special purpose vehicle's authorisation, the special purpose vehicle's supervisory authority shall notify the supervisory authority of the insurance or reinsurance undertaking transferring risk to that special purpose vehicle without delay.

Article 12

Communication of the annual report

- (1) The special purpose vehicle's supervisory authority shall share the annual report of the special purpose vehicle with the supervisory authority of the insurance or reinsurance undertaking transferring risk to that special purpose vehicle without delay. In case of a multi-arrangement special purpose vehicle, the multi-arrangement special purpose vehicle's supervisory authority may share with the supervisory authorities only those parts of the report that relate to the insurance and reinsurance undertaking established in the Member State of those supervisory authorities.

SECTION 4

Formats and templates for information to be reported by special purpose vehicles

Article 13

Quantitative content of the annual report

- (1) In line with [Article 325], the special purpose vehicle shall submit annually to its supervisory authority quantitative information following the formats and templates, as set out in Annex II and in accordance with the instructions in Annex III, and comprising:
 - (a) content of submission, as specified in template SPV.01.01 of Annex II, according to the instructions in Annex III under the reference SPV.01.01;
 - (b) basic information on the special purpose vehicle, as specified in template SPV.01.02 of Annex II, according to the instructions in Annex III under the reference SPV.01.02;
 - (c) balance sheet data of the special purpose vehicle, distinguishing the material classes of assets, liabilities and equity items, including debt or other financing mechanism issued, as specified in template SPV.02.01 of Annex II, according to the instructions in Annex III under the reference SPV.02.01;
 - (d) off-balance sheet data of the special purpose vehicle, as specified in template SPV.02.02 of Annex II, according to the instructions in Annex III under the reference SPV.02.02;
 - (e) risks assumed regarding each individual contractual arrangement relating to the transfer of risk from an insurance or reinsurance undertaking, as specified in template SPV.03.01 of Annex II, according to the instructions in Annex III under the reference SPV.03.01;
 - (f) list of debt securities or other financing mechanism issued regarding each individual contractual arrangement relating to the transfer of risk from an insurance or reinsurance undertaking, as specified in template SPV.03.02 of Annex II, according to the instructions in Annex III under the reference SPV.03.02.

Article 14

Qualitative content of the annual report

- (1) In line with [Article 325], the special purpose vehicle shall submit annually to its supervisory authority qualitative information covering:
 - (a) an adequate description of the basis, methods and assumptions used for the valuation of the assets;
 - (b) an adequate description of the basis, methods and assumptions used for the determination of the aggregate maximum risk exposure;
 - (c) details of any conflicts of interest between the special purpose vehicle, the insurance or reinsurance undertakings and the providers of debt or finance;

- (d) details of any significant transactions entered into by the special purpose vehicle during the last reporting period ;
- (e) information to demonstrate that the special purpose vehicle continues to be fully funded, including:
 - i. a description of the risks, including liquidity risks and quantifiable risks, assumed by the special purpose vehicle; and
 - ii. information on the debt instruments issued or other financing mechanism entered into.
- (f) if the special purpose vehicle has not continuously complied with the requirement to be fully funded during the reporting period, the special purpose vehicle shall report any relevant information on that non-compliance and its rectification according to [Article 326] during the reporting period;
- (g) qualitative information on any changes that could affect the special purpose vehicle's compliance with the requirements set out in [Articles 318 to 324 and 326 to 327].

Article 15

Description of the risks assumed by the special purpose vehicle

- (1) When describing the risks assumed as required by Article 14, in the annual report the special purpose vehicle shall provide information on:
 - (a) whether the risks assumed are mainly life or non-life type of risks;
 - (b) what types of trigger events apply to those risks;
 - (c) whether a trigger event occurred in the reporting period, triggering a claim against the special purpose vehicle's assets;
 - (d) whether any amounts arising from a claim were paid out in the reporting period, and if that is the case, how much has been paid out to date and whether the trigger event has negatively affected the special purpose vehicle's liquidity;
 - (e) whether the special purpose vehicle's risk profile has changed materially since the previous reporting period or from the original terms and conditions as communicated to its supervisory authority upon authorisation.

Article 16

Information on debt instruments issued or other financing mechanism entered into

- (1) When providing information on debt instruments issued or other financing mechanism entered into as required by Article 14, the special purpose vehicle shall report on:
 - (a) the proceeds of the debt issuance or other financing mechanism and whether they have been fully paid-in regarding each individual contractual arrangement relating to the transfer of risk from an insurance or reinsurance undertaking;
 - (b) the types of tiers of the financing mechanism, specifying the tranches or tiers, including information on external ratings received or internal ratings used for issued debt instruments and which, if any, credit rating agencies were used;
 - (c) the reasons why the financial arrangements are regarded as sufficiently robust to ensure continued protection of potential claims of the insurance or reinsurance undertaking transferring risk to the special purpose vehicle, to maintain its ability to meet amounts it is liable for as they fall due and to ensure the pay-out structure of debt or financing mechanisms;
 - (d) any debt instruments that have been cancelled, bought back or redeemed, partially or in full, since those instruments were issued and separately for the current reporting period.

Article 17

Means for reporting

- (1) Special purpose vehicles shall submit the quantitative content of the report referred to in Article 13 to the supervisory authority electronically and the qualitative content of the report referred to in Article 15 in an electronic readable format.

Article 18

Currency and units

- (1) Special purpose vehicles shall submit all monetary data from the report referred to in Article 13 in the special purpose vehicle's currency of reporting, which requires converting other currencies into the currency of reporting, with the exchange rate at the end of the reporting period.
- (2) Special purpose vehicles shall submit numeric values as facts according to the following formats:
 - (a) data points with the data type 'Monetary' shall be reported using a minimum precision equivalent to units;
 - (b) data points with the data type 'Integer' shall be reported using no decimals and a precision equivalent to units.

Article 19

Entry into force

- (1) This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.
- (2) This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

On behalf of the President

[Position]

ANNEX I

When applying for an authorisation of a special purpose vehicle, the documentation provided shall include at least the following:

1. a clear and profound presentation and analysis in an organisational chart identifying all the relevant parties involved in the transaction, including the insurance or reinsurance undertakings involved, which are supervised by supervisory authorities other than the supervisory authority responsible for granting the special purpose vehicle's authorisation;
2. information about the identity and qualification of the originator or sponsor of the special purpose vehicle, where this party differs from the insurance or reinsurance undertaking transferring risk to the special purpose vehicle;
3. information about the insurance or reinsurance undertaking transferring risk to the special purpose vehicle;
4. identification and qualification of the persons who are, or will be, appointed to act as trustees, where applicable, of the special purpose vehicles' assets;
5. information about the identity and qualification of the persons who are, or will be, employees of the special purpose vehicle, including details of persons who effectively run the special purpose vehicle;
6. information about the identity and qualification of persons who have, or will be expected to have, qualifying holdings, directly or indirectly in the special purpose vehicle together with the amounts of those holdings;
7. information about the identity and qualification of the persons who are providing or will provide management and professional services, such as accounting to the special purpose vehicle;
8. the special purpose vehicle's memorandum and articles of association, or drafts thereof;
9. details of the insurance or reinsurance undertakings' original insurance policies clearly detailing which risks were initially assumed by the insurance or reinsurance undertaking and which will be transferred to the special purpose vehicle, including an assessment and a description of how the transfer of ceded risks and the retention of any residual risks will comply with the requirements of [Article 320];
10. details of the draft contractual arrangement relating to the transfer of risk between the special purpose vehicle and the insurance or reinsurance undertaking including a description of how the contract will meet the requirements of [Articles 210 to 211, 319 to 320]. The description shall include:
 - (a) any relevant triggering events or mechanisms under the contract; and
 - (b) the maximum aggregate risk exposure of the contract.
11. an assessment outlining how the legal and governance structures of the special purpose vehicle are deemed to comply with the requirements of [Articles 210, 319 to 320, 324, 326 to 327]. The review should also give an opinion on whether the legal structure chosen for the special purpose vehicle affords a legally enforceable protection of the assets of the special purpose vehicle, thereby ensuring that the solvency of the special purpose vehicle shall not be adversely affected in line with the requirements of [Article 318 (b) and 321]. The assessment should include the following:
 - (a) an explanation of how the special purpose vehicle is, or will be, fully funded, including relevant tests, such as stress and scenario tests, to determine if the fully funded requirement has been complied with and how the status will be maintained;
 - (b) information on the special purpose vehicle's equity including size, growth, potential investor concentration, and on the special purpose vehicle's management share of that equity;
 - (c) details of the counterparties to the contractual arrangements relating to the transfer of risk from an insurance or reinsurance undertaking to the special purpose vehicle, including details of all the roles of the special purpose vehicle and the insurance or reinsurance undertaking, as well as the roles and identities of other participants, including, but not limited to, note holders, account managers and account servicing managers, custodians and trusts, asset managers, underwriters

- and sponsors to the transaction. This shall also include an assessment of the applicable accounting consolidation requirements of the special purpose vehicle into a group;
- (d) information on quantifiable risks of the special purpose vehicle including details of the special purpose vehicle's liquidity risk and liquidity strategy;
 - (e) information on risk implications of the special purpose vehicle's proposed investment strategy;
 - (f) information on the special purpose vehicle's adherence to the solvency requirements according to [Article 327];
 - (g) details of the risk transfer, including assessment of material residual risks, including basis risk;
 - (h) details on, if any, the use and details of hedging instruments, such as interest rate swaps or currency contracts;
 - (i) details of any off-balance sheet commitments to support the special purpose vehicle, including guarantees or any other form of credit risk mitigation sold to or otherwise provided to the special purpose vehicle;
 - (j) financial projections over the expected life of the special purpose vehicle;
 - (k) an actuarial assessment of the insurance risks assumed;
 - (l) a draft plan outlining the special purpose vehicle's supervisory reporting procedures, designed to comply with the requirements of [Articles 325 to 327], including specific reportable matters identified under [Articles 325 (2), 326 (1) and (2)] and with regards to how material changes would be communicated to the supervisory authority.
12. transaction documentation, or drafts thereof, regarding the issue of debt or financial mechanisms, and risk transfer to providers of such debt or financing mechanisms, to explain how compliance with [Article 210 to 211, 320 to 321] will be maintained. This documentation should include:
- (a) prospectus or offering circular or private placement memorandum, or drafts thereof;
 - (b) rating assessment or credit rating agency's report prior to the issue of the funding instruments by the special purpose vehicle;
 - (c) details relating to the potential use of financial guarantors on any of the 'tranches' of notes to be issued;
 - (d) trustee agreement, where such an arrangement exists, or drafts thereof;
 - (e) with regards to the debt or financing mechanisms, details the special purpose vehicle's liquidity strategy for the issued financial instruments, including the structure and tiering, types of positions, and note holder withdrawal rules;
 - (f) information on risk implications of the special purpose vehicle's investment strategy;
 - (g) contracts, or drafts thereof, and details of any hedging instrument, such as interest rate swaps or currency contracts;
 - (h) transaction documentation, or draft thereof, governing parts of the contractual arrangements relating to the transfer of risk from an insurance or reinsurance undertaking to the special purpose vehicle, which may be understood as connected transaction according to [Articles 210 (3) and 320 (2)]. Where applicable, this may include contracts with other participants to the transaction, as well as outsourcing and service contracts.
13. Where a special purpose vehicle, which was authorised prior to 31 December 2015, commences any new activities after 31 December 2015, the special purpose vehicle should report any relevant information on how the existing activity of the special purpose vehicle may impact on its aggregate risk exposure profile in relation to any new activity.

ANNEX II

Special Purpose Vehicles reporting templates

SPV.01.01 - Content of the submission

Template Code	Template name
SPV.01.02	Basic Information
SPV.02.01	Balance sheet
SPV.02.02	Off-balance sheet
SPV.03.01	Risks assumed
SPV.03.02	Debt or other financing mechanism

	C0010
R0010	
R0020	
R0030	
R0040	
R0050	

SPV.01.02 - Basic information

Name of reporting special purpose vehicle	R0010
Identification code	R0020
Type of code	R0030
Home-country of the special purpose vehicle	R0040
Reporting date	R0050
Reference date	R0060
Currency used for reporting	R0070
Risks assumed through separate arrangements	R0080
Compliance with fully funded requirement throughout the reporting period	R0090

	C0010
R0010	
R0020	
R0030	
R0040	
R0050	
R0060	
R0070	
R0080	
R0090	

SPV.02.01 - Balance sheet

		Value
		C0010
Assets		
Deposits and loans claims	R0010	
Securitised loans	R0020	
Debt securities	R0030	
Other securitised assets	R0040	
Equity and collective investment units	R0050	
Financial derivatives	R0060	
Non-financial assets (including fixed assets)	R0070	
(Other material classes of assets)	R0080	
Remaining assets	R0090	
Total assets	R0100	
Liabilities	 	
Loans and deposits received	R0110	
Debt securities issued	R0120	
Financial derivatives	R0130	
(Other material classes of liabilities)	R0140	
Remaining liabilities	R0150	
Total Liabilities	R0160	
Equity (material items)	R0170	
Total Equity	R0180	
Equity item 1	R0190	
...	...	

SPV.02.02 - Off-Balance sheet

		Accounting value
		C0010
Off-balance sheet items		
Guarantees received by the SPV directly	R0010	
Collateral held	R0020	
Off-balance sheet item 1	R0030	
...	...	
Off-balance sheet obligations		
Collateral pledged	R0500	
Off-balance sheet obligation 1	R0510	
...	...	

SPV.03.01 - Risks assumed

		Arrangement	Date of issuance	Issues/uses commenced prior to implementation of Solvency II Directive	Name of cedant	Cedent code	Type of code	Aggregate maximum risk exposure per arrangement	Assets held for separable risk	Compliance with the fully funded requirement for the arrangement throughout the reporting period	Duration
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Total	R0010										
Risk 1	R0020										
...	...										

SPV.03.02 - Debt or other financing mechanism

		Arrangement	Description of the debt or other financing mechanism issued for arrangement	Amount of the debt or other financing mechanism issued for arrangement
		C0010	C0020	C0030
Total	R0010			
Debt or other financing mechanism 1	R0020			
...				

ANNEX III

This Annex contains additional instructions in relation to the templates included in Annex II of this Regulation. The first column of the tables identifies the items to be reported by identifying the cells as presented in the template in Annex II.

Where a particular justification is required, the explanation is not to be submitted within the reporting template but shall be part of the dialogue between the special purpose vehicle and its supervisory authority.

SPV.01.01 - Content of the submission

Cell	Item	Instructions
R0010/C0010	Basic Information	Reported.
R0020/C0010	Balance Sheet	One of the options in the following closed list shall be used: 1 - Reported; 9 - Not reported (in this case justification is required).
R0030/C0010	Off-balance sheet	One of the options in the following closed list shall be used: 1 - Reported; 2 - Not reported o/a no off-balance sheet items; 9 - Not reported other reason (in this case justification is required).
R0040/C0010	Risks assumed	One of the options in the following closed list shall be used: 1 - Reported; 9 - Not reported (in this case justification is required).
R0050/C0010	Debt or other financing mechanism	One of the options in the following closed list shall be used: 1 - Reported; 9 - Not reported (in this case justification is required).

SPV.01.02 - Basic information

Cell	Item	Instructions
R0010/C0010	Name of reporting special purpose vehicle	Name of special purpose vehicle submitting the report to the supervisory authority.
R0020/C0010	Identification code	Identification of the special purpose vehicle using the following priority: - Legal Entity Identifier (LEI); - Identification code used in the local market, attributed by national supervisory authority.
R0030/C0010	Type of Identification code	Identification of the code used in item "Identification code". One of the options in the following closed list shall be used: 1 - LEI 2 - Local code
R0040/C0010	Home-country of the special purpose vehicle	ISO 3166-1 alpha-2 code of the country where the special purpose vehicle has been authorised.
R0050/C0010	Reporting date	ISO 8601 (yyyy-mm-dd) code of the date when the report to the supervisory authority is made.
R0060/C0010	Reference date	ISO 8601 (yyyy-mm-dd) code of the date identifying the last day of the reporting period.
R0070/C0010	Currency used for reporting	ISO 4217 alphabetic code of the currency of the monetary amounts used in each report.
R0080/C0010	Risks assumed through separate arrangements	Identify the number of separate risk arrangements that a SPV may have received authorisation to assume under terms and conditions as set by its supervisory authority.
R0090/C0010	Compliance with fully funded requirement throughout the period	To state whether fully-funded requirement was maintained between two reporting periods. The following closed list shall be used: 1 - Compliance with fully-funded 2 – Non-compliance with fully-funded

SPV.02.01 – Balance sheet

Cell	Item	Instructions
R0010/C0010	Deposits and loans claims	Value of the deposits and loan claims according to Article 75 of Directive 2009/138/EC. This item shall include: <ul style="list-style-type: none"> - All deposits - Loans granted by the SPV - Cash
R0020/C0010	Securitised loans	Value of the securitised loans acquired by the special purpose vehicle according to Article 75 of Directive 2009/138/EC.
R0030/C0010	Debt securities	Value of holdings of debt securities according to Article 75 of Directive 2009/138/EC. It includes subordinated debt in the form of debt securities.
R0040/C0010	48. Other securitised assets	Value of other securitised assets not included in items Securitised loans (A2) or Debt securities (A3) according to Article 75 of Directive 2009/138/EC.
R0050/C0010	Equity and collective investment units	Value of equity and collective investment units held according to Article 75 of Directive 2009/138/EC.
R0060/C0010	Financial derivatives	Value of financial derivatives with positive value according to Article 75 of Directive 2009/138/EC.
R0070/C0010	Non-financial assets (including fixed assets)	Value of tangible and intangible assets, other than financial assets according to Article 75 of Directive 2009/138/EC.
R0080/C0010	(Other material classes of assets)	Identify as many other material classes as needed to give a clear view of the nature of the material assets of the special purpose vehicle.
R0090/C0010	Remaining assets	Value of all the others assets, not covered by the previous items according to Article 75 of Directive 2009/138/EC.
R0100/C0010	Total assets	Total value of the assets of the special purpose vehicle.
R0110/C0010	Loans and deposits received	Value owed to creditors by the special purpose vehicle, other than those arising from the issue of negotiable securities.
R0120/C0010	Debt securities issued	Value of the securities issued by the special purpose vehicle, other than equity according to Article 75 of Directive 2009/138/EC.
R0130/C0010	Financial derivatives	Value of financial derivatives with negative value according to Article 75 of Directive 2009/138/EC.
R0140/C0010	(Other material classes of	Identify as many other material classes as needed to give a clear view of the nature of the material liabilities of the

	liabilities)	special purpose vehicle.
R0150/C0010	Remaining liabilities	Value of all the others liabilities, not covered by the previous items according to Article 75 of Directive 2009/138/EC.
R0160/C0010	Total Liabilities	Total of the liabilities of the special purpose vehicle.
R0170/C0010	Equity (Material items)	Description of the material equity items. To be decided by each special purpose vehicle considering the nature of material items held by the reporting special purpose vehicle and to be kept consistent over reporting periods.
R0180/C0010	Total Equity	Total of the equity of the special purpose vehicle.
R0190/C0010	Equity item 1	Value of each equity item reported according to Article 75 of Directive 2009/138/EC.

SPV.02.02 –Off- Balance sheet

Cell	Item	Instructions
R0010/C0010	Guarantees received by the special purpose vehicle directly	Accounting value of the guarantees received by the special purpose vehicle directly.
R0020/C0010	Collateral held	Accounting value of the collaterals held.
R0030/C0010	Off-balance sheet item 1 [Description of each other off-balance-sheet item. The special purpose vehicle shall report as many different items as needed.]	Accounting value of each other off-balance-sheet items reported.
R0500/C0010	Collateral pledged	Accounting value of Collaterals pledged.
R0510/C0010	Off-balance sheet obligation 1 [Description of each off-balance sheet obligation. The special purpose vehicle shall report as many different items as needed.]	Accounting value of each other off-balance-sheet obligations reported.

SPV.03.01 – Risks assumed

R0010/C0070	Total - Aggregate maximum risk exposure per arrangement	Total of the special purpose vehicle's aggregate maximum risk exposure A10 = Sum (A7)
R0010/C0080	Total - Assets held for separable risk	Value of the total assets held SPV.03.01 A11 = Sum (A8) = SPV .02.01 A10
R0020/C0010	Arrangement	Where multi-arrangement special purpose vehicles are involved, information shall be provided for each separate arrangement (each separable risk assumed). This item identifies the risk arrangement code. If the supervisory authority attributes a code, that code shall be used. If not, the special purpose vehicle shall attribute a code that shall be kept consistent over the reporting years and shall not be re-used. The number of lines reported shall be the same as the number identified in SPV.01.02 A8
R0020/C0020	Date of issuance	ISO 8601 (yyyy-mm-dd) code of the issuance date for each separable risk arrangement.
R0020/C0030	Issues / uses commenced prior to implementation of Directive 2009/138/EC	Identification if arrangement entered before 31 December 2015. The following closed list shall be used: 1 - Prior to 31 December 2015 2 - After 31 December 2015
R0020/C0040	Name of cedant	Name of the insurance or reinsurance undertaking transferring risks to the special purpose vehicle.
R0020/C0050	Cedant code	Identification code of the cedant using the following priority, if existent: - Legal Entity Identifier (LEI); - Specific code. Specific code: - For EEA (re) insurance undertakings: identification code used in the local market, attributed by the undertaking's supervisory authority; - For non-EEA undertakings and non-regulated undertakings, identification code provided by the special purpose vehicle. When allocating an identification code to each non-EEA or non-regulated undertaking, it shall comply with the following format in a consistent manner: identification code of the undertaking +

		ISO 3166-1 alpha-2 code of the country of the undertaking + 5 digits
R0020/C0060	Type of code	Identification of the code used in the item “Cedant code” (A5). One of the options in the following closed list shall be used: 1 - LEI 2 - Specific code
R0020/C0070	Aggregate maximum risk exposure per arrangement	Value per arrangement of the aggregate maximum risk exposure.
R0020/C0080	Assets held for separable risk	Value of the total assets held per arrangement.
R0020/C0090	Compliance with the fully funded requirement for the arrangement throughout the reporting period	To state whether fully-funded requirement was maintained between two reporting periods. The following closed list shall be used: 1 - Compliance with fully-funded 2 – Non-compliance with fully-funded
R0020/C0100	Duration	Value of the remaining duration of the arrangement in months.

SPV.03.02 – Debt or other financing mechanism

R0010/C0030	Total - debt or other financing mechanism issued for arrangement	Value of the total debt securities issued SPV.03.02 A4 = Sum (A3) = SPV .02.01 L2
R0020/C0010	Arrangement	Where multi-arrangement special purpose vehicles are involved, information shall be provided for each separate arrangement (each separable risk assumed). This item identifies the risk arrangement code. If the supervisory authority attributes a code, that code shall be used. If not, special purpose vehicle shall attribute a code that shall be kept consistent over the reporting years and shall not be re-used. The number of lines reported shall be the same as the number identified in SPV.01.02 A8.
R0020/C0020	Description of the debt or other financing mechanism issued for arrangement	Description of the debt or other financing mechanism issued for arrangement, including the transaction reference. It shall be reported as many lines as needed per arrangement to report each debt security issued.
R0020/C0030	Amount of the debt or other financing mechanism issued for arrangement	Value of each debt issuance or each other financing mechanism.