FINAL REPORT

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on revised Guidelines on the treatment of market and counterparty risk exposures in the standard formula

EIOPA-BoS-25/664
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European Insurance and Occupational Pensions Authority

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1. EXECUTIVE SUMMARY

INTRODUCTION

In accordance with Article 16 of Regulation (EU) No 1094/2010, EIOPA issued guidelines to provide guidance on the treatment of market and counterparty risk exposures in the standard formula in 2015. In the context of the Solvency II review, EIOPA is reviewing all existing guidelines on Solvency II to ensure that they are up to date and in line with the amended legal framework. Another objective of the review is to simplify and shorten the guidelines. This final report sets out the final text of the revised guidelines, explanatory text and a feedback statement on the public consultation.

CONTENT

The revised Guidelines include amendments to update legal references and to clarify and streamline the text. In particular, three guidelines are deleted because their content is sufficiently clear from the provisions of Solvency II. One guideline is deleted to ensure alignment with the existing regulation. A new guideline was introduced to clarify the treatment of leveraged funds.

PUBLIC CONSULTATION

EIOPA conducted a public consultation on the revised Guidelines between 4 December 2024 and 26 February 2025. Seven stakeholders provided feedback on the consultation paper. Following the stakeholders' feedback, the Guidelines were further refined and Guideline 8 on securities lending transactions and similar agreements was deleted.

NEXT STEPS

A consolidated version of the Guidelines will be published on EIOPA's website. They will become applicable two months after translation into the official languages of the EU.

2. BACKGROUND

In the context of the review of Directive 2009/138/EC (Solvency II Directive)[1], EIOPA reviews all existing guidelines based on that Directive. In view of the large number of these guidelines, the review will be sequential. The main objective of the review is to ensure that the guidelines are up to date and in line with the legal framework as amended by the Solvency II review. Another objective of the review is to simplify and shorten the guidelines, in particular where the guidelines are relevant for insurance and reinsurance undertakings. The corpus of the guidelines has grown over the years, while the Solvency II review mandates EIOPA to issue additional guidelines. EIOPA believes that the corpus of guidelines should be limited to what is strictly necessary to ensure a sound and consistent application of Solvency II. The Guidelines on the treatment of market and counterparty risk exposures in the standard formula have been applied since 2015. Based on the practical application of the Guidelines, improvements have been identified.

The current Guidelines deal with specific issues that were foreseen at the time when they were issued. Since then, the EIOPA Q&A process has identified that the principles underpinning some of the Guidelines are suitable for more general application. Guidelines 2, 6 have been amended to demonstrate the wider applicability of the underlying principles.

In order to streamline the Guidelines, Guidelines 1, 3 and 7 are deleted and Guideline 9 is shortened. The rational for the deletions is that the legal provisions of Solvency II are sufficiently clear without those Guidelines. Guideline 8 on securities lending and similar arrangements was deleted because it is not in line with the regulation. Drafting amendments are introduced to Guideline 5 to improve the clarity of the text, while not altering its intended meaning. Finally, a new Guideline was introduced on the treatment of leveraged funds.

The amendments to the existing Guidelines are solely for clarification and streamlining purposes with no intention to reduce supervisory expectations. They do not provide new guidance for the application of the legal framework. Therefore, the revisions are not expected to have a material impact on the insurance industry or supervisory authorities. Accordingly, this consultation paper does not include an impact assessment of the proposed changes.

The revised Guidelines in this final report keep their initial numbering. The revised Guidelines will be renumbered sequentially in the consolidated version that will be published on EIOPA’s website.

[1] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking -up and pursuit of the business of Insurance and Reinsurance (Solvency II), (OJ L 335, 17.12.2009, p. 1).

3. GUIDELINES ON THE TREATMENT OF MARKET AND COUNTERPARTY RISK EXPOSURES IN THE STANDARD FORMULA

INTRODUCTION

1. In accordance with Article 16 of Regulation (EU) No 1094/2010 (EIOPA Regulation)[2], EIOPA issues revised Guidelines on the treatment of market and counterparty risk exposures in the standard formula.
2. The Guidelines relate to Articles 104 and 105 of Directive 2009/138/EU (Solvency II)[3] as well as to Articles 164 to 202 of Commission Delegated Regulation (EU) 2015/35 [4].
3. These Guidelines are addressed to the supervisory authorities under Solvency II.
4. These Guidelines aim at facilitating convergence of practices across Member States and supporting undertakings in applying the market and counterparty default risk modules of the standard formula.
5. For the purpose of these Guidelines, the following definition has been developed:
    - ‘short equity position’ means a short position relating to equity resulting from a short sale within the meaning of paragraph 1(b) of Article 2 of Regulation (EU) No 236/2012 [5].
6. If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the introduction.
7. The Guidelines repeal and replace the Guidelines on the treatment of market and counterparty risk exposures in the standard formula (EIOPA-BoS-14-174).

GUIDELINE 2 – IMPACT OF OPTIONS ON THE DURATION OF BONDS AND LOANS

8. When determining the duration of bonds and loans, insurance and reinsurance undertakings (collectively “undertakings”) should take into account options granted to the issuers of the bonds and loans which might decrease or increase their maturity. The determination of the duration of such bonds and loans should be based on prudent assumptions that reflect stressed conditions.

GUIDELINE 4 – INTEREST RATE RISK SUB-MODULE

9. Undertakings should include all interest rate sensitive assets and liabilities in the calculation of the capital requirement for the interest rate risk sub-module.
10. The technical provision should be recalculated under the scenarios using the risk free interest rate term structure after the shock, which is determined by stressing the basic risk free interest rate

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[2] Regulation (EU) No 1094/2010,of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (EIOPA Regulation) (OJ L 331, 15.12.2010, p. 48–83).

[3] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1-155).

[4] Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC (OJ L 12, 17.01.2015, p. 1-797).

[5] Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.03.2012, p. 1-24).

term structure and adding back matching adjustment, volatility adjustment or transitional measure on the risk free rate under Article 308 (c) of the Solvency II Directive, if applicable.

11. The assets value should be recalculated under the scenarios by stressing only the basic risk free interest rate term structure and any spreads over the basic risk free interest rate term structure should remain unchanged. This may involve using a mark to model valuation for determining the value of the assets under the stresses.
12. Insurance and reinsurance undertakings should ensure that the values of assets before the stresses obtained by using a mark-to-model valuation are consistent with the quoted market prices of relevant assets in active markets.

GUIDELINE 5 – INVESTMENTS WITH EQUITY AND DEBT INSTRUMENT CHARACTERISTICS

13. Where assets exhibit debt and equity instrument characteristics, undertakings should take into account both of these characteristics when determining which standard formula risk modules and sub-modules should apply.
14. When determining which standard formula risk modules and sub-modules apply, undertakings should consider the economic substance of the asset.
15. Where the asset can be considered as the composite of discrete components, undertakings should where appropriate apply the relevant stresses to each of these components separately.
16. Where it is not possible to consider the asset as the composite of discrete components, undertakings should base the determination of which of the standard formula risk modules and sub-modules apply on whether the debt or equity characteristics predominate in an economic sense.

GUIDELINE 6 – FINANCIAL RISK-MITIGATING INSTRUMENTS AND SHORT EQUITY POSITIONS

17. Any risk mitigating effect of financial risk-mitigating instruments, including short equity positions, can only be considered if they comply with Articles 208 to 215 of Commission Delegated Regulation 2015/35. Otherwise, they should only be considered under those stressed scenarios where they contribute to a decrease in value of own funds.

GUIDELINE 9 – COMMITMENTS WHICH MAY CREATE PAYMENT OBLIGATIONS

18. For legally binding commitments where no nominal value is explicitly mentioned in the commitment arrangement, undertakings should determine the corresponding loss-given-default, as referred to in Article 192(5) of Commission Delegated Regulation 2015/35, on the basis of an estimated nominal value.
19. The estimated nominal value is the maximum amount that is expected to be paid in case of a credit event of the counterparty.

GUIDELINE 10 – TREATMENT OF LEVERAGED FUNDS

20. Where undertakings calculate the market risk module and apply the look-through approach for a leveraged investment fund, they should consider the leverage of the fund under the relevant market risk sub-modules. The change in value of the investment fund should be the net change

after applying the market risk sub-module stress to the gross assets and reducing the resulting value by the value of the outstanding borrowing.

21. For a highly leveraged investment fund, the outcome of the calculation of the relevant sub-modules might be a reduction of the value of the investment fund exceeding 100 percent. In this case, the reduction of the value should be assumed to be 100 percent.

COMPLIANCE AND REPORTING RULES

22. This document contains guidelines issued under Article 16 of the EIOPA Regulation. In accordance with Article 16(3) of the EIOPA Regulation, competent authorities and financial institutions are required to make every effort to comply with guidelines and recommendations.
23. Competent authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or supervisory framework in an appropriate manner.
24. Competent authorities are to confirm to EIOPA whether they comply or intend to comply with these Guidelines, with reasons for non-compliance, within two months after the issuance of the translated versions.
25. In the absence of a response by this deadline, competent authorities will be considered as non-compliant to the reporting and reported as such.

FINAL PROVISION ON REVIEW

26. These Guidelines will be subject to a review by EIOPA.

Annex – Examples for the treatment of leveraged funds

EXAMPLE 1

Suppose an insurance company (hereinafter "IC") which invests 40 million euros of equity in a leveraged investment vehicle (hereinafter "LF"). In doing so, IC holds 20% of the equity of LF. LF invests exclusively in private equity, up to 350 million euros.

The application of the 49% shock on private equity leads to a 49% decrease in the value of the private equity investments as there are no risk mitigating instruments in place.

The SCR calculation for the equity risk along with the total balance sheet approach is illustrated below.

Before the type 2 equity shock

Insurance company or IC			
Assets		Liabilities	
Equity in LF	40	Own Funds	100
Other Assets	960	Liabilities	900

Total	1000	Total	1000

IC holds 20% of equity of LF = 20%*200 = 40

Leveraged fund or LF			
Assets		Liabilities	
Private Equity	350	Equity	200
		Debt	150
Total	350	Total	350

The application of the private equity shock gives rise to a capital requirement of 34.3 million (350*49%*20%) euros for the IC.

In relative terms, this results in a risk weighting of 34.3/40 = 85.75%, i.e., 1.75 times the relative weighting applicable to the risk on private equity (1.75*49% = 85.75%).

This factor of 1.75 is the result obtained by dividing the value of the private equity investments of the LF by the value of the equity of the LF (350/200 = 1.75). It represents the leverage ratio calculated as the total assets to equity of the LF.

After the type 2 equity shock

Insurance company			
Assets		Liabilities	
Equity in LF (= 40-34.3)	5.7	Own Funds (= 965.7-900)	65.7
Other Assets	960	Liabilities	900
Total	965.7	Total	965.7

IC holds 20% of equity of LF = 20%*28.5 = 5,7

LF (leveraged fund)			
Assets		Liabilities	
Private Equity (= 350*(1-49%))	178.5	Equity (= 178.5-150)	28.5
		Debt	150
Total	178.5	Total	178.5

In comparison to the correct SCR calculation above, an approach where solely the net asset value (NAV) of the LF is stressed, would result in a capital requirement of 19.6 million (200*49%*20%).

By neglecting the leverage in the fund, the equity risk would substantially be underestimated.

EXAMPLE 2

Suppose an insurance company (hereinafter “IC”) which invests 30 million euros of equity in a leveraged investment vehicle (hereinafter "LF"). In doing so, IC holds 20% of the equity of LF. LF invests exclusively in private equity, up to 350 million euros.

The LF is now mainly debt-financed with debt of 200 and equity of 150. Other assets have now the value of 970 in the insurance company’s balance sheet.

<u>Before the type 2 equity shock</u>

Insurance company or IC			
Assets		Liabilities	
Equity in LF	30	Own Funds	100
Other Assets	970	Liabilities	900
Total	1000	Total	1000

IC holds 20% of equity of LF = 20%*150 = 30

Leveraged fund or LF			
Assets		Liabilities	
Private Equity	350	Equity	150
		Debt	200
Total	350	Total	350

An immediate application of the private equity shock results in a capital requirement of 34.3 million (350*49%*20%) euros for the IC, which exceeds the amount of its investment in LF.

Accordingly, the capital requirement needs to be capped by the IC’s investment in the LF.

Therefore, the capital requirement is 30 (min(34.3,30)=30). This implies that for this highly leveraged investment fund the entire equity in the LF is lost under the type 2 equity scenario and the relative risk weight is 100%.

After the type 2 equity shock

Insurance company			
Assets		Liabilities	
Equity in LF (=30-min (34.3,30))	0	Own Funds (=970-900)	70
Other Assets	970	Liabilities	900
Total	970	Total	970

IC holds 20% of equity of LF = 20%*max (0,-21.5) = 0

LF (leveraged fund)			
Assets		Liabilities	
Private Equity (= 350*(1-49%))	178.5	Equity (=178.5-200)	-21.5
		Debt	200
Total	178.5	Total	178.5

4. EXPLANATORY TEXT

AMENDED: Introduction

The amendment aims at streamlining and improving the readability of the text by putting in footnotes the exact regulatory references.

DELETED: Guideline 1 – Employee Benefits

~~Where liabilities for employee benefits are recognised in accordance with Chapter II of Commission Delegated Regulation 2015/35, undertakings should take them into account in the calculation of the capital requirements for counterparty default risk and market risk modules. For this purpose, undertakings should take into account the nature of the benefits and where relevant, the nature of all contractual arrangements with an institution for occupational retirement provision as defined by Directive 2003/41/EC or another insurance or reinsurance undertaking for the provision of these benefits.~~

~~If the management of the assets representing the liabilities for employee benefits has been outsourced, undertakings acting as a sponsor should take them into account in the calculation of the capital requirement for market risk and counterparty default risk modules provided, they are liable for any loss in value of these assets.~~

Guideline 1 is deleted. It is clear from Chapter V, Section 5 and 6 of the Commission Delegated Regulation 2015/35 that, where employee benefits are recognised as liabilities, these liabilities should be taken into account in the market risk and counterparty default risk modules.

AMENDED: Guideline 2 – ~~Influence~~ **Impact** of ~~call~~ options on **the** duration **of bonds and loans**

When determining the duration of bonds and loans**,** ~~with call options~~ **insurance and reinsurance** undertakings **(collectively "undertakings")** should take into account **options granted to the issuers of the bonds and loans which might decrease or increase their maturity** ~~that they may not be called by the borrower in the event that its creditworthiness deteriorates, credit spreads widen or interest rates increase~~. **The determination of the duration of such bonds and loans should be based on prudent assumptions that reflect stressed conditions.**

The amendment to Guideline 2 aims to generalise the drafting of the text without changing its original meaning or intent. The original text focuses on specific examples, which better fit in the explanatory text. The amended Guideline clarifies the requirement by expressing the underlying general principle for broader applicability.

Specific considerations regarding how the guideline is expected to be followed:

- An undertaking should value a callable bond on the balance sheet by making an assumption as to whether it will be called based on current market conditions. In the spread risk sub-module, the undertaking should instead base the assumption on the market conditions consistent with the scenario implied by the spread sub-module. The undertaking could simplify this approach by assuming that the most prudent outcome occurs under stressed conditions.
- It would be imprudent for an undertaking to adopt assumptions under stressed conditions that resulted in a lower capital requirement than the assumptions being used on the unstressed balance sheet. In the case of a callable bond undertakings should instead take into account that the likelihood of call might significantly reduce under stressed conditions with higher levels of spreads resulting in a higher duration compared to a calculation under current market conditions.

DELETED: Guideline 3 – Average duration for the duration-based equity sub-module

~~Undertakings should interpret the average duration referred to in Article 304 (1) (b) (iii) of Solvency II as the duration of the aggregated cash-flows of the liabilities.~~

Guideline 3 is deleted. Use of the duration-based equity risk sub-module is of very limited relevance because it will only be permitted for legacy users.

AMENDED: Guideline 5 – Investments with equity and debt instrument characteristics

Where assets exhibit debt and equity instrument characteristics, undertakings should take into account both of these ~~features~~ **characteristics** when determining which standard formula risk **modules and** sub-modules should apply.

When determining which standard formula risk **modules and** sub-modules apply**,** undertakings should consider the economic substance of the asset.

Where the asset can be considered as the composite of discrete components, undertakings should where appropriate apply the relevant stresses to each of these components separately.

Where it is not possible to consider the asset as the composite of ~~separate~~ **discrete** components**,** undertakings should base the determination of which of the standard formula risk **modules and** sub-modules apply on whether the debt or equity characteristics predominate in an economic sense

The amendments to Guideline 5 aim to provide further clarity.

AMENDED: Guideline 6 – **Financial risk-mitigating instruments and s**~~S~~hort equity positions

~~Where undertakings hold short equity positions, they should only be used to offset long equity positions in the calculation of the capital requirement for equity risk if the requirements set out in Articles 208 to 215 of Commission Delegated Regulation 2015/35 are met.~~

~~Undertakings should ignore any other short equity position (residual short equity positions) in the calculation of the capital requirement for equity risk.~~

~~The residual short equity positions should not be considered to increase in value from applying the stresses to equities.~~

Any risk mitigating effect of financial risk-mitigating instruments, including short equity positions, can only be considered if they comply with Articles 208 to 215 of Commission Delegated Regulation 2015/35. Otherwise, they should only be considered under those stressed scenarios where they contribute to a decrease in value of own funds.

Guideline 6 is rephrased to demonstrate the wider relevance of the principles underlying the current Guideline.

DELETED: Guideline 7 – Market risk concentration sub-module

~~Without prejudice to Article 187 (3) second part of Commission Delegated Regulation 2015/35, undertakings should not assign a risk factor of 0 % to investments in entities which are owned by entities included in the list set out in Article 187 (3) of Commission Delegated Regulation 2015/35.~~

Guideline 7 is deleted as it is clear from Article 187(3) of Commission Delegated Regulation 2015/35 that undertakings owned by entities included in the list set out in that Article shall not be assigned a risk factor of 0% as those are not in the list nor fully, unconditionally and irrevocably guaranteed by one of the counterparties mentioned in points (a) to (d), where the guarantee meets the requirements set out in Article 215 of Commission Delegated Regulation 2015/35.

Deleted: Guideline 8 – Securities lending transactions and similar agreements

~~When determining the capital requirements for securities lending or borrowing transactions and repurchase or reverse repurchase agreements including liquidity swaps, undertakings should follow the recognition of the exchanged items in the Solvency II balance sheet. They should also take into account contractual terms and risks stemming from the transaction or agreement.~~

~~If the lent asset remains on the balance sheet and the received asset is not recognised, undertakings should: (a) apply the relevant market risk sub-modules to the lent asset; (b) include the lent asset in the calculation of the capital requirement for counterparty default risk on type 1 exposures, taking into account the risk-mitigation that the received asset provides if it is recognised as collateral in accordance with the requirements set out in Article 214 of Commission Delegated Regulation 2015/35.~~

~~If the received asset is recognised and the lent asset does not remain on the balance sheet, undertakings should: (a) apply the relevant market risk sub-modules to the received asset; (b) take into account the lent asset in the calculation of the capital requirement for counterparty default risk on type 1 exposures based on the balance sheet value of the lent asset at the time of the exchange, if the contractual terms and the legal provisions in the case of an insolvency of the borrower give rise to a risk that the lent asset is not returned although the received asset has been handed back.~~

~~If the lent asset and the received asset are recognised in the Solvency II balance sheet, undertakings should: (a) apply the relevant market risk sub-modules to the lent asset and the borrowed asset; (b) include the lent asset in the calculation of the capital requirement for counterparty default risk on type 1 exposures, taking into account the risk-mitigation that the received asset provides if it is recognised as collateral in accordance with the requirements set out in Article 214 of Commission Delegated Regulation 2015/35; (c) consider liabilities on its balance sheet which result from the lending arrangement in the calculation of the capital requirement for the interest rate risk sub-module~~

Guideline 8 is deleted as it is not in line with the current legal framework. Undertakings should apply the relevant capital requirements of the market risk and counterparty default risk modules to any assets remaining in the Solvency II balance sheet or recognised on that balance sheet as a result of lending transactions and similar arrangements. With regard to the counterparty default risk, these exposures are type 2 since Article 189 of Commission Delegated Regulation 2015/35 provides a closed list of type 1 exposures and refers specifically to derivatives but neither to security lending transactions nor similar arrangements (including repos). These exposures are also not considered derivatives according to the definition of derivatives in EMIR. [6] Concerning the calculation of the loss-given-default (LGD), such exposures are subject to Article 192(6) of Commission Delegated Regulation 2015/35, requiring that the LGD should be equal to its value in accordance with Article 75 of Solvency II, without mentioning recognition of any collateral. Nevertheless, the provisions of Article 192 paragraph 1 apply to these exposures too, meaning that the LGD on a single name exposure shall be net of the liabilities towards counterparties belonging to the single name exposure provided that those liabilities and exposures are set off in the case of default of the counterparties and provided that Articles 209 and 210 of Commission Delegated Regulation 2015/35 are complied with in relation to that right of set-off.

[6] Derivatives / EMIR - European Commission (europa.eu)

No offsetting shall be allowed for if the liabilities are expected to be met before the credit exposure is cleared.

The European Commission has adopted an amendment to the Delegated Regulation (EU) 2015/35 that specifies the treatment of securities lending transactions and similar agreements in the counterparty default risk module.[7]

AMENDED: Guideline 9 – Commitments which may create payment obligations

~~As provided for in Article 189 (2) (e) of Commission Delegated Regulation 2015/35 the capital requirement for type 1 exposures in the counterparty default risk module should be applied to legally binding commitments which an undertaking has provided or arranged.~~

For legally binding commitments where ~~When~~ no nominal value is explicitly mentioned in the commitment arrangement, undertakings should determine the corresponding loss-given-default, as referred to in Article 192 (5) of Commission Delegated Regulation 2015/35**,** on the basis of an estimated nominal **value** ~~amount~~.

The estimated nominal value is the maximum amount that is expected to be paid in case of a credit event of the counterparty.

The amendment to Guideline 9 aims to shorten the text without changing its original meaning or intent.

ADDED: Guideline 10 – Treatment of leveraged funds

Where undertakings calculate the market risk module and apply the look-through approach for a leveraged investment fund, they should consider the leverage of the fund under the relevant market risk sub-modules. The change in value of the investment fund should be the net change after applying the market risk sub-module stress to the gross assets and reducing the resulting value by the value of the outstanding borrowing.

For a highly leveraged investment fund, the outcome of the calculation of the relevant sub-modules might be a reduction of the value of the investment fund exceeding 100 percent. In this case, the reduction of the value should be assumed to be 100 percent.

The topic of leveraged funds has been repeatedly raised in the Q&A process (relevant Q&As include 1212, 1269, 1856, 2330, and 2461) indicating a need for clarification.

[7] solvency2-delegated-regulation-2025-7206_en.pdf

When applying the look-through approach, it is important to take into account the entire balance sheet structure of the investment vehicle. In particular, debt financing can lead to a significant increase in risk and consequently, it needs to be appropriately taken into account in the SCR calculation. According to Guideline 2 on the look-through approach undertakings need to look through funds until all relevant risks are captured. This implies that not only the leverage on the upper level of the fund structure (in the case of funds of funds), but if relevant also a leverage on lower levels of the fund structure needs to be considered in the SCR calculation.

Moreover, apart from considering the leverage in the relevant sub-modules, the debt value needs also to be potentially considered in the interest rate and spread risk sub-module if the debt value fluctuates in the corresponding scenarios.

Two examples in the annex illustrate the SCR calculation for leveraged investment funds. The first example relates to the case of a moderately leveraged investment fund covering the first two sentences of the Guideline. The second example illustrates the Guideline in case of a highly leveraged investment fund.

AMENDED: Compliance and reporting rules

The amendment aims at improving the readability of the text.

AMENDED: Final Provision on Review

The amendment aims at improving the readability of the text.

ANNEX: FEEDBACK STATEMENT

This feedback statement sets out a high-level summary of the consultation comments received and EIOPA's assessment of them. The full list of all the non-confidential comments and their resolutions can be found on EIOPA's website.

EIOPA received comments from seven stakeholders. EIOPA's Insurance and Reinsurance Stakeholder Group was consulted and did not provide any comments. As part of the consultation EIOPA held a workshop with stakeholders to discuss the revised Guidelines on 14 February 2025. EIOPA would like to express its appreciation for the feedback of the stakeholders during the preparation of the revised Guidelines.

Overall, the stakeholder feedback was supportive of the content of the consultation proposal. In some cases, stakeholders pointed at the need to clarify specific aspects of the revised Guideline. In line with the feedback, only few changes were made to the draft revised Guidelines, while the explanatory text has been amended to provide more clarity to the Guidelines. Guideline 8 on securities lending and similar arrangements was deleted.

DELETION OF GUIDELINES

Stakeholder comments

A stakeholder suggested to retain some of the Guidelines that have been proposed for deletion because they would still contribute to the clarity of the requirements.

Assessment

No change was made in this regard, as EIOPA believes that those Guidelines can be deleted without impact on the clarity of the requirements.

ENHANCING CLARITY

Stakeholder comments

Several stakeholders asked to clarify technical aspects of some guidelines, particularly on Guidelines 2, 4, 6 and 10.

Assessment

The text of Guidelines 2 and 6 was amended to prevent ambiguous interpretation and the explanatory text was expanded to address the comments from the stakeholders. The original text of Guideline 4 was reinstated.

CHANGES TO GUIDELINE 2 ON IMPACT OF OPTIONS ON THE DURATION OF BONDS AND LOANS

Stakeholder comments

Four stakeholders provided comments on Guideline 2 asking for clarification or providing a different interpretation of the meaning of "stressed condition", which should be reflected in the assumptions that are used for the determination of the duration.

Assessment

The proposed amendment to the Guideline serves the purpose of generalising the set of events that should be taken into account when calculating the duration of the bonds and loans. Such a general set of events shall reflect stressed conditions, without limiting to the specific events mentioned in the previous version of the Guideline. The explanatory text as well as the Guideline text was clarified accordingly.

CHANGES TO GUIDELINE 8 ON SECURITIES LENDING TRANSACTIONS AND SIMILAR AGREEMENTS

Stakeholder comments

Three stakeholders provided comments on Guideline 8. The comments pointed at the classification of such exposures as type 2 for the purposes of the counterparty default risk module, and the possibility to recognise the associated collateral as a risk-mitigation technique.

Assessment

The guideline has been deleted and explanatory text added to ensure alignment with the existing regulation. Commission Delegated Regulation 2015/35 does not include such exposures among the type 1 exposures and does not provide for a consideration of collateral in the calculation of the loss-given-default.