

**Comments Template on
Implementing Technical Standards On the procedures to be followed for the
approval of the application of a matching adjustment**

**Deadline
30 June 2014**

Name of Company:	Deloitte Touche Tohmatsu	
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Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
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The numbering refers to Implementing Technical Standards on the procedures to be followed for the approval of the application of a matching adjustment.

Reference	Comment	
General Comment		
Recital (1)		
Recital (2)		
Recital (3)		
Recital (4)		
Recital (5)		
Recital (6)		

Comments Template on Implementing Technical Standards On the procedures to be followed for the approval of the application of a matching adjustment		Deadline 30 June 2014
Recital (7)		
Recital (8)		
Article 1 (1)		
Article 2 (1)		
Article 2 (3)		
Article 2 (4)	<p>The possibility to send a single application covering several portfolios is welcome. This would allow entities to provide documentation which is identical for several if not for all of the matching adjustment portfolios under application (eg. replication or portfolio management techniques, fundamental spread and matching adjustment calculation process, etc), as long as the portfolios to which each document relates are clearly identified.</p> <p>It should also be possible to include application for transitional measures and volatility adjustment (where required by national supervisor) within the same application process, whenever applications are compatible. This would enable the supervisor to have a holistic view of the entity through a single submission.</p>	
Article 2 (5)		
Article 3 (1) a		
Article 3 (1) b		
Article 3 (1) c		
Article 4 (1) a	There is no paragraph (j) under Art.77b(1). It should refer to par. (i)	
Article 4 (1) b	For consistency with the previous paragraph, this paragraph should be: "evidence that the insurance or reinsurance obligations meet the criteria specified in Article 77b(1)(f)". If unchanged, it should clarify that it refers to Article 42 of the Delegated Acts.	
Article 5 (1) a		
Article 5 (1) b		
Article 5 (1) c		

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Article 5 (1) d		
Article 6 (1) a		
Article 6 (1) b		
Article 6 (1) c		
Article 6 (1) d	<p>There should be more clarity on the basis of the ORSA assessment and scenario (with and without adjustments and transitionals) required here. For example :</p> <ul style="list-style-type: none"> - Is it sufficient to do conduct ORSA for the Company as a whole, or is the portfolio using matching adjustment needs to be explicitly covered in the ORSA process ? Is it sufficient to provide only the future projections of the portfolio, or all the components of the FLA/ORSA need to be explicitly carried out for the portfolio using matching adjustment? - Is the ORSA/FLA process only required for the existing book of business, or does it need to take future new business (with prospective matching adjustment) into account? <p>If the intention is to include future new business, could you clarify what would be the overall impact on this application process (what other information would have to be submitted in relation to the future new business)?</p>	
Article 6 (1) e	<p>We believe that the use of word “demonstrating “in this article is very open to individual interpretation. Therefore, in order to ensure that the regulations are interpreted consistently by the undertakings and their supervisors, we recommend that further guidance should be provided on how companies can demonstrate their calculation process.</p>	
Article 6 (1) f	<p>The reference must be Article 308a(1) instead of 308a(2). In that case, it may add unnecessary burden to companies if they need to compile information on any application underway or foreseen, even on items which are not connected in any way with the application of a matching adjustment. It would seem more reasonable to request companies to state if they have applied, or plan to do so, for transitional measures on interest rate (308c) or technical provisions (308d), which are related with the application of the matching adjustment to some extent.</p>	
Article 7 (1)		

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Article 7 (2)		
Article 7 (3)		
Article 7 (4)	We consider a time period of 6 months to be relatively long. In the Impact Assessment, the time period is motivated by its consistency with the Internal model application process. We consider the matching adjustment application to be much simpler compared to a complete internal-model application and are therefore of the opinion that the time period for the supervisory authority to consider the application and communicate its decisions should be less than 6 months.	
Article 7 (5)		
Article 7 (6)	A six month period seems to be sufficient to assess the applications for matching adjustment and reach a decision. We feel that an insurance undertaking should be able to receive a decision on the application the matching adjustment within a reasonable period of time following the application, and we encourage EIOPA to specify the necessary procedures for this to happen.	
Article 7 (7)		
Article 7 (8)		
Article 7 (9)		
Article 7 (10)		
Article 8 (1)		
Article 8 (2)	Can EIOPA clarify which other factors could be considered by the supervising authorities? One would expect that requirements are limited to those listed in the ITS, in order to maintain a level playing field.	
Article 8 (3)		
Article 8 (4)		
Article 8 (5)	It is currently not clear whether there is any possibility for the insurance undertaking to appeal against the decision of rejection.	
Article 8 (6)		
Article 9 (1) a	We recommend that the two month time period can be extended upon agreement with local regulator. This is because under exceptional market circumstances, it may be difficult or not viable	

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	for insurer to target compliance within two months.	
Article 9 (1) b		
Article 9 (1) c		
Article 9 (2)		
Article 10 (1)		
Annex I: Problem definition		
Annex I: Baseline		
Annex I: Section 3		
Annex I: Section 4	<p>Policy Issue 1 : A third possibility could be considered : request a standard form with basic information on the application (eg. which portfolio(s) and for each : description of the obligations covered, BEL, duration, market value of assets per category, value of the MA, value of the FS, etc and identification of the supporting documents which are relevant to each portfolio). The supporting documents to cover requested evidences in articles 3-6 could be free format.</p> <p>Policy Issue 5 : None of the options given is welcome. As commented on article 7(6), Option A is potentially harmful for the industry, and may result in entities having to raise additional capital as a result of not getting an answer on an application which meets all the requirements. Option B can create lack of harmonisation between markets.</p>	
Annex I: Section 5		
Annex I: Section 6		

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