

Comments Template on EIOPA-CP-14-058 Draft proposal proposal for Implementing Technical Standards on the equity index for the symmetric adjustment of the equity capital charge		Deadline 02.Mar.2015 23:59 CET
Company name:	Munich Reinsurance Company	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Public
<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in column "Reference". ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific paragraph numbers below. <ul style="list-style-type: none"> ○ If your comment refers to multiple paragraphs, please insert your comment at the first relevant paragraph and mention in your comment to which other paragraphs this also applies. ○ If your comment refers to sub-bullets/sub-paragraphs, please indicate this in the comment itself. <p>Please send the completed template to Consultation_Set2@eiopa.europa.eu, in MSWord Format, (our IT tool does not allow processing of any other formats).</p> <p>The paragraph numbers below correspond to Consultation Paper No. EIOPA-CP-14-058.</p>		
Reference	Comment	
General Comment	The calculation of the equity index for the symmetric adjustment of the equity capital charge is based on several world-wide equity market indices which are denominated in local currency. Thus especially strong changes in cross rates to EUR will have impact on the final symmetric adjustment to equity risk factors. For example, the performance of Nikkei 225 between eoy 2011 (8.455) and eoy 2014 (17.450) of 106% in local currency reduces to 42% in EUR as Japanese Yen devalued	

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	<p>against Euro for the same period.</p> <p>The equity risk submodule shall measure the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities, whereas the currency risk module shall measure the sensitivity to changes in the level or in the volatility of currency exchange rates.</p> <p>Regarding the current calculation of the symmetric adjustment there is a maybe unwanted link between both risk submodules possibly leading to double counting of risks (depending on individual FX hedges).</p> <p>Thus the calculation of the equity index for the symmetric adjustment of the equity capital charge shall be based on equity indices performances in exchange rate adjusted terms.</p>	
Article 1		
Article 2		
Article 3		
Impact Assessment		