

Comments Template on Consultation Paper on EIOPA’s second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation		Deadline 5 January 2018 23:59 CET
Name of Company:	French Asset Management Association (Association Francaise de la Gestion financiere, AFG)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential: Public	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, <u>in Word Format</u>, to CP-17-006@eiopa.europa.eu</p> <p>Our IT tool does not allow processing of any other formats.</p> <p><u>The numbering of the reference refers to the sections</u> of the consultation paper on EIOPA’s second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation. Please indicate to which paragraph(s) your comment refers to.</p>		
Reference	Comment	
General Comment	<p>The French asset management industry welcomes the opportunity to comment on EIOPA’s proposed advice to the EC on the review of the Solvency II Delegated Regulation. AFG shares the EC’s objective to ensure proportionate and simplified application of the Solvency II framework. AFG equally welcomes EIOPA’s proposals that support this aim. Specifically, AFG agrees with some of EIOPA’s suggested steps to simplify the look-through approach, which would benefit asset managers and insurers alike.</p>	

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	Due to the very short deadline and in light of the asset management's specific concerns with regards to Solvency II, AFG's response focusses on area 15 ('Simplification of the look-through approach').	
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15.4.3	<p>* General comments AFG supports EIOPA's objective to simplify the look-through approach. While being aware that the look-through approach is a fundamental element of the Solvency II framework, AFG wishes to highlight that it may prove difficult and/or very burdensome to apply it. Therefore, AFG welcomes EIOPA's objective to simplify this element to better reflect market reality.</p> <p>* 20% threshold AFG welcomes EIOPA's suggestion to introduce a carve out for assets covering unit-linked products from the application of the 20% threshold for the simplified look-through. AFG believes this would be a significant and positive way to alleviate the burden of applying this element to products where the risk is borne by policyholders.</p> <p>* Target underlying asset allocation AFG supports the aim of simplifying the use of the look-through where it cannot be applied. Therefore, AFG welcomes EIOPA's proposal to allow the last reported asset allocation to be used. However, AFG would like to suggest additional flexibility to ensure legal certainty for market players. Specifically, AFG recommends the following wording: 'Where the look-through approach cannot be applied, it is proposed that the SCR may be calculated also on the basis of the last reported asset allocation of the collective investment undertaking or fund, provided that the underlying assets are (and will be) managed consistently with strictly according to that reported asset allocation.'</p> <p>* Additional qualitative condition AFG does not agree with the proposal to add an assessment of the error introduced in the calculation of the SCR using the simplified look-through. This new requirement may not be applicable to certain cases (eg type 2 equity for which information is not available) and would</p>	

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	defeat the purpose of simplifying the look-through approach for market players.	
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