



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL
MARKETS UNION

Banking, insurance and financial crime
Insurance and pensions

Brussels,
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EIOPA
Mr Justin Wray
Head of Policy Department
Westhafentower
Westhafenplatz 1
60327 Frankfurt
GERMANY

Via email:
justin.wray@eiopa.europa.eu

Subject: Request to modify the techniques, data specifications and parameters used for determining the technical information on the relevant risk-free interest rate term structure

Dear Mr Wray,

We acknowledge the receipt of your letter of 27 September 2021 in which you informed us, pursuant to Article 43 of the Delegated Regulation (EU) 2015/35, of substantial changes in the data used for determining the technical information on the relevant risk-free interest term structure occurred, due to the cessation of LIBOR for several currencies and EONIA for the Euro.

You also submitted on the same day a proposal on how to modify the techniques, data specifications and parameters used for determining the technical information on the relevant risk-free interest rate term structure, together with the technical documentation and its impact assessment. More specifically, you propose to change the instruments from which the risk-free rates are derived and the last liquid points for the Pound Sterling (GBP), the Swiss Franc (CHF) and the Japanese Yen (JPY). In addition, you propose to change the overnight index swaps used in the calculation of the credit risk adjustment for the Euro.

After having carefully reviewed all the documents submitted, we hereby request EIOPA to proceed with the modifications to the techniques, data specifications and parameters according to your proposal of 27 September 2021.

These modifications shall be used by EIOPA, pursuant to Article 77e(1) of the Directive 2009/138/EC, for laying down and publishing technical information for the calculation of

technical provisions and basic own funds for reporting with reference date starting as from 1 January 2022.

The Commission has also taken note of EIOPA's more general considerations, beyond the currencies mentioned above, as regards IBOR transition and related possible future changes of instruments from which the risk-free rates are derived. While this letter does not approve or pre-empt such possible future changes, I would like to express my appreciation for that work by EIOPA. In particular, the Commission Services remain available to continue the constructive exchanges with EIOPA staff in order to ensure a timely shift to IBOR replacement rates in the context of the Solvency II risk-free interest rates where and when appropriate.

We remain at your disposal for further queries, if any.

Yours sincerely,

(e-signed)

Didier Millerot
Head of Unit

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