

CONSULTATION
PAPER

CONSULTATION PAPER

on the proposal for revised Guidelines on the treatment of related undertakings, including participations

EIOPA-BoS-25/081
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European Insurance and
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RESPONDING TO THIS PAPER

EIOPA welcomes comments on the Consultation paper on the review of EIOPA's Guidelines on treatment of related undertakings, including participations (EIOPA-BoS-14/170 EN).

Comments are most helpful if they:

respond to the question stated, where applicable;

contain a clear rationale; and

describe any alternatives EIOPA should consider.

Please send your comments to EIOPA via EUSurvey ([link](#)) by 26 June 2025, 23:59 CET

Contributions not provided via EUSurvey or after the deadline will not be processed. In case you have any questions please contact Solvencyllreview@eiopa.europa.eu.

Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third-party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on public access to documents.¹

Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all non-confidential information in your contribution, in whole/in part – as indicated in your responses, including to the publication of the name of your organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of this material.

¹ [Public Access to Documents](#)

CONSULTATION PAPER OVERVIEW AND NEXT STEPS

EIOPA carries out public consultations before issuing and amending its guidelines and recommendations in accordance with Article 16(2) of Regulation (EU) No 1094/2010.

In the context of the review of Directive 2009/138/EC (Solvency II Directive), EIOPA will review 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 guidelines on Solvency II has grown over the years and 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.

This consultation paper presents the draft revised Guidelines on treatment of related undertakings, including participations and its explanatory text.

The current Guidelines have been applied since 2015. Based on the practical application of the Guidelines, several improvements have been identified. Some legal references were updated, and clarifications were added to reflect changes to the legal framework.

The amendments to the 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. Consequently, this consultation paper does not include an impact assessment of the proposed changes.

Next steps

EIOPA will revise the proposal in view of the stakeholder comments received. EIOPA will publish a report on the consultation including the revised proposal and the resolution of stakeholder comments.

GUIDELINES ON THE TREATMENT OF RELATED UNDERTAKINGS, INCLUDING PARTICIPATIONS

1. INTRODUCTION

1. In accordance with Article 16 of 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 (hereinafter “EIOPA Regulation”)² EIOPA issues these Guidelines on the treatment of related undertakings, including participations.
2. The Guidelines relate to Articles 92(1.a) and (2) and 111(1)(m) of 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 (hereinafter “Solvency II”)³ as well as to Articles 68, 168 and 171 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC (hereinafter “Commission Delegated Regulation 2015/35”)⁴
3. These Guidelines are addressed to supervisory authorities under Solvency II.
4. The purpose of these Guidelines is to provide guidance on the identification and the treatment of related undertakings, including participations, to ensure a consistent approach across Member States.
5. For the purposes of these Guidelines, the participating undertaking is the undertaking which is calculating its solvency position. The term related undertaking refers to any related undertaking of that participating undertaking, as specified in Article 212(1)(b) of Solvency II.
6. The Guidelines follow a holistic approach. They describe first the identification of different types of related undertakings, including participations. They then cover the treatment of the different types of related undertakings, specifically participations in financial and credit institutions and strategic participations.
7. Where these Guidelines refer to the valuation or value of a related undertaking, reference should be made to Article 13 of Commission Delegated Regulation 2015/35.
8. The Guidelines concern the treatment of related undertakings including participations on a solo basis. In most cases the identification of a related undertaking will be the same both from the perspective of the participating undertaking as an individual entity and for group purposes. However, in certain situations there will be differences: the business of the related undertaking may be such that the participating undertaking and related undertaking are not subject to group supervision according to Article 213 of Solvency II. In addition, there may be the case where a number of entities within a group hold voting rights or capital in an undertaking that when combined together, amount to 20% or more of the undertaking’s voting rights or capital. Consequently, such an undertaking would be identified as a related undertaking at group level. However, if the holding of each individual entity within the group is lower than 20%, the

² OJ L 331, 15.12.2010, p. 48–83

³ OJ L 335, 17.12.2009, p. 1-155

⁴ OJ L 12, 17.01.2015, p. 1-797

undertaking would not be identified as a related undertaking by any of those entities within the group at individual entity level.

9. If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the introduction.
10. These Guidelines apply from 30 January 2027 and repeal and replace the Guidelines on treatment of related undertakings, including participations (EIOPA-BoS-14-170).

2. GUIDELINES

Guideline 1 - Identification

11. Participating undertakings should identify their related undertakings and participations based on an assessment from their perspective as an individual entity.
12. When identifying a related undertaking based on share ownership, directly or by way of control, participating undertakings should determine:
 - (a) their holding of voting rights as a percentage of an undertaking's voting rights;
 - (b) their holding of all classes of share capital issued by an undertaking as a percentage of that undertaking's issued share capital, regardless of voting rights.

Where (a) or (b) are 20% or higher, participating undertakings should treat their investment in the undertaking as a participation.

Where the participation is in an insurance or reinsurance undertaking subject to Solvency II, the assessments under (a) will generally relate to paid-in ordinary share capital referred to in Article 69(a)(i) of Commission Delegated Regulation 2015/35, and under (b) to paid-in ordinary share capital and paid-in preference shares referred to in Article 69(a)(v) of Commission Delegated Regulation 2015/35.

13. Participating undertakings should ensure that they are able to identify the effect of changes in the share capital of related undertakings on the assessment described in the preceding paragraph each time the participating undertaking calculates its SCR in accordance with Article 102 of Solvency II.
14. When identifying a related undertaking pursuant to Article 212(2) of Solvency II on the basis that the participating undertaking can exert a dominant or significant influence over another undertaking, supervisory authorities should consider the factors set out in Article 212(4) of Solvency II and further specified in the [regulatory technical standards on factors for identifying undertakings under dominant or significant influence and undertakings managed on a unified basis].

Guideline 2 - Identification of participations in financial and credit institutions

15. Participating undertakings should treat a related undertaking as a financial or credit institution, where it is an institution referred to in Article 92(2) of Solvency II. These descriptions cover any institution which performs the functions or carries out the business described pursuant to that Article, notwithstanding that the institution may not be subject to the legal acts referred to in that Article.

16. Participating undertakings should ensure that any participation in a financial or credit institution where voting rights or capital are held indirectly is treated in the same way as a participation in a financial or credit institution where voting rights or capital are held directly.

Guideline 3 - Identification of a strategic participation

17. Participating undertakings should identify strategic participations in accordance with Article 171 of Commission Delegated Regulation 2015/35 as follows:

- (a) participating undertakings using the standard formula to calculate their SCR should identify strategic participations regardless of whether their participation is in an insurance or reinsurance undertaking, in a financial or credit institution or in any other related undertaking;
- (b) participating undertakings using an internal model to calculate their SCR need to identify strategic participations in financial and credit institutions only for the purpose of assessing whether Article 68(3) of Commission Delegated Regulation 2015/35 applies.

18. For the purposes of demonstrating their compliance with the requirements of Article 171 of Commission Delegated Regulation 2015/35, participating undertakings should not divide a participation into different parts, treating some parts as strategic and others not. Where a particular participation has been identified as strategic:

- (a) in the case of a participation in a financial or credit institution, all investments in its own funds are strategic;
- (b) in the case of any other related undertakings, all equity investments in the participation are strategic.

19. In accordance with Article 171(a) of Commission Delegated Regulation 2015/35, participating undertakings should be able to demonstrate, both with a qualitative and quantitative assessment, that the value of the equity investment is likely to be materially less volatile. To the purpose of the assessment, participating undertakings should ensure that:

- (a) consistent and appropriate valuations are applied over time both to the participation and to the other equities selected as a basis of comparison;
- (b) they consider the impact of their influence on the participation's value.

20. In demonstrating that the nature of the investment is strategic, in accordance with Article 171(b)(i) to (iii) of Commission Delegated Regulation 2015/35, participating undertakings should:

- (a) indicate the period for which the strategy of holding the participation is intended to apply;
- (b) consider the impact of market conditions on the main policies;
- (c) identify any significant factors affecting, or constraints on, the participating undertaking's ability to maintain its strategy and how these could or would be mitigated.

21. In demonstrating the existence of a durable link, in accordance with Article 171(b)(iv) of Commission Delegated Regulation 2015/35, participating undertakings should consider the following criteria:
- (a) whether a stable relationship between the two undertakings exists over time;
 - (b) whether that stable relationship results in a close economic bond, the sharing of risks and benefits between the undertakings or exposure to risks from one to the other;
 - (c) the form of the relationship between the two undertakings, which may include ownership, joint products or distribution lines, cross-selling, the creation of joint ventures or other long term operational or financial links.
22. In accordance with Article 171(b)(v) of Commission Delegated Regulation 2015/35, a participating undertaking that is part of a group should regard the main policies guiding or limiting the actions of the group as those defined by the ultimate parent undertaking or, if different, by the undertaking which sets the main policies for the group as a whole.
23. Participating undertakings should document their consideration of the matters set out in Article 171 of Commission Delegated Regulation 2015/35 and paragraphs 1.21 to 1.25, including any other relevant factors, together with relevant supporting material.

Guideline 4 - Scope of calculations for Article 68 of Commission Delegated Regulation 2015/35

24. When determining the value of participations in financial and credit institutions for the purposes of Article 68 of Commission Delegated Regulation 2015/35⁵, participating undertakings should include holdings of equity and any other own fund items, whether held directly or indirectly.
25. Participating undertakings should apply the following approaches:
- (a) for direct holdings, the value of participations in financial and credit institutions, as determined by the participating undertaking in accordance with Solvency II valuation principles, should be used for the purposes of Article 68 of Commission Delegated Regulation 2015/35 as set out in Guideline 5;
 - (b) participations in financial and credit institutions, held indirectly via another participation in a financial or credit institution should not be considered under Article 68 of Commission Delegated Regulation 2015/35, as their value should already have been included in the value of the directly-held participation in a financial or credit institution in accordance with point (a);
 - (c) a deduction for a participation in a financial or credit institution held indirectly should only arise where related undertakings between the participating undertaking and the financial and credit participation are other than financial and credit participations;
 - (d) for other indirect holdings in a financial or credit institution the value of the participation as determined by the related undertaking in accordance with Article 13

⁵ This includes all participations set out in article 92(2) of Solvency II.

of Commission Delegated Regulation 2015/35 should be used for the purposes of Article 68 of Commission Delegated Regulation 2015/35;

(e) the values used for Article 68 of Commission Delegated Regulation 2015/35 purposes should represent the participating undertaking's proportional ownership, held directly and indirectly, of the participation in the financial or credit institution.

26. When calculating 10% of the items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35 for the purposes of Article 68 of Commission Delegated Regulation 2015/35, participating undertakings should use the amount of basic own-fund items before any deduction pursuant to Article 68 of Commission Delegated Regulation 2015/35 in respect of participations in financial and credit institutions.

Guideline 6 - Deductions in respect of participations in financial and credit institutions

27. Where deductions in accordance with Article 68(1) and (2) of Commission Delegated Regulation 2015/35 cannot be made from the corresponding tier as set out in Article 68 (5) of Commission Delegated Regulation 2015/35, undertakings should adopt the following approaches:

(a) where the items to be deducted are not classified into the tiers set out in Article 68(5) of Commission Delegated Regulation 2015/35, all deductions should be made from the amount of items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35;

(b) where the amount of the deduction exceeds the amount from which it is required to be deducted in accordance with Article 68(5) of Commission Delegated Regulation 2015/35, the excess should be deducted as follows:

(i) holdings of Additional Tier 1 instruments in excess of items included in Article 69(a)(iii), (v) and (b) of Commission Delegated Regulation 2015/35 are deducted from items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35;

(ii) holdings of Tier 2 instruments in excess of basic own funds included in Article 72 of Commission Delegated Regulation 2015/35 are deducted first from items included in Article 69(a)(iii), (v) and (b) of Commission Delegated Regulation 2015/35, and then from items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35 until the deduction is made in full.

(c) notwithstanding points (a) and (b), supervisory authorities may permit a participating undertaking not to deduct the value of its participation in a credit or financial institution, provided that the conditions set out in Article 92(1a) of Solvency II are met.

Guideline 7 - Adjustments due to deductions of indirectly-held participations in financial and credit institutions

28. Where a deduction of the value of a participation in a financial or credit institution held indirectly is required, in full or in part, in accordance with Article 68 of Commission Delegated Regulation 2015/35, participating undertakings should, only for the purposes of calculating the SCR:

(a) reduce, by the amount of that deduction, the value of the directly-held related undertaking, which is an asset of the participating undertaking, through which the participation in the financial or credit institution is held indirectly;

(b) for the adjustment described in point (a), follow the approach set out in Article 68(5) of Commission Delegated Regulation 2015/35 and in Guideline 6.

(c) notwithstanding (a) and (b) above, supervisory authorities may permit a participating undertaking not to deduct the value of its participation in a credit or financial institution, provided that the conditions set out in Article 92(1a) of Solvency II are met.

3. COMPLIANCE AND REPORTING RULES

29. 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.

30. Competent authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or supervisory framework in an appropriate manner.

31. 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.

32. In the absence of a response by this deadline, competent authorities will be considered as non-compliant to the reporting and reported as such.

4. FINAL PROVISION ON REVIEWS

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

EXPLANATORY TEXT

AMENDED: Introduction

~~In accordance with~~ ~~According to~~ Article 16 of 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** (hereinafter “EIOPA Regulation”) EIOPA ~~issues these~~ ~~is drafting~~ Guidelines on the treatment of related undertakings, including participations. The Guidelines relate to Articles ~~92(1.a) and (2) 92(1)(b) and 111(1)(m)~~ of 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 (hereinafter “Solvency II”)⁶ as well as to Articles 68, 168 and 171 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC (hereinafter “Commission Delegated Regulation 2015/35”) ⁷

These Guidelines are addressed to supervisory authorities under Solvency II.

The purpose of these Guidelines is to provide guidance on the identification and the treatment of related undertakings, **and including participations**, to ensure a consistent approach across Member States.

For the purpose of these Guidelines the participating undertaking is the undertaking which is calculating its solvency position. The term related undertaking refers to any related undertaking of that participating undertaking, **as specified in Article 212(1)(b) of Solvency II. The term participation is used to denote one type of related undertaking. Appendix A of the Final Report provides an overview of the different terms used in Solvency II when speaking about the relationship between two or more undertakings.**

~~These Guidelines cover the treatment of all related undertakings in the calculation of the Solvency Capital Requirement (hereinafter “SCR”) and include guidance on the determination of own funds in the case of participations in financial and credit institutions. The meaning of financial and credit institutions is explained in Appendix B of the Final Report.~~

The Guidelines follow a holistic approach. They describe first the identification of different types of related undertakings, including participations. They then cover the treatment of the different types of related undertakings, specifically participations in financial and credit institutions and strategic participations. ~~Finally, they include guidance on the treatment of related undertakings in the standard formula and in internal models to calculate the SCR.~~

Where these Guidelines refer to the valuation or value of a related undertaking, reference should be made to Article 13 of Commission Delegated Regulation 2015/35.

⁶ OJ L 335, 17.12.2009, p. 1-155

⁷ OJ L 12, 17.01.2015, p. 1-797

The Guidelines concern the treatment of related undertakings including participations on a solo basis. In most cases the identification of a related undertaking will be the same both from the perspective of the participating undertaking as an individual entity and for group purposes. However, in certain situations there will be differences: ~~t~~The business of the related undertaking may be such that the participating undertaking and related undertaking are not subject to group supervision according to Article 213 of Solvency II. In addition, there may be the case where a number of entities within a group hold voting rights or capital in an undertaking that when combined together, amount to 20% or more of the undertaking's voting rights or capital. Consequently, such an undertaking would be identified as a related undertaking at group level. However, if the holding of each individual entity within the group is lower than 20%, the undertaking would not be identified as a related undertaking by any of those entities within the group at individual entity level.

~~In certain circumstances the individual entity provisions for related undertakings are used to calculate the contribution of those undertakings to the group SCR. These circumstances are set out in Commission Delegated Regulation 2015/35 and EIOPA's Guidelines on group solvency calculation.~~

~~Appendix C of the Final Report provides, in the form of a decision tree, a methodology for the treatment of all types of related undertakings. Additional analysis and calculations will be necessary for financial and credit participations held indirectly as set out in Guideline 4 and Guideline 7. In some cases, the treatment of holdings is identical to the treatment that would result from applying the standard formula where no participation exists.~~

If not defined in these Guidelines the terms have the meaning defined in the legal acts referred to in the introduction.

~~The Guidelines shall apply from 1 April 2015.~~ These Guidelines apply from 30 January 2027 and repeal and replace the treatment of related undertakings, including participations (EIOPA-BoS-14-170).

Explanatory text:

The amendment of the introduction aims at keeping updated the legal references and streamlining the text.

AMENDED: Guideline 1 – Identification

Participating undertakings should identify their related undertakings and participations based on an assessment from their perspective as an individual entity.

When identifying a related undertaking based on share ownership, directly or by way of control, participating undertakings should determine:

- (a) their holding of voting rights as a percentage of an undertaking's voting rights;

(b) their holding of all classes of share capital issued by an undertaking as a percentage of that undertaking's issued share capital, regardless of voting rights.

Where (a) or (b) are 20% or higher, participating undertakings should treat their investment in the undertaking as a participation.

Where the participation is in an insurance or reinsurance undertaking subject to Solvency II, the assessments under (a) will generally relate to paid-in ordinary share capital referred to in Article 69(a)(i) of Commission Delegated Regulation 2015/35, and under (b) to paid-in ordinary share capital and paid-in preference shares referred to in Article 69(a)(v) of Commission Delegated Regulation 2015/35.

Participating undertakings should ensure that they are able to identify the effect of changes in the share capital of related undertakings on the assessment described in the preceding paragraph each time the participating undertaking calculates its SCR in accordance with Article 102 of Solvency II.

When identifying a related undertaking pursuant to Article 212(2) of Solvency II on the basis that the participating undertaking can exert a dominant or significant influence over another undertaking, supervisory authorities **should consider the factors set out in Article 212(4) of Solvency II and further specified in the [regulatory technical standards on factors for identifying undertakings under dominant or significant influence and undertakings managed on a unified basis].**

~~(a) current shareholdings of the participating undertaking in the undertaking and potential increases due to the holding of options, warrants or similar instruments;~~

~~(b) membership rights of the participating undertaking in a mutual or mutual-type undertaking and potential increases in such rights;~~

~~(c) representation from the participating undertaking on the administrative, management or supervisory body of the undertaking;~~

~~(d) involvement of the participating undertaking in policy making processes of the undertaking, including decision making about dividends or other distributions;~~

~~(e) material transactions between the participating undertaking and the undertaking;~~

~~(f) interchange of persons effectively running the participating undertaking and the undertaking;~~

~~(g) provision of essential technical information to the undertaking;~~

~~(h) management of the participating undertaking and undertaking on a unified basis.~~

~~Supervisory authorities should consider any initial assessment by the participating undertaking in accordance with points (a) to (h) of this paragraph.~~

Explanatory text:

The guideline was simplified by referring to Article 212(4) of Solvency II and to the newly developed regulatory technical standards which provides a more comprehensive set of factors for identifying undertakings under dominant or significant influence

AMENDED: Guideline 2 – Identification of participations in financial and credit institutions

Participating undertakings should treat a related undertaking as a financial or credit institution, where it is an institution listed or described in accordance with **Article 92(2) of Solvency II Article 4(1) and (5) of Directive 2013/36/EU or with Article 4(1) of Directive 2004/39/EC.**

These descriptions cover any institution which performs the functions or carries out the business described pursuant to ~~those Articles, notwithstanding that the institution may not be subject to those Directives.~~ **that Article, notwithstanding that the institution may not be subject to the legal acts referred to in that Article**

Participating undertakings should ensure that any participation in a financial or credit institution where voting rights or capital are held indirectly is treated in the same way as a participation in a financial or credit institution where voting rights or capital are held directly.

Explanatory text:

The legal references have been updated and streamlined, as Article 92 paragraph 2 now includes broader references to the several legislative acts that is not useful to repeat in the guideline.

AMENDED: Guideline 3 – Identification of a strategic participation

Participating undertakings should identify strategic participations in accordance with Article 171 of Commission Delegated Regulation 2015/35 as follows:

- (a) participating undertakings using the standard formula to calculate their SCR should identify strategic participations regardless of whether their participation is in an insurance or reinsurance undertaking, in a financial or credit institution or in any other related undertaking;
- (b) participating undertakings using an internal model to calculate their SCR need to identify strategic participations in financial and credit institutions only for the purpose of assessing whether Article 68(3) of Commission Delegated Regulation 2015/35 applies.

For the purposes of demonstrating their compliance with the requirements of Article 171 of Commission Delegated Regulation 2015/35, participating undertakings should not divide a participation into different parts, treating some parts as strategic and others not. Where a particular participation has been identified as strategic:

(a) in the case of a participation in a financial or credit institution, all investments in its own funds are strategic;

(b) in the case of any other related undertakings, all equity investments in the participation are strategic.

In accordance with Article 171(a) of Commission Delegated Regulation 2015/35, participating undertakings should be able to demonstrate, both with a qualitative and quantitative assessment, ~~in demonstrating~~ that the value of the equity investment is likely to be materially less volatile. To the purpose of the assessment, ~~in accordance with Article 171(a) of Commission Delegated Regulation 2015/35,~~ participating undertakings should ensure that:

(a) consistent and appropriate valuations are applied over time both to the participation and to the other equities selected as a basis of comparison;

(b) they consider the impact of their influence on the participation's value

In demonstrating that the nature of the investment is strategic, in accordance with Article 171(b)(i) to (iii) of Commission Delegated Regulation 2015/35, participating undertakings should:

(a) indicate the period for which the strategy of holding the participation is intended to apply;

(b) consider the impact of market conditions on the main policies;

(c) identify any significant factors affecting, or constraints on, the participating undertaking's ability to maintain its strategy and how these could or would be mitigated.

1.24 In demonstrating the existence of a durable link, in accordance with Article 171(b)(iv) of Commission Delegated Regulation 2015/35, participating undertakings should consider the following criteria:

(a) whether a stable relationship between the two undertakings exists over time;

(b) whether that stable relationship results in a close economic bond, the sharing of risks and benefits between the undertakings or exposure to risks from one to the other;

(c) the form of the relationship between the two undertakings, which may include ownership, joint products or distribution lines, cross-selling, the creation of joint ventures or other long term operational or financial links.

In accordance with Article 171(b)(v) of Commission Delegated Regulation 2015/35, a participating undertaking that is part of a group should regard the main policies guiding or limiting the actions of the group as those defined by the ultimate parent undertaking or, if different, by the undertaking which sets the main policies for the group as a whole.

Participating undertakings should document their consideration of the matters set out in Article 171 of Commission Delegated Regulation 2015/35 and paragraphs 1.21 to 1.25, including any other relevant factors, together with relevant supporting material.

Explanatory text:

The guideline was amended to make clear that the demonstration of the materially lower volatility of the value of the equity investment should involve also a quantitative assessment, alongside the qualitative assessment and the requirements already included in the guideline. For the quantitative assessment, participating undertakings might for instance use an appropriate time series of market values of the participation or, in case of a participation in an insurance or reinsurance undertaking, the SCR values of the insurance undertaking. A natural reference for the comparison of the volatility are type 1 equities for participations referred to in Article 169(1)(a) and type 2 equities for participations referred to in Article 169(2)(a) of Commission Delegated Regulation 2015/35.

AMENDED: Guideline 4 - Scope of calculations for Article 68 of Commission Delegated Regulation 2015/35

When determining the value of participations in financial and credit institutions for the purposes of Article 68 of Commission Delegated Regulation 2015/35⁸, participating undertakings should include holdings of equity and any other own fund items, whether held directly or indirectly.

Participating undertakings should apply the following approaches:

- (a) for direct holdings, the value of participations in financial and credit institutions, as determined by the participating undertaking in accordance with Solvency II valuation principles, should be used for the purposes of Article 68 of Commission Delegated Regulation 2015/35 as set out in Guideline 5;
- (b) participations in financial and credit institutions, held indirectly via another participation in a financial or credit institution should not be considered under Article 68 of Commission Delegated Regulation 2015/35, as their value should already have been included in the value of the directly-held participation in a financial or credit institution in accordance with point (a);
- (c) a deduction for a participation in a financial or credit institution held indirectly should only arise where related undertakings between the participating undertaking and the financial and credit participation are other than financial and credit participations;
- (d) for other indirect holdings in a financial or credit institution the value of the participation as determined by the related undertaking in accordance with Article 13 of Commission Delegated Regulation 2015/35 should be used for the purposes of Article 68 of Commission Delegated Regulation 2015/35;
- (e) the values used for Article 68 of Commission Delegated Regulation 2015/35 purposes should represent the participating undertaking's proportional ownership, held directly and indirectly, of the participation in the financial or credit institution.

When calculating 10% of the items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35 for the purposes of Article 68 of Commission Delegated Regulation 2015/35, participating undertakings should use the amount of basic own-fund items

⁸ This includes all participations set out in Article 92(2) of Solvency II

before any deduction pursuant to Article 68 of Commission Delegated Regulation 2015/35 in respect of participations in financial and credit institutions.

Explanatory text:

The guideline was amended by including paragraph 1.29 of the former Guideline 5. Moreover, a footnote was added to help clarifying that the participations considered by the guideline include all the participations set out in Article 92(2) of Solvency II

DELETED: Guideline 5 - Calculations for the purpose of Article 68 of Commission Delegated Regulation 2015/35

~~In calculating 10% of the items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35 for the purposes of Article 68 of Commission Delegated Regulation 2015/35, participating undertakings should use the amount of basic own fund items before any deduction pursuant to Article 68 of Commission Delegated Regulation 2015/35 in respect of participations in financial and credit institutions. Where the value of all participations in financial and credit institutions, other than participations referred to in Article 68(1) of Commission Delegated Regulation 2015/35, does not exceed 10% of items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35 for the purposes of Article 68(2) of Commission Delegated Regulation 2015/35, then no deduction takes place and Guideline 8 or 9 apply.~~

~~Participating undertakings should only apply Article 68(3) of Commission Delegated Regulation 2015/35 in the cases where: (a) they have demonstrated in accordance with Guideline 3 that the participation meets the criteria for a strategic participation; (b) the participating undertaking and the participation are included in calculations on the basis of method 1 in accordance with Directive 2002/87/EC for the financial conglomerate to which they belong or on the basis of method 1 under Solvency II.~~

Explanatory text:

The guideline was deleted by moving the substantial paragraph 1.29 to guideline 4 and deleting paragraphs 1.30 and 1.31 which were mostly a repetition of what is stated in the regulation.

AMENDED: Guideline 6 – Deductions in respect of participations in financial and credit institutions

Where deductions in accordance with Article 68(1) and (2) of Commission Delegated Regulation 2015/35 cannot be made from the corresponding tier as set out in Article 68 (5) of Commission Delegated Regulation 2015/35, undertakings should adopt the following approaches:

(a) where the items to be deducted are not classified into the tiers set out in Article 68(5) of Commission Delegated Regulation 2015/35, all deductions should be made from the amount of items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35;

(b) where the amount of the deduction exceeds the amount from which it is required to be deducted in accordance with Article 68(5) of Commission Delegated Regulation 2015/35, the excess should be deducted as follows:

(i) holdings of Additional Tier 1 instruments in excess of items included in Article 69(a)(iii), (v) and (b) of Commission Delegated Regulation 2015/35 are deducted from items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35;

(ii) holdings of Tier 2 instruments in excess of basic own funds included in Article 72 of Commission Delegated Regulation 2015/35 are deducted first from items included in Article 69(a)(iii), (v) and (b) of Commission Delegated Regulation 2015/35, and then from items included in Article 69(a)(i), (ii), (iv) and (vi) of Commission Delegated Regulation 2015/35 until the deduction is made in full.

(c) notwithstanding (a) and (b) above, supervisory authorities may permit a participating undertaking not to deduct the value of its participation in a credit or financial institution, provided that the conditions set out in Article 92(1a) of Solvency II are met.

Explanatory text:

The guideline was amended by adding point (c). This reflects the amendment of Article 92, paragraph 1a of Solvency II, which states that supervisory authorities may permit an insurance or reinsurance undertaking not to deduct the value of its participation in a credit or financial institution, subject to the fulfilment of several conditions set out in that Article.

AMENDED: Guideline 7 – Adjustments due to deductions of indirectly-held participations in financial and credit institutions

Where a deduction of the value of a participation in a financial or credit institution held indirectly is required, in full or in part, in accordance with Article 68 of Commission Delegated Regulation 2015/35, participating undertakings should, only for the purposes of calculating the SCR:

(a) reduce, by the amount of that deduction, the value of the directly-held related undertaking, which is an asset of the participating undertaking, through which the participation in the financial or credit institution is held indirectly;

(b) for the adjustment described in point (a), follow the approach set out in Article 68(5) of Commission Delegated Regulation 2015/35 and in Guideline 6.

(c) notwithstanding (a) and (b) above, supervisory authorities may permit a participating undertaking not to deduct the value of its participation in a credit or financial institution, provided that the conditions set out in Article 92(1a) of Solvency II are met.

Explanatory text:

The guideline was amended by adding point (c). As per the amendment of Guideline 6, this reflects the amendment of Article 92, paragraph 1a of Solvency II, which states that supervisory authorities may

permit an insurance or reinsurance undertaking not to deduct the value of its participation in a credit or financial institution, subject to the fulfilment of the conditions set out in that Article.

~~DELETED: Guideline 8 – Application of the standard formula to related undertakings~~

~~This Guideline applies to participating undertakings using the standard formula to calculate the SCR in respect of the risks arising from related undertakings held directly by the participating undertaking.~~

~~Where a participating undertaking holds as assets own fund items of a related undertaking and their value is not deducted in full, or at all, from the participating undertaking's own funds as a result of applying Article 68 of Commission Delegated Regulation 2015/35, risk charges for the remaining value of those holdings should be calculated in accordance with the standard formula.~~

~~The participating undertaking should apply the standard formula as follows:~~

~~(a) holdings in ordinary or preference share capital of the related undertaking should be treated as equities applying the equity risk submodule as appropriate;~~

~~(b) holdings in subordinated liabilities issued by the related undertaking should be treated as financial instruments taking account of contractual terms and applying market stresses as appropriate, including the interest rate, spread, currency, concentration and other risk submodules as appropriate;~~

~~(c) any holdings of the above which exhibit both equity and bond features should be dealt with in accordance with Guideline 5 of the Guidelines on the Treatment of market and counterparty risk exposures in the standard formula.~~

Explanatory text:

The Guideline was deleted due to its redundancy; the content of the guideline can easily be inferred from the legal provisions concerning the standard formula.

~~DELETED: Guideline 9 - Application of internal models to related undertakings~~

~~This Guideline applies to participating undertakings using a full or partial internal model to calculate the SCR in respect of the risks arising from related undertakings.~~

~~Where a participating undertaking holds as assets own fund items of a related undertaking and their value is not deducted in full, or at all, from the participating undertaking's own funds as a result of applying Article 68 of Commission Delegated Regulation 2015/35, the risks arising from the remaining value of those holdings should be captured as part of the internal model.~~

~~The participating undertaking should cover in the internal model all material quantifiable risks arising from its related undertakings, taking account of exposures to the related undertakings including holdings of equity and subordinated liabilities. Relevant measures of these risks should be reflected in the model.~~

~~Where a participating undertaking performs the SCR calculation at individual entity level for a participation or related undertaking in a manner which takes account of risks to the value of the underlying assets and liabilities of that related undertaking, it should ensure this is an appropriate calculation at individual entity level, and should not replace that calculation by a consolidated calculation as though the participating undertaking and its related undertaking were a Solvency II group.~~

Explanatory text:

The Guideline was deleted due to its redundancy; the content of the guideline can easily be inferred from the legal provisions concerning internal models.

QUESTIONS TO STAKEHOLDERS

In the public consultation stakeholders are asked for comments on all parts of the consultation paper and in addition to respond to the following specific question.

Do you have any comments on the proposals to simplify and shorten the Guidelines and/or any other suggestions for simplifying and shortening the Guidelines, taking into account the relevance of the individual Guidelines?

ANNEX – PRIVACY STATEMENT RELATED TO PUBLIC ONLINE CONSULTATIONS AND SURVEYS

Introduction

1. The European Insurance and Occupational Pension authority (EIOPA) is committed to protecting individuals' personal data in accordance with Regulation (EU) 2018/1725⁹ (further referred as "the Regulation").
2. In line with Article 15 and 16 of the Regulation, this privacy statement provides information to the data subjects relating to the processing of their personal data carried out by EIOPA.

Purpose of the processing of personal data

3. Personal data is collected and processed to manage online public consultations EIOPA launches, and to conduct online surveys, including via online platform EUSurvey¹⁰, and to facilitate further communication with participating stakeholders (e.g., when clarifications are needed on the information supplied or for the purposes of follow-up discussions that the participating stakeholders may agree to in the context of the consultations or surveys).
4. The data will not be used for any purposes other than the performance of the activities specified above. Otherwise you will be informed accordingly.

Legal basis of the processing of personal data and/or contractual or other obligation imposing it

5. The legal basis for this processing operation are the following :
 - Regulation (EU) 1094/2010, and notably Articles 8, 10, 15, 16, 16a and 29 thereof
 - EIOPA's Public Statement on Public Consultations
 - EIOPA's Handbook on Public Consultations
6. In addition, in accordance with Article 5(1)(a) of the Regulation, processing is lawful as it is necessary for the performance of a task carried out in the public interest.

Controller of the personal data processing

⁹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39–98.

¹⁰ For more information on the processing of personal data in EUSurvey, please see the [dedicated privacy statement](#)

7. The controller responsible for processing the data is EIOPA's Executive Director.
8. Address and email address of the controller:

Westhafen Tower, Westhafenplatz 1
60327 Frankfurt am Main
Germany
fausto.parente@eiopa.europa.eu

Contact detail of EIOPA's Data Protection Officer (DPO)

9. Westhafenplatz 1, 60327 Frankfurt am Main, Germany
dpo@eiopa.europa.eu

Types of personal data collected

10. The following personal data might be processed:
 - Contact details (name, email address, phone number).
 - Employment details (company and job title).

Recipients/processors of the personal data collected

11. Data will be collected and disclosed to the relevant staff members part of the Department/Unit in charge of the consultation/surveys and also to other EIOPA's staff on a need-to-know basis (e.g. IT staff, security officer).

Retention period

12. Personal data collected are kept by until the finalisation of the project the public consultation or the survey relate to.
13. The personal data collected in EUSurvey are deleted from EUSurvey as soon as the period to provide answers elapsed.

Transfer of personal data to a third country or international organisations

14. No personal data will be transferred to a third country or international organisation. The service provider is located in the European Union.

Automated decision-making

15. No automated decision-making including profiling is performed in the context of this processing operation.

What are the rights of the data subject?

16. Data subjects have the right to access their personal data, receive a copy of them in a structured and machine-readable format or have them directly transmitted to another controller, as well as request their rectification or update in case they are not accurate. Data subjects also have the right to request the erasure of their personal data, as well as object to or obtain the restriction of their processing.
17. Where processing is based solely on the consent, data subjects have the right to withdraw their consent to the processing of their personal data at any time.
18. Restrictions of certain rights of the data subject may apply, in accordance with Article 25 of Regulation (EU) 2018/1725.
19. For the protection of the data subjects' privacy and security, every reasonable step shall be taken to ensure that their identity is verified before granting access, or rectification, or deletion.
20. Should the data subjects wish to exercise any of the rights provided in paragraphs 16 and 17 above, please contact EIOPA's DPO (dpo@eiopa.europa.eu).

Who to contact if the data subjects have any questions or complaints regarding data protection?

21. Any questions or complaints concerning the processing of the personal data can be addressed to EIOPA's Data Controller (fausto.parente@eiopa.europa.eu) or EIOPA's DPO (dpo@eiopa.europa.eu).
22. Alternatively, the data subjects can have recourse to the **European Data Protection Supervisor** (www.edps.europa.eu) at any time, as provided in Article 63 of the Regulation.