

# Public Consultation on IBOR transitions

Fields marked with \* are mandatory.



## Responding to the paper

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EIOPA welcomes comments on the Consultation on IBOR transitions.

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 using the EU Survey tool **by Friday, 23 July 2021 23:59 CET** by responding to the questions below.

Contributions not provided using the EU Survey tool or submitted after the deadline will not be processed.

### 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 [1] and EIOPA's rules on public access to documents [2].

### \* Declaration by the contributor

*between 1 and 2 choices*

- I consent to publication of all information in my contribution in whole
- /in part – as indicated in my responses

- including to the publication of my name/the name of my organisation, and I declare that nothing within my 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Please note that personal contact details (such as names of individuals, email addresses and phone numbers) will not be published.

They will only be used to request clarifications if necessary on the information supplied. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725 [3]. More information on how personal data are treated can be found in the privacy statement at the end of this survey.

[1] Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43).

[2] Decision (EIOPA-MB-11/051) of the Management Board concerning public access to documents - [Public Access to Documents](#)

[3] 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)

## About the respondent

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\* Please indicate the desired disclosure level of the responses you are submitting.

- Public  
 Confidential

\* Stakeholder name

Institut des actuaires - France

\* Type of Stakeholder

- Association  
 Industry  
 Ministry  
 Supervisor  
 EU Organisation  
 Other

\* Contact person (name and surname)

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\* Contact person phone number

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## Questions to Stakeholders

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\* 1. Do you agree with the overall approach of the immediate switch subject to the two preconditions?

- Yes  
 No

\* Please add an explanation

Switching from one curve to another one can create market distortions. It's difficult to anticipate distortions impact without the results of the impact study. An impact on the reinsurance market should be considered. For EURO and USD, there is no date of transition. The publication of both methodologies for the curve construction could help insurers for the transition.

On June 8, CFTC recommended that the inter-dealer market start to implement "SOFR First" trading in interest derivatives on July 26, 2021 and to turned off USD LIBOR swaps screens on October 22, 2021. This action could strongly accelerate transition to SOFR and we could have a transition before the end of the year for USD. If it happen, both precondition could be reached and could have an impact on insurer balance sheet as soon as this year. Can we postpone to next year to be sure to have a smooth transition ?

\* 2. Do you agree with the way the 'liquidity' condition is defined?

- Yes  
 No

\* Please add an explanation

We agree with the general purpose but a differentiation between currencies should be introduced for the threshold level. If the trading volume is increasing on JPY and CHF currencies and this is closed to 50%, this could be considered sufficient.

\* 3. Do you agree with the way the 'proximity' condition is defined?

- Yes  
 No

\* Please add an explanation

Yes however more flexible conditions on currencies which will see their instruments disappear should be considered.

IBOR curves for GBP, JPY and CHF currencies will disappear. Once we have switched on governmental curves for those currencies, how should the 'proximity' condition be considered ?

\* 4. Do you believe the 'proximity' condition has to be met for three consecutive months or a shorter period would be sufficient?

Yes

No

\* Please add an explanation

We agree with the three consecutive months. How long have insurers to switch on the new curve after this condition is met ? How can they prepare themselves ?

\* 5. Do you think there is another condition EIOPA would need to consider for the immediate switch to the new OIS term structures?

Yes

No

\* Please add an explanation

The 'proximity' condition should be met for maturities after the LLP even considering the review of S2. The review of the standard formula and the revision of interest rates should be considered in parallel. UK FCA published on March 5th, 2021 some spread adjustment for fallback that could be applicable at the end of IBOR. Did you look to them to adjust some rates on RFR ? [https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation\\_Announcement\\_20210305.pdf](https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation_Announcement_20210305.pdf)

\* 6. Do you believe that the foreseen changes in the RFR methodology due to IBOR transitions and the method of switching the underlying instruments (depending on the proximity and liquidity condition) could have an impact on the market rates itself, and if so, with what impact and how might this be mitigated?

- Yes
- No

\* Please add an explanation

We believe there is an impact on trade volumes because insurers would protect themselves with derivative products based on this CDT. This increases liquidity.

\* 7. Do you agree with the overall approach regarding the CRA?

- Yes
- No

\* Please add an explanation

We are waiting for the modelling recommendations for the CRA methodology to use on yield curves based on government bonds.

\* 8. Is there any alternative option you believe EIOPA would need to consider regarding the treatment of the CRA?

- Yes
- No

\* Please add an explanation

The calculation of the CRA is based on the EONIA, which is now calculated on the €STR. Once the EONIA has disappeared, how should the calculation of the CRA evolve ?

\* 9. Would you have a view on how to treat the CRA for those currencies for which the CRA is currently being derived from either the CRA for the EUR or the CRA for the USD?

- Yes  
 No

\* Please add an explanation

We do not have a view on how to treat the CRA for those currencies for which the CRA is currently being derived from either the CRA for the EUR or the CRA for the USD.

\* 10. What is your opinion about the proposed changes in the LLPs and the use of government bonds for the JPY and CHF?

Please explain.

The method for CHF is similar to the one used for SST. For JPY, this methodology is less easily justifiable.

\* 11. What is your view on the proposed treatment of the LTAS?

Please explain.

We agree with the proposed approach.

## Privacy Statement related to Public (online) Consultations

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### Introduction

1. EIOPA, as a European Authority, is committed to protect individuals with regard to the processing of their personal data in accordance with Regulation (EU) No 2018/1725 (further referred as the Regulation). [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]

### Controller of the data processing

2. The controller responsible for processing your data is EIOPA's Executive Director.

3. Address and email address of the controller:

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

### Contact details of EIOPA's Data Protection Officer

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

### Purpose of processing your personal data

1. The purpose of processing personal data is to manage public consultations EIOPA launches and facilitate further communication with participating stakeholders (in particular when clarifications are needed on the information supplied).
2. Your 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 and/or contractual or other obligation imposing it

3. EIOPA Regulation, and more precisely Article 10, 15 and 16 thereof.
4. EIOPA's Public Statement on Public Consultations.

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  - Personal details (e.g. name, email address, phone number);
  - Employment details.

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5. The personal data collected are disclosed to designated EIOPA staff members.

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11. For the protection of your privacy and security, every reasonable step shall be taken to ensure that your identity is verified before granting access, or rectification, or deletion.

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13. Any complaint concerning the processing of your personal data can be addressed to EIOPA's Data Protection Officer ([DPO@eiopa.europa.eu](mailto:DPO@eiopa.europa.eu)). Alternatively you can also have at any time recourse to the European Data Protection Supervisor ([www.edps.europa.eu](http://www.edps.europa.eu)).

## **Contact**

[Contact Form](#)