

White Paper

Solvency II Fields

This white paper addresses the following openfunds fields:

OFST500010 Has Tripartite Report
OFST500012 Last Tripartite Report Date
OFST500020 SCR Market Interest Rate Up
OFST500022 SCR Market Interest Rate Down
OFST500031 SCR Market Equity Type I
OFST500032 SCR Market Equity Type II
OFST500040 SCR Market Property
OFST500045 SCR Market Spread Bonds
OFST500050 SCR Market Spread Structured
OFST500055 SCR Market Spread Derivatives Up
OFST500056 SCR Market Spread Derivatives Down
OFST500065 SCR Market FX Up
OFST500066 SCR Market FX Down

Solvency II and the Tripartite Report

The increased regulatory reporting requirements by the introduction of the Solvency II framework in 2016 had an immediate effect on the investment management industry. Fund managers need to provide high quality holding-level information of their portfolios to insurance companies. BVI in Germany, club AMPERE and The Investment Association in the UK have taken the initiative to develop the Tripartite Template (TPT) to assist fund managers in Solvency II reporting. The TPT contains reference and risk data of holdings within a fund's share class. A share class rather than a fund view is necessary to e.g. capture currency risk adequately.

This white-paper introduces the fields of the openfunds format to allow asset managers to provide share class level risk information for Solvency II reporting based on the fields defined in the [Tripartite Template](#). The current implementation of the openfunds SCR fields reflects the version 3 of the Tripartite Template.

Note that in contrast to the TPT which is designed to be on a holdings level of a share class, the Solvency II fields of openfunds are specified on share class level. The two *descriptive fields* and eleven *analytical fields* contain a minimum level of information that allows for improved transparency under the Pillar III requirements of Solvency II. The openfunds fields are therefore not to be understood as an alternative to the established TPT standard but much more as 'high-level' fields: they provide information on the availability of the latest TPT report as well as aggregate SCR figures. By reducing the over 130 TPT fields on position level to 13 openfunds fields per share class, we believe to compress information in a meaningful manner and to improve transparency in the reporting process.

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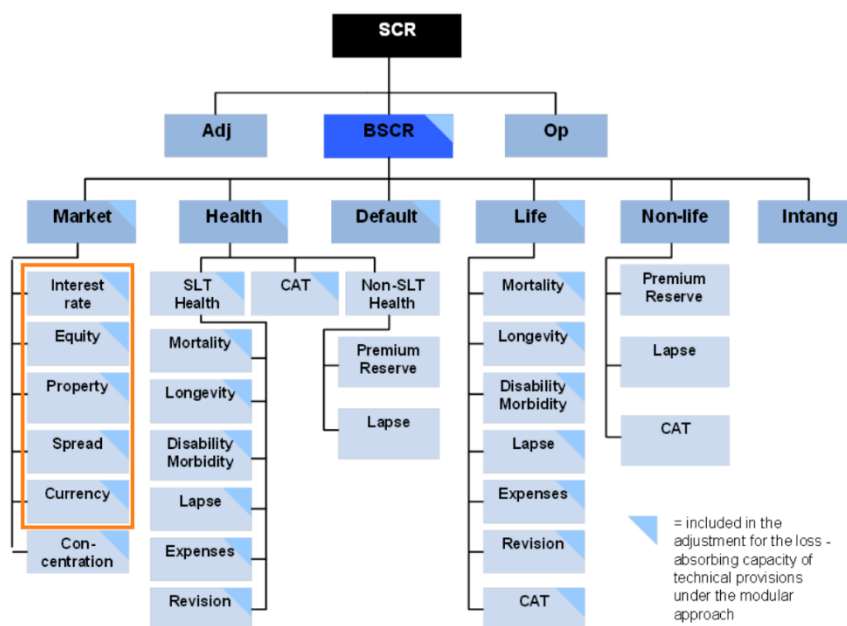
Descriptive Fields

The introduction of the openfunds fields *Has Tripartite Report* and *Last Tripartite Report Date* is necessary to allow for a high-level screening process of the availability and last update of a share class's TPT report.

Analytical Fields

The eleven openfunds SCR fields are based on the definitions of the TPT template. In the TPT template all SCR fields are defined as a percentage of the total net assets of the portfolio. Hence, one can calculate the openfunds SCR figures of the share class by summing up the holding level SCR fields from the TPT.

To provide a background of an insurance company's overall SCR calculation methodology consider the figure below.



The orange rectangle shows that only a subset of all SCR modules is covered by asset managers' standard TPT report. Note that the SCR aggregation for the various sub-modules covered by the TPT can also be performed for share classes and not only on the aggregate company level. (The aggregation *across* sub-modules is however not as straightforward for a share class as discussed later.)

The *SCR Market Interest Rate Up (SCR Market Interest Rate Down)* openfunds field shows the aggregated capital requirement for the risk of an increase (decrease) in the term structure of interest rates for a given share class. To obtain these two figures, first, holding level SCR numbers have to be calculated by shifting the interest rate curve for the currency of the holding up and down, respectively. Second, all the individual Interest Rate Up and Interest Rate Down SCR values have to be summed up to calculate the total value for SCR Market Interest Rate Up and SCR Market Interest Rate Down. The details of the calculation is set out in Subsection 2 of Section 5 of the Delegated Regulation 2015/35.

The *SCR Market Equity Type I* and *SCR Market Equity Type II* fields represent the equity risk of the share class. Type I equities are defined as equities listed on regulated markets of countries from the European Economic Area (EEA) or the Organisation of Economic Cooperation and Developments (OECD). The corresponding SCR equals 39% plus the value of the symmetric adjustment. Type II equities are defined as equities listed on regulated markets of all other countries. Moreover, this category also contains commodities and other alternative investments. The capital charge for type II equities is equal to 49%

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plus the value of the symmetric adjustment. The details of the calculation are set out in Subsection 3 of Section 5 of the Delegated Regulation 2015/35. Furthermore, the Delegated Regulation 2016/467 introduced a third equity subtype called qualifying infrastructure equities. As the openfunds standard fields are reflecting the fields in the TPT version 3 this category is currently excluded. Further revision is expected on this field in accordance to changes of the TPT.

The **SCR Market Property** field shows how the value of the share class would change as a result of an instantaneous decrease of 25% in the value of immovable properties of the portfolio.

The **SCR Market Spread Bonds**, **SCR Market Spread Structured**, **SCR Market Spread Derivatives Up** and **SCR Market Spread Derivatives Down** fields show the spread risk of the share class based on different calculation methodologies for asset classes like bonds, loans, securitization positions and credit derivatives. The details of the calculation are described in Subsection 5 of Section 5 of the Delegated Regulation 2015/35.

SCR Market FX Up and **SCR Market FX Down** fields show the foreign exchange risk of the share class based on Subsection 7 of Section 5 of the Delegated Regulation 2015/35. The risk figures are calculated based on the assumption that EUR is the accounting currency of the respective insurance company.

It is important to note that the above SCR sub-modules are not aggregated into e.g. one market SCR number per share class. This is due to the fact that aggregation of the different sub-modules has to be performed on the company level and that an aggregation on share class level typically leads to a loss of information: a fund's contribution to a company's overall SCR has to be seen in a balance sheet context where all assets and liabilities along with potential diversification benefits need to be taken into account. In the working paper "*Solvency II Reporting: How to Interpret Funds' Aggregate Solvency Capital Requirement Figure*" by SolvencyAnalytics, a simple aggregation methodology of sub-module SCR figures into one SCR figure per share class and more importantly, its interpretation are provided. Interested readers may refer to the research section of SolvencyAnalytics' website (<http://solvencyanalytics.com/research/>).

Document Information

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Revision History

Version	Date	Status	Notice
1.2	2022-05-06	Final	Corrected link to TPT website
1.1	2019-06-28	Final	Updated to TPT IV.
1.0	2017-05-27	Final	First Version.

Implementation

If you have any questions about the new data type or difficulties with implementation please contact us at businessoffice@openfunds.org.

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Joining openfunds

If your firm has a need to reliably send or receive fund data, you are more than welcome to use the openfunds fields and definitions free-of-charge. Interested parties can contact the openfunds association by sending an email to: businessoffice@openfunds.org

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