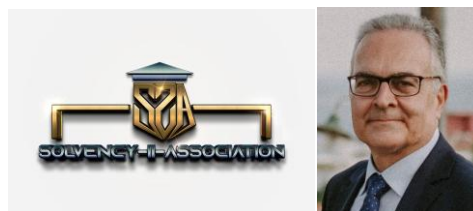




## *Solvency 2 News, March 2026*

The EIOPA Final Report on the revised Guidelines for the Supervisory Review Process (SRP) signals the **end of any illusion** that compliance can remain a backward looking, checklist driven exercise.



The Supervisory Review Process, as reshaped by these Guidelines, **demands anticipation**, not reaction. It asks professionals to demonstrate that rules have been followed, but also to prove that **emerging and evolving** risks are understood, challenged, and managed. This is a significant doctrinal evolution, expanding the scope of prudential supervision **beyond** traditional financial risks.

The Guidelines are anchored in **Article 36** of the Solvency II Directive, which mandates supervisory authorities to review and evaluate the strategies, processes, and reporting procedures of (re)insurance undertakings.

The 2026 revision reflects a **regulatory adjustment** designed to recalibrate supervisory methodologies in light of both legislative amendments to Solvency II and the evolution of supervisory practice. This is consistent with EIOPA's stated objective of regulatory simplification and convergence, avoiding normative inflation while enhancing supervisory effectiveness.

The Guidelines emphasise that the SRP must be risk-based, prospective, and proportionate, aligning supervisory methodology with the fundamental principles of Solvency II.

For risk and compliance, this creates both pressure and opportunity. The **pressure** lies in the expectation that risk assessments must be defensible not only in numbers, but in reasoning. The models, the reports, the governance structures, all must tell a coherent story **about the future**.

There is an unmistakable **expansion of the terrain**. Risk and compliance professionals must operate in a multidimensional environment where cyber threats, climate scenarios, and systemic interdependencies are central elements of supervisory scrutiny.

A **fundamental tension** addressed by the Guidelines is the reconciliation between harmonisation of supervisory practices and the preservation of national supervisory autonomy. The text explicitly seeks to attain consistent outcomes while maintaining sufficient flexibility for case-by-case adaptation.

This dual objective reflects the constitutional architecture of the European System of Financial Supervision (ESFS), in which national competent authorities remain the primary supervisors, but operate within a framework of coordinated convergence.

The Guidelines mandate the incorporation of **ICT and operational resilience risks**, aligned with the Digital Operational Resilience Act (DORA), integrating cross-sectoral digital risk regulation into insurance supervision.

Today we will start with the revised guidelines.

## **FINAL REPORT on revised Guidelines on supervisory review process**



**NEXT STEP:** A consolidated version of the Guidelines will be published on EIOPA's website. They will become applicable on **30 January 2027**.

In the context of the review of Directive 2009/138/EC (Solvency II Directive), EIOPA reviews all existing guidelines related to 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 the guidelines has grown over the years, while 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. These guidelines are primarily relevant for supervisory authorities.

The current Guidelines on supervisory review process have been applied since 2015. Based on the practical application of the Guidelines, improvements have been identified to enhance flexibility and adaptability, reflecting the evolving supervisory landscape across Europe.

The main changes focus on two objectives: on the one hand, to update the current content ensuring its alignment with the latest advancements and best supervisory practices; on the other hand, to integrate processes and best practices to deal with new emerging topics and trends that have gained prominence since the initial guidelines were formulated.

In terms of amendments, further clarifications have been introduced regarding the risk assessment framework (RAF), particularly concerning the impact assessment and risk classification of insurance undertakings and groups.

Additionally, more detailed specifications have been developed for the sections on supervisory measures, including enhanced guidelines on the ladder of intervention, and on the creation of a supervisory plan that determines the intensity of supervision, specifying a minimum level of supervisory engagement.

#### SECTION I - OVERALL SUPERVISORY REVIEW PROCESS (SRP)

##### **Guideline 1 – Conducting the supervisory review process**

16. The supervisory authority should, in carrying out the supervisory review process and whilst recognising the need for flexibility and supervisory judgement, ensure it comprises three sub-processes as set out in these Guidelines: the risk assessment framework, the detailed review and the supervisory measures.

##### **Guideline 2 – Consistency of the supervisory review process**

17. The supervisory authority should ensure that the supervisory review process is applied in a consistent manner over time, across insurance and reinsurance undertakings and within the supervisory authority.

##### **Guideline 3 – Proportionality in the supervisory review process**

18. The supervisory authority should ensure that the principle of proportionality is observed throughout all the stages of the supervisory review process.

##### **Guideline 4 – Supervisory judgement in the supervisory review process**

19. The supervisory authority should ensure that supervisors use their supervisory judgement at each stage of the supervisory review process. The supervisory authority should ensure that the supervisory review process is kept flexible enough to allow appropriate supervisory judgement to be used.

#### **Guideline 5 – On-going communication with insurance and reinsurance undertakings**

20. The supervisory authority should ensure that there is an appropriate level of communication between the personnel of the supervisory authority and the insurance and reinsurance undertaking throughout the entire supervisory review process in order to facilitate effective supervision.
21. If there is a college, the communication with the supervised undertakings should be coordinated as described in Guideline 15 of the Guidelines on operational functioning of colleges.

#### **Guideline 6 – On-going communication with and involvement of other supervisors**

22. The supervisory authority should undertake an appropriate level of communication and involvement with other relevant supervisory authorities throughout the entire supervisory review process.
23. Communication with third-country supervisory authorities should be in line with any relevant memoranda of understanding in place.
24. If there is a college, communication should follow the relevant requirements and guidelines.

#### **Guideline 7 – Inclusion of market-wide risks in the supervisory review process**

25. The supervisory authority should take into account market wide analyses throughout the supervisory review process.
26. If there is a college the supervisory authority should take into account the outcome of any relevant market-wide analysis that has been shared within the college.

Regarding the new guidelines on existing supervisory practices, the drafting focused on key areas, such as the business model analysis, principles and procedural aspects governing joint on-site inspections, early intervention measures in cases of risk of non-compliance with solvency capital requirements, preemptive recovery planning, as well as the supervision of conduct of business.

Concerning the new guidelines on emerging risks, a general guideline was introduced to remind supervisory authorities to integrate the assessment of emerging risks into the supervisory review process.

Furthermore, specific references have been made to the supervision of IT risks, Supervisory Technology (SupTech), and sustainability risks.

All in all, the amendments to the guidelines on supervisory review process aim to bridge the gap between the original framework and the evolution of supervisory practices, ensuring that the Guidelines continue to serve their intended purpose effectively.

Although these changes do not directly apply to the insurance industry, they are expected to improve predictability in their interactions with the supervisory authorities.

By confirming its commitment to achieve regulatory simplification, EIOPA limited the amendments to what it is strictly necessary to support the implementation of Solvency II and to promote a common approach and convergence of practices across Europe.

The revised Guidelines in this final report keep their initial numbering. The revised Guidelines will be renumbered sequentially in the consolidated version that will be published on EIOPA's website.

To learn more: [https://www.eiopa.europa.eu/document/download/d1ef2dd1-043d-4c0c-8e49-498cbcf8973c\\_en?filename=EIOPA-BoS-25-660\\_Final%20Report%20on%20revised%20Guidelines%20on%20SRP.pdf](https://www.eiopa.europa.eu/document/download/d1ef2dd1-043d-4c0c-8e49-498cbcf8973c_en?filename=EIOPA-BoS-25-660_Final%20Report%20on%20revised%20Guidelines%20on%20SRP.pdf)

European Insurance and Occupational Pensions Authority (EIOPA), consultation on potential inefficiencies, overlaps and inconsistencies in regulatory reporting and disclosure requirements, as well as on possible solutions to address them.



As part of the amended Solvency II Directive, EIOPA has been mandated to produce a report on potential measures for an integrated data collection system for Europe's insurance and pensions sectors that would reduce duplications and inconsistencies, improve data standardisation and data sharing, and reduce compliance costs.

These objectives align with EIOPA's past and ongoing efforts to reduce administrative burdens for supervisors and undertakings, and reflect its recognition of well-structured, reusable data as a strategic asset in EIOPA's 2030 Strategy.

The Discussion Paper published today provides an overview of the current reporting landscape for insurers and institutions for occupational retirement provision (IORPs) and examines potential ways to streamline and harmonize reporting requirements.

It notes that while Europe's insurance sector has a mature, well-harmonized and deeply integrated reporting system, data collection for IORPs remains fragmented.

## EXECUTIVE SUMMARY

This Discussion Paper marks the first public step in EIOPA's effort to deliver a final report to the European Commission under Article 35(12) of the revised Solvency II Directive.

The paper aims to initiate a discussion with – and collect feedback from – stakeholders to identify causes and solutions to address potential inefficiencies, overlaps, and inconsistencies in regulatory reporting and disclosure requirements.

The current regulatory reporting landscape for insurance and IORPs entities is characterized by a range of requirements and formats, with various initiatives underway to promote greater efficiency and harmonization.

While the insurance sector has a well-harmonized reporting system based on Solvency II, IORPs reporting is more fragmented. Special attention is given to the collection of derivatives and fund look-through data, including the potential for simplification and harmonization of reporting requirements for Collective Investment Undertakings (CIUs).

The possibilities for utilizing existing data sources, such as EMIR, to reduce reporting requirements are also explored. Potential areas for improvement

include aligning concepts and standards, reusing and exchanging collected information, and modernizing IT systems to support automated reporting practices.

The reporting chain and associated costs are briefly described, providing insight into the technical and operational aspects of reporting, including data collection, processing, and submission.

Combining data from datasets exchanged among supervisory authorities can reduce duplication by enabling access to already reported information, but it requires careful governance that addresses the need for security, confidentiality, interoperability, and legal restrictions.

EIOPA invites stakeholders to provide input and feedback on this Discussion Paper to inform the development of its final report.

**Most relevant terminology used in the questionnaire from the legal mandate wording**

**Overlaps on Requirements:** data elements or datasets that are redundantly reported across multiple reporting streams or obligations.

**Inconsistencies on Requirements:** data elements or datasets that are using identical or highly similar terminology yet carry divergent meanings or contradictory requirements.

**Gaps on Requirements:** data elements or datasets that are not presently mandated or collected yet considered essential.

**Potential improvements on the reporting processes:** regulatory requirements regarding the process of the information, such as: reporting formats, data standardization, reporting once principle, better data sharing, models consistency etc.

To learn more: [https://www.eiopa.europa.eu/eiopa-seeks-stakeholder-input-further-improve-data-collection-insurers-and-pension-funds-2026-03-13\\_en](https://www.eiopa.europa.eu/eiopa-seeks-stakeholder-input-further-improve-data-collection-insurers-and-pension-funds-2026-03-13_en)

## Bank of England

### *1: Overview*

1.1 Prudential Regulation Authority (PRA) authorised persons that participate in the securitisation market are subject to prudential requirements which relate to capital and liquidity, and general requirements which relate to conduct risks from securitisations. The PRA has recently published reforms to make the prudential requirements more proportionate in policy statement (PS) 3/26 – Restatement of CRR requirements – 2027 implementation – final. It has also received feedback from firms, in response to recent securitisation related consultations, that some of the existing general requirements are highly prescriptive and burdensome.

1.2 This consultation paper (CP) sets out the PRA's proposed rules and expectations for PRA-authorized firms participating in securitisations. The proposals mainly relate to the securitisation general (or conduct) requirements, although certain proposals relate to securitisation capital requirements for Capital Requirements Regulation (CRR) firms.

1.3 The proposals aim to make the existing requirements more proportionate and less prescriptive, while still supporting the PRA's primary objective of maintaining appropriate prudential and general safeguards. The PRA considers that the proposals would facilitate its secondary objectives by lowering compliance costs and aligning securitisation capital requirements with the economic substance which may, over time, enable greater competition and facilitate international competitiveness and growth.

### *Background*

1.4 Securitisation is widely regarded as a contributing factor to the Global Financial Crisis ('GFC') of 2007-08. This included concerns around: misaligned incentives between manufacturers and investors; poor due diligence by investors; the prevalence of complex securitisation structures; and insufficient capital requirements. In order to address the key risks observed prior to the GFC, such as the opacity of certain securitisation structures, the European Union (EU) developed prescriptive conduct regulation known as the Securitisation Regulation. This regulation was specific to securitisation participants and generally went beyond that required by international standards.

1.5 The aim of the EU's regulation was to ensure that: originators followed sound credit underwriting standards; manufacturers retained a material economic interest to ensure alignment of incentives and made appropriate disclosures; and investors performed appropriate due diligence. Furthermore, this regulation generally banned resecuritisations, while defining simple securitisations which are then eligible to benefit from preferential prudential treatment. These requirements were subsequently onshored into UK law and, with some changes, into the PRA Rulebook and the FCA Handbook. These requirements are what the PRA now refers to as the securitisation general requirements.

1.6 The general requirements have been in force since 2019. The industry has fed back that requirements in some cases have created a substantial administrative burden for firms and investors, in return for minimal benefit for safety and soundness. The PRA has considered this feedback and reflected on its own supervisory experience in relation to these requirements. In the PRA's view, the desired policy outcome of the general requirements can be achieved through a more targeted, less prescriptive set of requirements as proposed in this CP.

1.7 Overall the PRA has sought to achieve an appropriate balance between maintaining safety and soundness and facilitating competition, competitiveness and growth within the market. However, the PRA notes that securitisation is a relatively complex activity, where financial innovation can lead to the emergence of new risks, particularly following such regulatory change. The PRA will continue to monitor market developments, and it would seek to take appropriate action if significant risks to its objectives were to emerge.

To learn more: <https://www.bankofengland.co.uk/prudential-regulation/publication/2026/february/reforms-to-securitisation-requirements-consultation-paper>

## Preparing for geoeconomic fragmentation

Christine Lagarde, President of the ECB, at a roundtable discussion on “Chain Reaction: Navigating Geoeconomic Shifts and Dependencies” at the Munich Security Conference



It is a mark of how much our world has changed that a central banker speaks at the Munich Security Conference on supply chains.

A decade ago, this would have seemed like a category error. Today, everyone in this room recognises that trade is as much a security issue as an economic one.

Economic interdependence has deepened substantially in recent decades, creating intricate webs of cross-border trade flows. Where this was once seen as a source of stability, it is now a source of vulnerability: to global disruptions like the pandemic and to deliberate weaponisation of dependencies.

Eurosystem staff have mapped products that are hard to diversify and difficult to substitute – and we can stress test the implications of suddenly cutting off supply.

Our analysis suggests that a sudden 50% drop in supply from geopolitically distant suppliers would reduce manufacturing value added by 2-3% – with the impact concentrated in electrical equipment, chemicals and electronics.

This shift matters profoundly for Europe. We are the most open of the major economies. Now we must make the transition to strategic autonomy.

But what does that actually mean?

We hear many terms – reshoring, friendshoring, coalitions of the willing – but they distill into three distinct strategies:

- Independence: rebuilding supply chains at home in critical technologies and inputs to reduce dependence.
- Indispensability: building strengths in critical “indispensable” areas of those supply chains.
- Diversification: spreading supply chains across partners so that no single disruption can paralyse our economy.

Each strategy is legitimate. But they are not the same – and without clarity, they can work at cross purposes.

If we pursue independence in sectors where we are lagging far behind, we risk imposing costs that erode competitiveness downstream.

For example, pursuing full autonomy in chip making could produce what one study calls "hollow champions" – firms unable to compete globally, supplying substandard technology to industries that are themselves strategic.

Yet relying solely on trade – even within alliances – also carries risks. Trusted partners do not always remain so.

In some critical sectors, we need to build domestic capacity, even when it is temporarily more expensive. In 2023, the US conducted 114 orbital launches. Europe conducted three.

Broad-brush strategies will not work. They may create unnecessary costs or miss real chokepoints. We need a targeted approach: understanding our strengths and weaknesses at a granular level, and evaluating costs and benefits.

What does this mean from the ECB's perspective? Let me focus on one key initiative.

The ECB needs to be prepared for a more volatile environment. As industrial policy becomes more assertive, geopolitical tensions rise and supply chains are disrupted, financial market stress is likely to become more frequent.

We must avoid a situation where that stress triggers fire sales of euro-denominated securities in global funding markets, which could hamper the transmission of our monetary policy. And this means we have to give partners who want to transact in euros the confidence that euro liquidity will be available if they need it.

That is why, last week, the Governing Council decided to expand our EUREP facility – our standing facility that offers euro liquidity against high-quality collateral.

This expanded facility provides permanence: central banks outside the euro area can now rely on continuous access to liquidity in euros, not just temporary lines.

It extends scope: we move from a regional to a global perimeter. Any central bank that meets basic criteria can request access, with flexibility on usage.

And it ensures agility: access is granted by default unless there is a reason to restrict it, speeding up the provision of liquidity.

This facility also reinforces the role of the euro. The availability of a lender of last resort for central banks worldwide boosts confidence to invest, borrow and trade in euros, knowing that access will be there during market disruptions.

In a world where supply chain dependencies have become security vulnerabilities, Europe must be a source of stability – for ourselves and for our partners.

That, too, is part of European security. And that is how the ECB plays its part.

To learn more:

<https://www.ecb.europa.eu/press/key/date/2026/html/ecb.sp260214~8944ba0fee.en.html>

## EDPB Work Programme 2026–2027



The European Data Protection Board (EDPB) is an independent European body established by the General Data Protection Regulation (GDPR).

The EDPB has the following main tasks:

- Issuing opinions, guidelines, recommendations and best practices to promote a common understanding of the GDPR and the Law Enforcement Directive (LED);
- Advising the European Commission on any issue related to the protection of personal data in the Union;
- Contributing to the consistent application of the GDPR, particularly in cross-border data protection cases; and
- Promoting cooperation and the effective exchange of information and best practices between national supervisory authorities.

The EDPB has developed a new work programme for 2026-2027, the second to implement the EDPB Strategy for 2024-2027. The Work Programme is based on the priorities set out in the EDPB Strategy, and the needs identified by the members as most important for stakeholders.

The current work programme also takes into account the commitments made by the EDPB in its Helsinki Statement on enhanced clarity, support and engagement, including on the intention to strengthen dialogue with stakeholders and facilitate compliance.

- 1 **Developing further guidance on key issues and concepts of EU data protection law,** taking into account the practical experience of stakeholders as gathered through stakeholder events and consultation. This guidance will cover a number of topics, including:
  - Guidelines on anonymisation
  - Guidelines on pseudonymisation\*
  - Guidelines on legitimate interest\*
  - Guidelines on children’s data
  - Guidelines on “consent or pay” models
  - Guidelines on the processing of data for scientific research purposes
  - Guidelines on data subject rights under the LED – right of access
  - Targeted update of the DPO Guidelines
  - Recommendations on the legal basis for requiring the creation of user accounts on e-commerce websites\*
  - Possible follow-up on the implications of the Judgment of the Court of Justice of the European Union (CJEU) on Passenger Names Records (PNR)<sup>4</sup>

## Pillar III

### Safeguarding data protection in the developing digital and cross-regulatory landscape



The EDPB will promote consistent application of different regulatory frameworks and cooperation with other regulatory authorities to address legal and practical challenges in the developing cross-regulatory and interdisciplinary landscape, while maintaining coherent and consistent safeguards for the protection of personal data. The EDPB will also continue to promote a human-centric approach to new technologies.



To learn more: [https://www.edpb.europa.eu/system/files/2026-02/edpb\\_work-programme\\_2026-2027\\_en.pdf](https://www.edpb.europa.eu/system/files/2026-02/edpb_work-programme_2026-2027_en.pdf)

## The ENISA Cybersecurity Exercise Methodology

### End-to-end guide on how to plan, run and evaluate an exercise



In today's digital landscape, organisations face increasing cyber threats. Cybersecurity exercises are essential for preparing, testing and enhancing team and system capabilities to respond to these threats. A well-structured cybersecurity exercise methodology ensures a comprehensive approach to simulation and training, building resilience and agility in mitigating cyber risks.

#### *What is the ENISA Cybersecurity Exercise Methodology?*

The methodology offers an end-to-end theoretical framework for planning, running and evaluating cybersecurity exercises. It ensures the right profiles and stakeholders are involved at the right time.

The methodology provides theoretical material based on lessons identified, industry best practices and cybersecurity expertise, and is designed to be used alongside a support toolkit, including a set of templates and guiding material to empower planners to organise effective exercises.



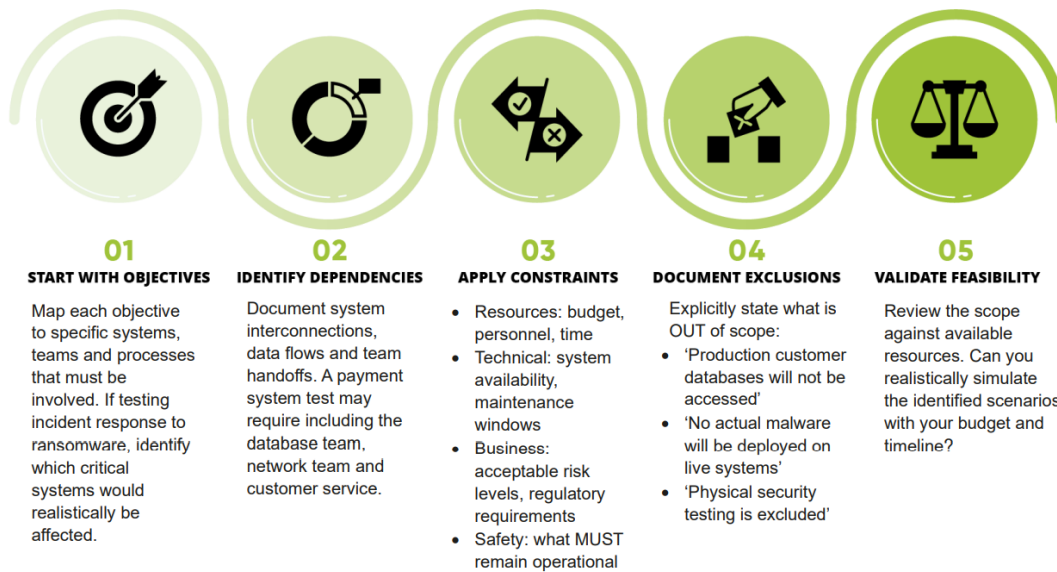
#### *Who is the methodology for?*

The methodology is designed for any cybersecurity professional, organisation or government who wishes to:

- Learn about organising and planning a cybersecurity exercise;
- Assess their current cyberattack response capabilities;
- Convince management of the importance of organising cybersecurity exercises;
- Test skills, response to and resilience against cyber threats, and compliance with legal and regulatory requirements.

Developed and used for EU-level crisis management exercises, the methodology's current focus is ideal for planners organising national or sector-level exercises.

	Exercise Plan Outlines the details of the cybersecurity exercise, serving as a blueprint for its execution	Evaluation Plan Includes all the necessary information for planners to proceed with the evaluation of an exercise	Master Scenario and Event List Outlines the sequence of events and injects that drive the exercise, ensuring a structured and realistic simulation of cyber incidents	After Action Report Documents the outcomes of the exercise, ensuring that insights are captured, leading to continuous improvement	Communications Plan
<b>INITIATION</b>	25% Purpose, exercise type, setup, logistics				
<b>DESIGN</b>	100% Scenario, players	50% Objectives, capabilities			25% Stakeholder mapping and engagement
<b>PREPARATION</b>	100% Basis for master scenario event list	100% Evaluation methods and tools, data collection criteria	100% Scenario, events, incidents, injects		50% Players' preparation
<b>EXECUTION</b>					75% External communications, debriefings
<b>EVALUATION</b>				100% Findings and lessons identified	
<b>MOVING FORWARD</b>					100% Dissemination



To learn more: <https://www.enisa.europa.eu/sites/default/files/2026-02/The%20ENISA%20Cybersecurity%20Exercise%20Methodology.pdf>

## Turning size into scale: Europe's new growth model

Acceptance speech by Christine Lagarde, President of the ECB, for the 2026 Paul A. Volcker Lifetime Achievement Award at the 42nd Annual NABE Economic Policy Conference in Washington DC, United States



There is perhaps no greater question in political philosophy than whether history is shaped by individuals or by the forces that carry them. Tolstoy devoted the philosophical heart of War and Peace to this question.

His answer was uncompromising: the so-called great men of history were not its authors but its instruments.

This is a powerful thesis. But in the history of economic institutions, the evidence points both ways. Institutions are shaped by the laws they are built upon and the mandates they are given. But they are also shaped, sometimes decisively, by the people who serve them.

Perhaps nowhere is this clearer than in the story of Paul Volcker, whom this lecture honours.

What Volcker did in the early 1980s went beyond taming inflation. He transformed the character of the Federal Reserve System. Before he came along, the Fed's independence had been established in principle by the US Treasury-Federal Reserve Accord in 1951, but it had not always been defended with equal vigour.

Arthur Burns had given a lecture on what he called "the anguish of central banking" – an argument, in essence, on why central banks could not be expected to control inflation against the weight of political pressure.

Volcker offered no such apology. He raised rates to levels that induced the deepest recession since the 1930s and came under sustained political attack.

His act of personal conviction changed the trajectory of central banking not only in the United States, but worldwide. It is the same tradition that Jay Powell has upheld with such resolve.

Their efforts serve as an important reminder that, while we need legal frameworks to ensure central bank independence, frameworks alone are never enough.

Laws can be rewritten, mandates reinterpreted, institutional norms hollowed out. Independence ultimately has to live in the culture and conviction of the people

who serve these institutions – because sooner or later, the legal limits will be tested.

### *European models of decision-making*

Europe, of course, has been accused of lacking precisely this kind of decisiveness. US Treasury Secretary Bessent captured the sentiment recently with his quip about “the dreaded European working group”. It is a familiar charge, and not always an unfair one.

Too often, Europe has allowed itself to become entangled in its own procedures. Progress has been blocked by the need for unanimity, slowed by the impulse to harmonise every detail across 27 countries, and frustrated by an instinct to regulate before we innovate. These are real problems, and Europeans know it.

Some of this is the inevitable result of how the EU has been built. It was conceived to require compromise, diffuse authority and ensure that no single country could impose its will on the others. That was a deliberate choice, born of a continent where the unchecked power of individual states had too often led to catastrophe.

But the idea that this structure condemns us to inaction is wrong. And the clearest evidence of this is the institution I represent.

With 27 members, the ECB’s Governing Council is by far the largest monetary policy committee among the major central banks. The Federal Reserve has 12 voting members. The Bank of England and the Bank of Japan each have nine.

One might expect a structure of this size to result in inertia. In practice, it gives us distinctive strengths.

First, it makes us harder to influence.

A decision forged on the basis of 27 informed perspectives is harder to reach, but it is also far more difficult for any single government to influence or reverse under pressure. In that sense, our very structure reinforces our independence.

Second, our diversity is an asset in times of high uncertainty.

Each member of the Governing Council brings a different assessment of how the economy is evolving, how monetary policy is transmitting and where the risks lie. Taken together, these perspectives form a natural distribution around the central forecast, mapping the uncertainty in a way no single decision-maker can.

When you are confronted with a pandemic, an energy crisis, a war and a reconfiguration of global trade within the space of a few years, that diversity becomes a form of institutional insurance.

Third, none of this comes at the cost of speed.

When the pandemic struck, we designed and launched a €750 billion emergency asset purchase programme within days. When inflation surged, we raised rates by 450 basis points in a little over a year, the fastest tightening cycle in the ECB's history. We then cut them again by 200 basis points as inflation stabilised at our medium-term target.

Of course, monetary policy is a special domain. We have a clear mandate to guide our decisions, whereas lawmakers face more competing objectives. But the wider EU has also shown it can act when confronted with urgent crises.

Our monetary response during the pandemic, for example, was made far more effective by the decision of EU leaders to create the Next Generation EU programme, a €750 billion common fiscal instrument agreed within months and financed through joint borrowing. This kind of programme would have been unthinkable just a year earlier.

The question today is whether Europe can act not only under the pressure of crisis, but also on the structural issues that determine long-term growth.

The argument that Europe is incapable of this kind of change – that our procedures condemn us to stagnation – is being tested against the evidence. And the evidence is starting to tell a different story in three key areas.

To learn more:

<https://www.ecb.europa.eu/press/key/date/2026/html/ecb.sp260223~4c2aa74452.en.html>

## Global giants in the AI supply chain

BIS Bulletin No 122



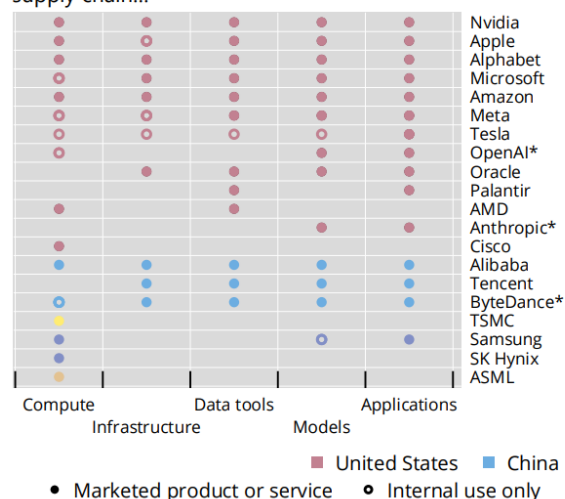
### Key takeaways

- Globally, the largest artificial intelligence (AI) firms are based in the United States, China, Chinese Taipei, Korea and the Netherlands.
- These global AI giants account for an increasing share of total market capitalisation, capital expenditure and revenues in their respective jurisdictions.
- For many AI giants – and particularly those from the United States and China – scope and scale go together as they expand the breadth of their activities into multiple layers in the AI supply chain.

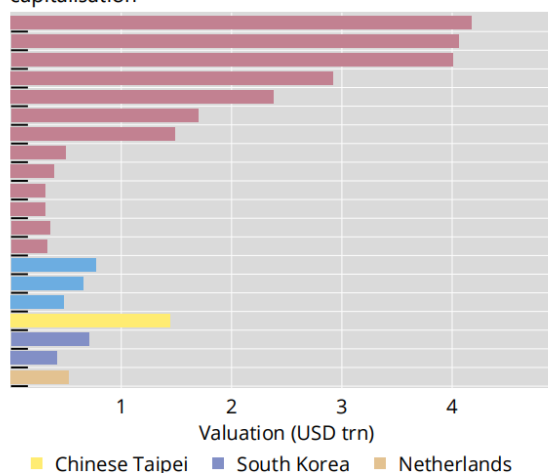
At the top of the AI market, scope and scale go together<sup>1</sup>

Graph 1

A. Some AI firms are active across all five layers of the AI supply chain...



B. ...and these same firms have very high market capitalisation



<sup>1</sup> Valuations are in USD and rounded. Jurisdiction in the legend refers to headquarters location. If a firm both sells and uses a capability internally, it is coded as marketed. Valuations are whole-firm and are not allocated across layers. \* = privately held firm.

Sources: PitchBook (public market capitalisations, private company valuations); authors' coding of supply chain roles from publicly available information on firm products and services.

The promise of artificial intelligence (AI) hinges on the firms that build, operate and provide AI products and services. But AI is not provided through a single market. It rests on a supply chain made up of at least five layers: computing power (“compute”), infrastructure, data tools, models and applications (Gambacorta and Shreeti (2025)).

Building the layers requires large upfront investment, but unit costs can fall as the scale grows. The economics of AI can also reward integration across different layers, as costs can fall when firms operate in different markets and benefit from complementarities.

Taken together, these economies of scale and scope can favour the emergence of large AI firms. Even among the largest AI firms globally, only a few have combined the resources to invest heavily and the breadth to operate across multiple layers of the supply chain.

As AI use diffuses across sectors, these firms are gaining macroeconomic heft in the global economy.

In the last two decades, they have been steadily investing and spending more on research and development (R&D) and, recently, on data centres and information technology (IT) manufacturing (Aldasoro et al (2026)).

They are now in a position to set the pace of aggregate investment, the direction of R&D, the terms on which others access critical inputs and the direction of innovation. When giants move, the ground can move with them.

In this way, the decisions of a handful of AI firms can have a significant impact on a range of macroeconomic outcomes.

To learn more: <https://www.bis.org/publ/bisbull122.pdf>

## ESMA reminds firms of their obligations under CFD product intervention measures amid rising offerings of perpetual futures



The European Securities and Markets Authority (ESMA), the EU’s financial markets regulator and supervisor, has issued a statement reminding firms of their obligation to assess whether newly offered products fall within the scope of existing product intervention measures on contracts for differences (CFDs).

The statement responds to the increased offering of derivatives, often marketed as perpetual futures or perpetual contracts, that provide leveraged exposure to underlying values, including crypto-assets such as Bitcoin. These financial instruments are likely to fall within the scope of the existing national product intervention measures on CFDs adopted by national competent authorities.

Where these derivatives meet the definition of a CFD, they are subject to the applicable product intervention requirements, including leverage limits, a mandatory risk warning, a margin close-out and negative balance protection, and the prohibition of monetary and non-monetary benefits.

The statement also reminds firms that:

- given their complexity, derivatives require a narrow target market, supported by an aligned distribution strategy
- when providing non-advised services, an appropriateness assessment must be carried out in accordance with the relevant requirements for complex financial instruments; and
- firms should take appropriate steps to identify, prevent, or manage conflicts of interest that may arise from the offering of these products.

To learn more: <https://www.esma.europa.eu/press-news/esma-news/esma-reminds-firms-their-obligations-under-cfd-product-intervention-measures>

## AI-generated imagery and protection of privacy: EDPB supports joint Global Privacy Assembly's statement



EDPB Chair Anu Talus has signed a Joint Statement on AI-Generated Imagery and the Protection of Privacy on behalf of the EDPB. The statement, coordinated by the Global Privacy Assembly's (GPA) International Enforcement Cooperation Working Group (IEWG), represents the united position of 61 authorities across the world. This reflects the Board's commitment to contributing to the global dialogue on data protection as outlined in the fourth pillar of its work programme 2026-2027.

### Expectations for Organisations

The co-signatories remind all organisations developing and using AI content generation systems that such systems must be developed and used in accordance with applicable legal frameworks, including data protection and privacy rules.

We also highlight that the creation of non-consensual intimate imagery can constitute a criminal offence in many jurisdictions.

Whilst specific legal requirements vary by jurisdiction, fundamental principles should guide all organisations developing and using AI content generation systems, including:

- **Implement robust safeguards** to prevent the misuse of personal information and generation of non-consensual intimate imagery and other harmful materials, particularly where children are depicted.
- **Ensure meaningful transparency** about AI system capabilities, safeguards, acceptable uses and the consequences of misuse.
- **Provide effective and accessible mechanisms** for individuals to request the removal of harmful content involving personal information and respond rapidly to such requests.
- **Address specific risks to children** through implementing enhanced safeguards and providing clear, age-appropriate information to children, parents, guardians and educators.

The statement addresses serious concerns about AI systems that generate realistic images and videos depicting identifiable individuals without their knowledge or consent.

Whilst AI has the potential to bring numerous benefits for individuals and society, recent developments - particularly AI image and video generation integrated into widely accessible social media platforms - have enabled the creation of non-consensual intimate imagery, defamatory depictions, and other harmful content featuring real individuals.

The co-signatories are especially concerned about potential harms to children and other vulnerable groups, such as cyber-bullying and/or exploitation.

### *Expectations for organisations*

The co-signatories remind organisations developing and using AI content generation systems that these systems must be developed and used in compliance with applicable legal frameworks, including data protection and privacy rules.

Although specific legal requirements vary by jurisdiction, fundamental principles should guide all organisations developing and using AI content generation systems. These principles include:

1. implementing robust safeguards,
2. ensuring meaningful transparency,
3. providing effective and accessible mechanisms to protect individuals, and
4. addressing specific risks to children.

### *Joining forces to address a global risk*

The harms arising from the non-consensual generation of intimate, defamatory, or otherwise harmful content depicting real individuals are significant and warrant urgent regulatory attention. The co-signatories are committed to addressing this global risk and will join efforts. To achieve this, the co-signatories aim to share information on their approaches to addressing these concerns.

Finally, the co-signatories call on organisations to engage proactively with regulators, implement robust safeguards from the outset, and ensure that technological advancements do not come at the expense of privacy, dignity, safety, and other fundamental rights - particularly for the most vulnerable members of our global society.

To learn more: [https://www.edpb.europa.eu/news/news/2026/ai-generated-imagery-and-protection-privacy-edpb-supports-joint-global-privacy\\_en](https://www.edpb.europa.eu/news/news/2026/ai-generated-imagery-and-protection-privacy-edpb-supports-joint-global-privacy_en)

## Digitalisation and Money Laundering, Terrorist Financing and Proliferation Financing Risks

Financial Action Task Force (FATF)



The Financial Action Task Force (FATF) has published a paper examining the evolving threat of cyber-enabled fraud and how jurisdictions can harness the FATF Standards to combat it.

Cyber-enabled fraud is now one of the most widespread and damaging profit-motivated forms of crime, generating large volumes of illicit proceeds through the exploitation of victims around the world.

The paper highlights that in the United Kingdom, fraud now accounts for more than 40% of all crimes, and in Singapore alone, the number of cyber-enabled fraud (scam) cases has increased 61% in two years. 156 jurisdictions, or 90% of the jurisdictions assessed by the FATF, have identified fraud as a major money laundering risk.

In response to this, the new paper, *Cyber-Enabled Fraud – Digitalisation and Money Laundering, Terrorist Financing and Proliferation Financing Risks*, outlines the latest emerging risks related to technological innovation and fraud.

The paper builds on the FATF's previous work on the topic, and highlights how countries can use anti-money laundering and counter-terrorist financing tools to prevent money from reaching fraudsters' hands and recover it when it does.

FATF President, Elisa de Anda Madrazo said: "As fraudsters continue to adapt and accelerate their scams, we need to keep pace to safeguard people's money and protect victims from the effects of damaging losses. It is vital that countries make use of the expansive FATF toolkit to stop fraudsters preying on vulnerable people around the world."

With fraudsters using a wide range of methods, including phishing emails, AI-enabled deepfakes, and messaging applications, the paper highlights the importance of stronger implementation of global standards to tackle fraud, including through international cooperation and asset recovery, sharing information quickly with national and international partners, and continuing to adapt to the dynamic cyber-enabled fraud risk environment and intensifying international resolve and action to address the issue.



The paper looks at how the FATF Standards can be leveraged to tackle fraud, including through:

- Payment transparency - increasing traceability of fraud proceeds (i.e. through “confirmation of payee” mechanisms) to limit anonymous funds movements.
- Asset recovery - the revised FATF Standards require payment -suspension or freezing tools, non-convictions-based confiscation and faster international cooperation.
- Regulation of Virtual Assets - Closing gaps and differences in jurisdictions’ implementation of the FATF Standards to reduce misuse of virtual assets for cyber-enabled fraud.
- Unmasking Beneficial Ownership (BO) - Professionalised fraud actors use shell companies to hide criminal proceeds and property. Revised FATF standards on beneficial ownership require countries to take a risk-based and multi-pronged approach to collecting and using BO information for legal persons and arrangements.
- Domestic and international partnerships – national anti-fraud centres share many of the attributes, powers and constituents of national AML co-ordination centres/regimes. Effective inter-agency cooperation across borders can significantly enhance the detection, disruption, and investigation of transnational fraud and scam networks.
- Employing advanced technology - Some financial intelligence units (FIUs) and banks have deployed machine learning models on transaction datasets to detect anomalies associated with fraud and other forms of financial crime. Others have built risk-scoring systems for payments.

As the threat of fraud continues to grow in scale and scope, the FATF has committed to focusing on fraud over the next few years. This includes through

continuing to analyse emerging developments, such as the rise of scam centres and the proliferation of these compounds across the world and identifying measures to strengthen countries' abilities to respond to the fraud epidemic by mobilising the FATF toolkit.

Next month, the FATF will be participating in the Global Fraud Summit in Vienna organised by Interpol and the UN Office on Drugs and Crime (UNODC), where it will emphasise the need for coordinated global action and highlight measures to enhance countries' operational capabilities to prevent, detect and recover fraud proceeds.

To learn more: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Cyber-Enabled-Fraud%E2%80%93Digitalisation-and-ML-TF-PF-Risks.pdf.coredownload.inline.pdf>

**Directive (EU) 2024/927 (AIFMD II)**  
**Member State transposition deadline: 16 April 2026.**



Directive (EU) 2024/927 (AIFMD II) was adopted 13 March 2024, published in the Official Journal 26 March 2024, and entered into force 15 April 2024.

Member State transposition deadline: **16 April 2026.**

*Article 3*

**Transposition**

1. Member States shall adopt and publish, by 16 April 2026, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall immediately communicate the text of those measures to the Commission.

They shall apply those measures from 16 April 2026, with the exception of the measures transposing Article 1(12), and those transposing Article 2(7) with regard to Article 20a of Directive 2009/65/EC, which they shall apply from 16 April 2027.

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main measures of national law which they adopt in the field covered by this Directive.

**ANNEX II**

**ANNEX V - LIQUIDITY MANAGEMENT TOOLS AVAILABLE TO AIFMs  
 MANAGING OPEN-ENDED AIFs**

1. Suspension of subscriptions, repurchases and redemptions: suspension of subscriptions, repurchases and redemptions means temporarily disallowing the subscription, repurchase and redemption of the fund's units or shares.
2. Redemption gate: a redemption gate means a temporary and partial restriction of the right of unit-holders or shareholders to redeem their units or shares, so that investors can only redeem a certain portion of their units or shares.
3. Extension of notice periods: the extension of notice periods means extending the period of notice that unit-holders or shareholders must give to fund managers, beyond a minimum period which is appropriate to the fund, when redeeming their units or shares.
4. Redemption fee: redemption fee means a fee, within a predetermined range that takes account of the cost of liquidity, that is paid to the fund by unit-holders or shareholders when redeeming units or shares, and that ensures that unit-holders or shareholders who remain in the fund are not unfairly disadvantaged.
5. Swing pricing: swing pricing means a pre-determined mechanism by which the net asset value of the units or shares of an investment fund is adjusted by the application of a factor ("swing factor") that reflects the cost of liquidity.
6. Dual pricing: dual pricing means a pre-determined mechanism by which the subscription, repurchase and redemption prices of the units or shares of an

investment fund are set by adjusting the net asset value per unit or share by a factor that reflects the cost of liquidity.

7. **Anti-dilution levy:** anti-dilution levy means a fee that is paid to the fund by a unit-holder or shareholder at the time of a subscription, repurchase or redemption of units or shares, that compensates the fund for the cost of liquidity incurred because of the size of that transaction, and that ensures that other unit-holders or shareholders are not unfairly disadvantaged.

8. **Redemption in kind:** redemption in kind means transferring assets held by the fund, instead of cash, to meet redemption requests of unit-holders or shareholders.

9. **Side pockets:** side pockets means separating certain assets, whose economic or legal features have changed significantly or become uncertain due to exceptional circumstances, from the other assets of the fund.

(30) To enable AIFMs of open-ended AIFs established in any Member State to deal with redemption pressures under stressed market conditions, AIFMs should be required to select and include in the AIF rules or instruments of incorporation **at least two liquidity management tools from the harmonised list set out in Annex V, points 2 to 8, to Directive 2011/61/EU**. By way of derogation, where an AIFM manages an AIF that is authorised as a money market fund in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council <sup>(20)</sup>, the AIFM should be able to decide to select only one liquidity management tool from that list. Those liquidity management tools should be appropriate to the investment strategy, the liquidity profile and the redemption policy of the AIF. AIFMs should activate such liquidity management tools where necessary to safeguard the interests of the AIF's investors. In addition, AIFMs of open-ended AIFs should always have the possibility of temporarily suspending subscriptions, repurchases and redemptions or of activating side pockets, in exceptional circumstances and where justified having regard to the interests of the AIF's investors. Where an AIFM takes a decision to suspend subscriptions, repurchases and redemptions, it should without undue delay notify the competent authorities of its home Member State. Where an AIFM decides to activate or deactivate side pockets, it should notify the competent authorities of its home Member State within a reasonable timeframe prior to the activation or deactivation of that liquidity management tool. An AIFM should also notify the competent authorities of its home Member State where it activates or deactivates any other liquidity management tool in a manner that is not in the ordinary course of business as envisaged in the AIF rules or instruments of incorporation. That would allow supervisory authorities to better handle potential spill-overs of liquidity tensions into the wider market.

To learn more: <https://eur-lex.europa.eu/eli/dir/2024/927/oj/eng>

## Eurosystem Unveils Appia Roadmap for Europe's Tokenised Finance



- Appia will shape development of European tokenised financial ecosystem
- Central bank money to remain anchor of financial system amid digital transformation
- Appia sets out Eurosystem objectives and approach, expected to conclude in 2028

The Eurosystem published the roadmap for Appia, a strategic initiative to shape the development of a European tokenised financial ecosystem in which central bank money continues to play a central role. It will bring together the Eurosystem as well as public and private sector stakeholders, with the aim of building integrated, innovative and resilient tokenised wholesale financial markets in Europe.

“With Appia, we are building a road from today’s financial system to tomorrow’s tokenised markets, firmly grounded in central bank money,” said Piero Cipollone, member of the ECB’s Executive Board.

Tokenisation is the process of issuing or representing assets in the form of digital “tokens”, typically recorded on Distributed Ledger Technology (DLT) networks. For wholesale financial markets, tokenisation and DLT have the potential to improve efficiency by allowing multiple steps of an asset’s lifecycle – from issuance and trading to settlement, custody and servicing – to be bundled on a single platform. Moreover, tokenisation allows the deployment of smart contracts that enable a large range of innovative solutions.

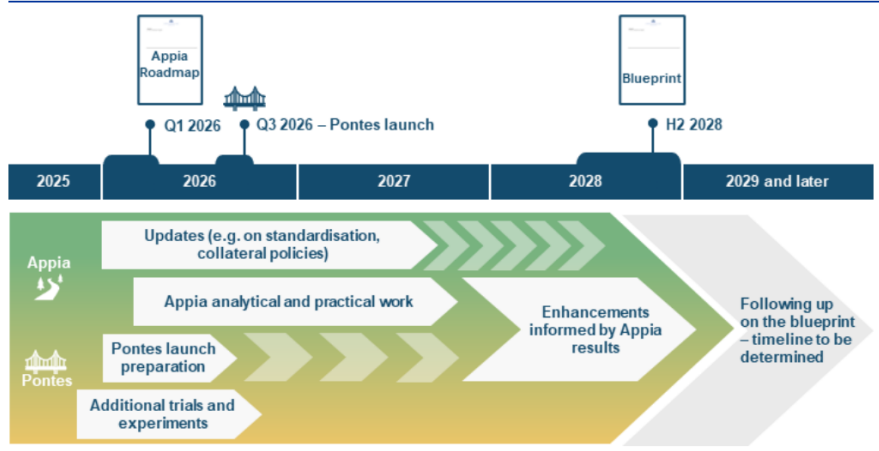
The Eurosystem’s strategy for providing tokenised wholesale central bank money rests on two complementary initiatives: Pontes and Appia. Pontes is the Eurosystem’s DLT solution that will be launched in the third quarter of 2026 to enable central bank money settlement for DLT-based transactions. Appia has a broader, longer-term perspective and will involve close cooperation with the market to explore how a wholesale financial ecosystem based on tokenisation and DLT could be designed.

The Eurosystem plans to crystallise its vision for this ecosystem in a blueprint to be published in 2028. In the meantime, the work under the Appia roadmap will inform and shape the delivery of tokenised market infrastructures and services both by the market and by the Eurosystem’s own Pontes offering, as it is gradually enhanced.

By preserving the role of central bank money as the anchor of the monetary system through Appia, the Eurosystem aims to ensure that monetary policy implementation remains effective, and that financial stability and the smooth functioning of payment systems are safeguarded. The initiative seeks to foster a more integrated, competitive and innovative European payments and securities

environment, strengthening Europe’s strategic autonomy and resilience, and ensuring the euro’s continued relevance as an international currency.

#### High-level timeline for Pontes and Appia



It will be developed in close cooperation with market participants, public sector bodies and academia. The Eurosystem invites feedback from stakeholders and expressions of interest in contributing to the forthcoming analytical and practical work. A feedback questionnaire is published alongside the Appia roadmap.

Appia builds on the Eurosystem’s 2024 exploratory work on new technologies for wholesale central bank money settlement and marks a key step in translating experimentation into a concrete long-term strategy.

Appia will investigate different configurations for DLT networks that could serve as basic infrastructures for wholesale financial services. Shared infrastructures based on common standards could help reduce fragmentation, lower barriers to entry and support competition and innovation across Europe’s financial markets.

The analysis will consider technological, market-driven and broader economic and geopolitical factors, including the trade-offs between single shared networks and multiple interconnected networks. Ensuring common standards and European governance will be a key objective.

To learn more:

<https://www.ecb.europa.eu/press/pr/date/2026/html/ecb.pr260311~14ddf51a77.en.html>

Roadmap: <https://www.ecb.europa.eu/press/payments-news/ecb.pubconpm202603.en.html>

### Note for the report that follows:

The term “hybrid threats” now appears explicitly in the European Securities and Markets Authority (ESMA) risk monitor. ESMA states: “Cyber and hybrid threats remained elevated, increasing the risk of severe disruptions to market infrastructure and amplifying systemic vulnerabilities.”

ESMA links hybrid threats to operational and technology disruptions in financial markets. This is significant because it shows that EU financial supervision is adopting the hybrid threats vocabulary used in security and defense policy.

### TRV Risk Monitor

ESMA Report on Trends, Risks and Vulnerabilities No. 1, 2026



### *Risk summary*

In the second half of 2025 and into early 2026, equity valuations reached record highs, underscoring mounting risks of unsustainable pricing and disorderly corrections that could reverberate across markets, even after a modest subsequent retreat.

The October crypto flash crash dampened exuberance in crypto markets, yet valuations remain at elevated levels. Private credit emerged as a systemic vulnerability following US defaults highlighting opacity and systemic interlinkages.

Debt sustainability concerns grew in both the EU and U.S. on the back of rising public deficits.

**Cyber and hybrid threats remained elevated**, increasing the risk of severe disruptions to market infrastructure and amplifying systemic vulnerabilities.

These market developments collectively contributed to keep risks of market and systemic stress elevated, particularly given the backdrop of evolving geopolitics and continuing uncertainty.

Asset price correlations have also increased since April, indicating enhanced contagion risk between asset classes. In light of this assessment, we continue to score market, contagion and operational risk categories at the highest level, credit risk at high and environmental risk at medium level.

Stretched valuation levels, which exacerbate the risk of a sharp correction in a volatile environment, explain the high-risk score for securities markets and crypto assets.

### *Risk outlook*

Persistent uncertainty continues to cloud the outlook, with stretched global equity valuations posing significant risks of abrupt corrections and systemic contagion and credit quality potentially deteriorating.

Tariff-driven inflation may complicate central bank policy decisions, with potential for volatility in bond and currency markets. The rapid expansion of private credit adds leverage and liquidity vulnerabilities, where setbacks could cascade into wider financial distress.

Growing interlinkages between crypto and traditional markets, including through stablecoins, warrant close attention too, as they increase potential negative spillovers.

In addition, cyber and hybrid threats represent an escalating concern. Retail and institutional investors should remain vigilant and maintain robust liquidity buffers to withstand sharp market corrections.



## Risk drivers

### Financial stability and orderly markets

**Outlook Geopolitical and macroeconomic uncertainties:** Ongoing geopolitical uncertainties, including on regional conflicts and in global trade, increase fragmentation risk and could be a trigger for event risk and large, sudden and potentially lasting price movements.

The EU's economic performance also provides an uncertain backdrop for EU financial markets, especially given the expected impact of higher tariffs.

Rising public and private debt is set to increase debt servicing, which will continue to weigh on issuers. Persisting elevated equity market valuations, linked to technology and AI in the US and financials in the EU, further intensify risks of sharp market corrections in a context of increasing market reactivity and volatility.

**Operational and technology disruptions:** Recent incident data show that the financial sector is increasingly targeted by cyber and hybrid threats, while critical

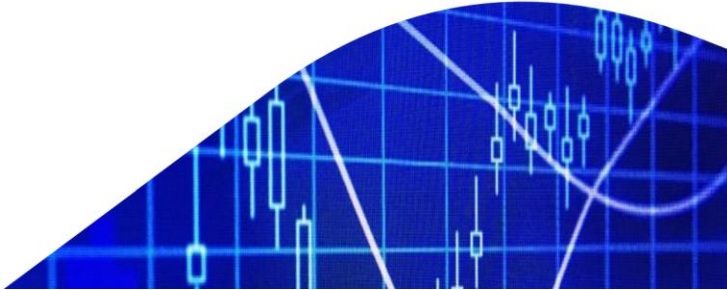
infrastructures and service providers remain vulnerable to operational dependencies that can propagate shocks across participants and markets.

Efforts to strengthen operational-resilience frameworks, enhance third-party oversight and improve incident reporting and testing are central to mitigating the potential financial-stability and orderly-market impact of future disruptions.

## TRV Risk Monitor

ESMA Report on Trends, Risks and Vulnerabilities

No. 1, 2026



To learn more: [https://www.esma.europa.eu/sites/default/files/2026-03/ESMA50-1949966494-4041\\_TRV\\_Risk\\_Monitor\\_1\\_2026.pdf](https://www.esma.europa.eu/sites/default/files/2026-03/ESMA50-1949966494-4041_TRV_Risk_Monitor_1_2026.pdf)

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*Readers that are interested in a specific topic covered in the newsletter must download the official papers, must find more information, and must ask for legal and technical advice, before making any business decisions.*

## The Solvency ii Association



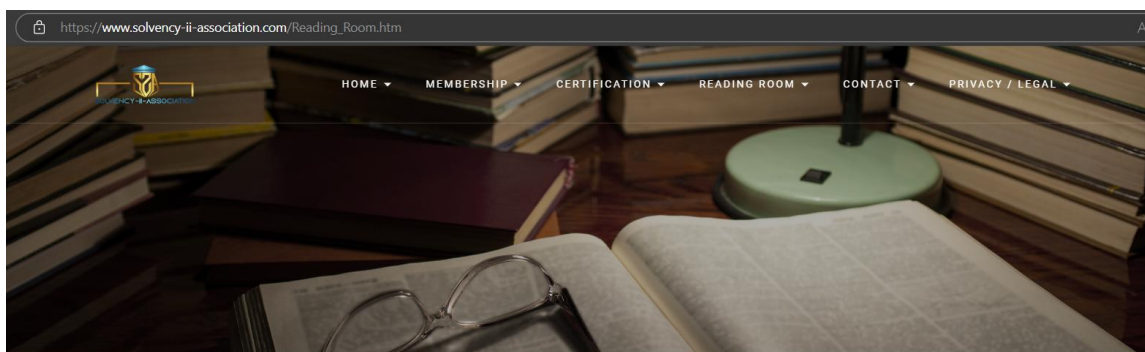
The Solvency ii Association is the largest Association of Solvency ii professionals in the world.

The Association is a business unit of Compliance LLC, incorporated in Wilmington, NC, and offices in Washington, DC, a provider of risk and compliance training in 57 countries.

Join us. Stay current. Read our monthly newsletter with news, alerts, challenges and opportunities. Get certified and provide independent evidence that you are a Solvency II expert.

Our reading room:

[https://www.solvency-ii-association.com/Reading\\_Room.htm](https://www.solvency-ii-association.com/Reading_Room.htm)



### Reading room

The Solvency II Association is the largest association of Solvency II professionals in the world. Our monthly newsletter.

## Solvency III

There is no official “Solvency III” directive or framework, at least not yet. The term Solvency III is used informally by some industry professionals to describe a set of significant revisions to the Solvency II framework. These reforms, however, are officially considered part of Solvency II.

The Solvency II Association, the largest association of Solvency II professionals in the world, will continue to monitor developments as they unfold and keep you informed of any updates.

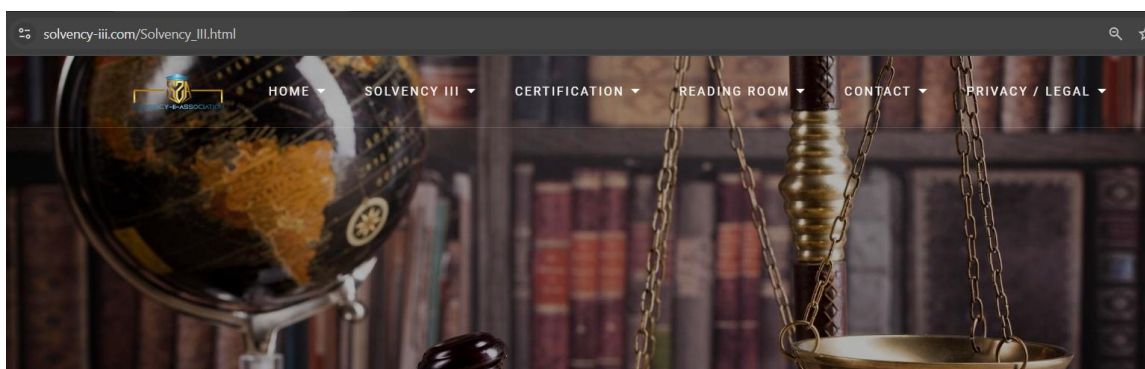
**But what would need to happen for “Solvency III” to move from an informal term to an official regulatory framework? What steps would lead to formal recognition?**

For “Solvency III” to evolve from an informal label into a formally recognized regulatory framework, several critical steps would need to take place within the European Union’s legislative and regulatory process:

**Step 1: Identification of Weaknesses in the Existing Solvency II Framework**

The process would begin with the identification of significant weaknesses, regulatory blind spots, or new systemic risks **that the current Solvency II regime cannot adequately address.**

To learn more: [https://www.solvency-iii.com/Solvency\\_III.html](https://www.solvency-iii.com/Solvency_III.html)



**SOLVENCY III | STATUS UPDATE AND WHAT IS NEXT**

**Certified Solvency ii Professional (CSiiP), distance learning and online certification program**

**Certified Solvency ii Professional (CSiiP), distance learning and online certification program**

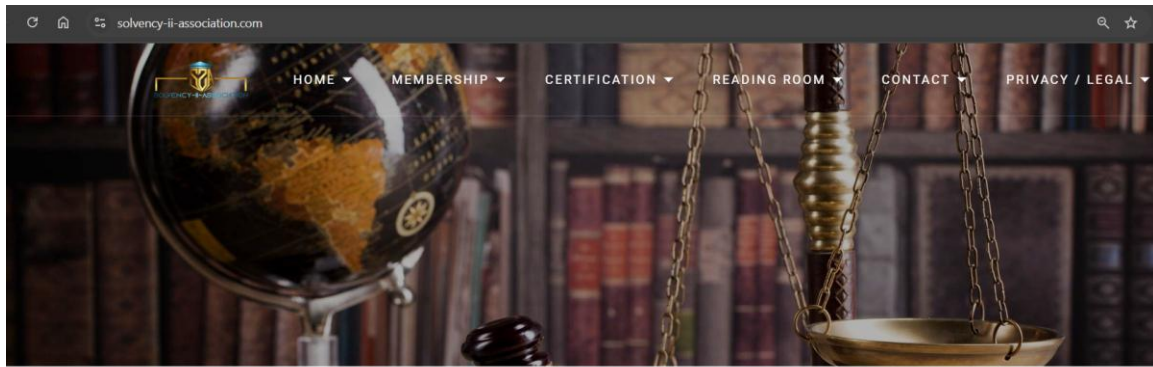
**Overview**

Before Solvency II, the insurance sector in the EU operated under a patchwork of national regulations and older frameworks, which had several major limitations. Capital requirements were based on static formulas (not risk-sensitive). There were no guidelines for market, credit, and operational risk, and no detailed corporate governance requirements.

Solvency II is **nothing short of a revolution** in insurance regulation. It replaced a static, one-size-fits-all regime with a comprehensive, risk-based framework that aligns capital requirements with the actual risks insurers face.

Under **Pillar I** (quantitative requirements) we have the Solvency Capital Requirement (SCR), based on either the Standard Formula or an Internal Model, the Minimum Capital Requirement (MCR), and full recognition of underwriting, market, credit, and operational risks.

To read more: [https://www.solvency-ii-association.com/CSiiP\\_Distance\\_Learning\\_Online\\_Certification\\_Program.htm](https://www.solvency-ii-association.com/CSiiP_Distance_Learning_Online_Certification_Program.htm)



## SOLVENCY II ASSOCIATION

### Contact Us

Lyn Spooner

Email: [lyn@solvency-ii-association.com](mailto:lyn@solvency-ii-association.com)

George Lekatis

President of the Solvency II Association

1200 G Street NW Suite 800,

Washington DC 20005, USA

Email: [lekatis@solvency-ii-association.com](mailto:lekatis@solvency-ii-association.com)

Web: [www.solvency-ii-association.com](http://www.solvency-ii-association.com)

HQ: 1220 N. Market Street Suite 804

Wilmington DE 19801, USA

