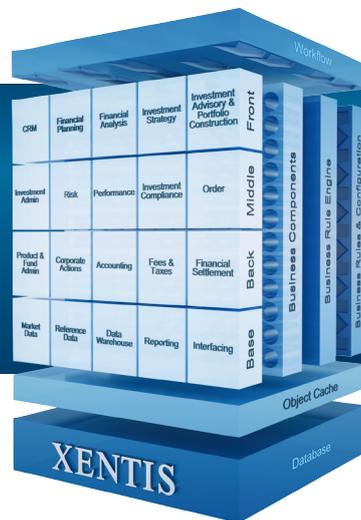


PROFIDATA GROUP XENTIS



Fact Sheet

Solvency II reporting for insurance companies' institutional funds

XENTIS is used by insurance companies, investment management companies and other financial service providers for investment and asset management tasks from the front to the back office. Regulatory reporting plays a key role here. Investment management companies that manage insurance companies' assets in institutional funds submit a report to insurers that meets Solvency II criteria, using a Tripartite Template (TPT) drafted by Germany's Bundesverband Investment und Asset Management (BVI) and other European organisations.

Background:

New capital requirements for insurance companies under the legally binding Solvency II Directive come into force on 1 January 2016. These are based on the three-pillar approach. Pillars I and III must be observed for investment reporting. With the Quantitative Reporting Templates, the supervisory authorities receive the information they need in order to analyse and assess the liquidity risks of insurance companies. Under the quantitative disclosure requirements and the rules on Solvency Capital Requirement (SCR) calculation, insurance companies must include all investments in their reporting. Insurance companies rely on the support of investment management companies, as a substantial part of their assets is invested in institutional funds administered by investment management companies. Investment management companies are now requested to supply insurance companies with relevant information relating to special funds. To this end BVI, in collaboration with the French-based Club Asset Management Performance & Reporting (AMPERE), the Association Française de la Gestion Financière (afg) and Britain's Investment Association, has drafted a common Solvency II data sheet. The aforementioned

associations together with the European Fund and Asset Management Association (efama), the Italian Assogestioni associazione del risparmio gestito, the dutch fund and asset Management Association, the association of the luxembourg fund industry (alfi) and the Austrian Vereinigung österreichischer Investmentgesellschaften (VÖIG) have adjusted this data sheet. As well as supplying data to the insurance company concerned, the data sheet can also be used to share information between investment management companies, particularly where (fund-of-) funds of an investment management company invest in target funds of another investment management company. The TPT is employed by clients in the current 'Version 3.0 Tripartite Template (TPT) for SII Asset Data reporting' as FINancial Analysis Language (FINAL) and reporting module.

Implementation in XENTIS

Based on the TPT, which describes the fields to be output but does not define any specific layout, the TPT is used to create a data record for each fund portfolio consisting of the values specified by the associations. Determining each of the values is a complex task, therefore different parameterisation levels are used, involving supplementary data, groupings, business rules, etc. The TPT includes an additional functionality that allows identification and storage of Complementary Identification Codes. Target fund portfolios undergo a multi-level look-through. Own target funds are broken down into individual holdings via the XENTIS accounting module. Data of target funds issued by third-party providers held in the institutional funds is also to be included in the TPT. Based on the XENTIS import functionality, external target funds information is stored in the securities master data and an appropriate weighting of this target fund data is guaranteed when preparing the TPT.

The TPT can be generated as an XML file and also in Excel format. Clients choose whether the data disclosed in the Excel file should correspond precisely to the associations' requirements, or whether additional information to financial instruments or the funds should also be included, to support tracking purposes.

In the TPT area 'Indicative contributions to SCR', the values for the risk scenarios specified in the Implementation Technical Standards (Lamfalussy Level 2 – sector-specific committees and regulators advise on technical details) of the European Banking Authority, chapters SCR.5.4 to SCR.5.9, are indicated for each single holding. The XENTIS risk module can be used with full or reduced functionality, depending on the customer's particular requirements for calculation of SCR values. Risk functions for calculating stressed valuation quotes, and data preparation functions for correct output to the TPT are called in the FINAL module.

Conclusion

XENTIS supports both Solvency II reporting of insurance companies and Solvency II reporting of investment management companies for insurance companies. Based on the integrated approach of XENTIS, different modules can be included in the reporting process and controlled via the FINAL module. Combined with the different parameterisation possibilities of XENTIS, this means that the TPT can be completed quickly and comprehensively.

For further information, please contact

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