Tripartite Template (TPT V5) Q&A

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If you notice any discrepancies, ambiguities or errors, or if you have new practice at hand, please notify us by e-mail to slv@findatex.eu.

Further questions can also be directed to slv@findatex.eu.

TPT Field	Question(s)	Response(s)
	Has there been any discussion or requests for a standard confidentiality agreement (NDA) between asset managers and their insurers, when passing across sensitive data - for the exchange of fund holdings-level information for the purposes of providing Solvency II reporting?	Some of the trade associations have produced documents for their members. We suggest firms to discuss with legal contacts for this matter.
	How are firms approaching provisioning of look-through when clients are invested in specific share classes? Is the fund information being provided tailored to the specific share class – including attribution of specific share class hedging as may apply to the class the client is invested in?	The TPT has been created to show positions at share class level. This report should include hedging transactions as well as a proportion of assets, provisions and other items related to the share class. The report should be consistent with the calculation of the NAV of the share class.
	We have been working with the tripartite spreadsheet for a couple of months now and are utilising our different systems to collate as complete a picture of the data as possible. If initially using our internal portfolio data instead of the official books and records of the administrator, would this be a cause for concern?	It is a key requirement that the TPT and all the valuations it contains can be reconciled with the NAV or carrying value recorded in the accounting system of the insurance company.
	How to report multiple transactions during period for same security. E.g. 1,000 shares in IBM. A few weeks later buy another 2,000 shares in IBM. Would this be reported as 3,000 shares on one line? Or 2 x transactions as they were purchased at the same time.	TPT is a position report and therefore in this example 3 000 shares should be reported on one line – assuming all other variables are equals.

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	As regards 'External rating' The log file requires disclosure of: "Rating of the asset at the reporting reference date issued by the nominated credit assessment institution (ECAI)" Should the rating disclosed here be the global rating or the local rating provided by the ECAI agency? It is our understanding that a global rating attaches a country risk to a security whereas a local rating does not. Whilst the global rating will be the most relevant for group reporting, would this be the case if the security is situated in the same country as the Solvency II parent. What approach are firms adopting with respect to this?	The exact definition of credit ratings varies between ECAI. Not all ECAI make a distinction between 'local' and 'global' ratings. However, based on the details in the question, 'local' appears the more appropriate selection.
	What maturity date to use for Total Return Swaps (held currently in OEICs) that have underlying basket/equities and therefore no real maturity? Currently the OEICs have TRS asset with a "basket" of equities held as the underlying, which obviously has no maturity. Should this be as at year end and rolled forward each year or a default perpetual date (2049?) Is there an SII perspective on this? A preferred method?	If there is no maturity date, then will need to use an artificial date, which has been defined in the EIOPA specifications as 9999-12-31

(Note: this is not required for OEICs.) |
| | How do you determine the Solvency II value of a Repo or securities lending contract? | Cashflows can be discounted in determining the value.

It should be on a fair-value basis, which is consistent with the Accounting Standards definition |

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	Is there any information which could help explain the difference between the standardised look-through templates and open protocol? Was the template designed to include embedded look-through? Some clients are looking to consume this data systematically and have pointed out that there is no unique key included in the template - could this be created?	The TPT guidance is to assist asset managers understand data requests from this insurance clients The level of look through depends on whether the asset manager actually manages the fund or not, but the TPT can cater for embedded look-through at one level. There are no plans to do this, but firms/third parties may want to consider their own unique identifier
	1. Could you confirm the Quantity and Nominal Amount fields, would they be the same value? Are these values the number of shares held in security? 2. Are other Asset Managers intending to include Other Assets and Liabilities in their files? (Other Assets and Liabilities are Income and Expenses etc.)	1. The completion of fields is dependent on the asset type. 2. They should be included as required for control purposes – as without them you may not reconcile to the NAV
	Currently, our in-house system only captures fund level look through. Any currency hedged is carried out by custodian at the share class level and hence when we provide look- through data to clients, the currency hedging instrument will not be included. Obviously, clients will need the currency hedged information for Pillar 1 and Pillar 3 purpose. The key challenges seem to be: 1. Data (e.g. forward currency contract) is not kept by asset manager but the custodian of the mutual fund 2. The currency hedged instrument potentially may cover more than one fund and need to be allocated to individual share class synthetically by custodian	You need to collect this from the custodian in order to calculate the NAV. The insurance entity will need the necessary components to fully assess exposures and to reconcile back to the carrying value.

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	Some missing Fields in the template are needed by insurers to populate QRTs
	
	- Securitisation details: (in S.07.01.b)
	
	   o Collateral value (C0130)
	
	   o Collateral portfolio (C0140)
	
	   o Attachment point (C0180)
	
	   o Detachment point (C0190)
	
	- Derivative transactions (in S.08.02.b / S.08.02.f / S.08.02.g)
	
	- Use of derivative (C0110), derivative premium received (C0160) and paid (C0150) to date
		The main purpose of the TPT is to provide guidance to fund managers as to the data an insurance entity might request on their collective investment holdings on a 'look-through' basis for input into the SCR calculation under the standard model and pillar 3 reporting (S.06.03). Whilst the TPT contains some additional data points to assist insurance entities on the S.06.02 disclosure of the collective investment vehicle it is not specifically designed to meet the full reporting requirements of directly held assets. The fields identified in the question represent a selection of the QRT data fields that are only required for the directly held assets, these are outside of the stated scope of the TPT.

5	Net asset valuation of the portfolio or the share class in portfolio currency -Should this net asset be the NAV of the insurance company's investment in the share class of the fund; the NAV of the whole share class regardless of the insurance company's share of the share class; or the NAV of the whole fund regardless of the insurance company's share of the fund	This should be (ii) the NAV of the whole share class regardless of the insurance company's share of the share class as the template may be used by multiple insurance entities. The insurance entity will be responsible for apportioning the information to reflect their ownership share.

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8b	Total Number of Shares - Does that number refer to the number of shares outstanding for (i) what the insurer owns of the fund; (ii) the number of outstanding units of the share class; (iii) the number of outstanding units of the fund	This is (ii) the number of outstanding units of the share class to enable the receiving entity to calculate their apportionment.
9	Cash - What is the definition for Cash? Is it settled cash only? I.e. what about cash transactions that we know will be settled tomorrow?	Cash is the <u>settled cash balance</u>. However, in order to reconcile to the fund/share class NAV, products should include receivable/payable.
10, 90	For an instrument with two amounts, should duplicate values be shown for all fields for leg 1 and leg 2?	Yes
39	Do we show the expiry date for each leg?	Yes, it should be populated for both legs
61	Do we show the strike rate for each leg of a currency option? If so, do we need to show the strike inverted – e.g. the USD leg would show a strike of 98 (against JPY) but would we need to show 1/98 on the JPY leg (against USD)?	Yes

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19	There is no field to show whether the option has been Bought or Sold. The best solution I can think of would be to say that if both 'amounts' in field 19 are positive then the trade is a BUY and if they are both negative then the trade would be a SELL.	If Bought, then positive nominal amount and/or number of contracts according to filling rules mentioned in the template If Sold, then negative nominal amount and/or number of contracts according to filling rules mentioned in the template
22, 23, 27, 28	Should we populate all fields against leg 1, and only populate leg 2 values where appropriate?	EIOPA has stated need to populate as many lines as necessary to give the required information.
32	Interest rate type - in the case of a zero coupon, should this field read "Fixed" or should it be kept empty?	The value for a zero-coupon bond should be reported as "Fixed" – it should read Fixed for zero coupon
52	Issuer Country - which country must be used for the cash accounts?	The country where the account is registered (country of depositary entity)
53, 87	Which Country Code should be used in setting this field e.g. Country of Incorporation or Country of Risk?	The Country of Issue should be used, in which the QRT Logs define as 'the localisation of the issuer is assessed by the address of the entity issuing the asset'. Therefore, you may use the Country of Incorporation.
57, 58	Explicit guarantee by the country of issue and Subordinated debt Can you please confirm whether these fields must be provided for (i) all bond investments; or (ii) for securitisations only.	Fields should be completed for all relevant securities which have features referenced.

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62	Conversion factor (convertibles)/ concordance factor /parity (options) - what is the definition of the field? What is the requirement of the field? Does the field relate to conversion ratio or conversion price of a convertible bond?	The field relates to the conversion ratio in case of convertibles. The concordance factor is the number of underlying assets per future contract. The parity is the number of underlying assets per option contract. It is <u>always</u> the same type of a ratio with a different name depending on the type of instrument.
66	Maturity date OTC - Which date should be used in this field? Several possible dates (ex-future: ZM5201557 last trade date / last delivery date)	The last trade date should be reported
90, 91	Modified Duration to maturity date and Modified duration to next option exercise date Can you please provide guidance as to whether the simple modified duration of the instrument (which is neither 'to maturity date' nor 'to next option exercise date', but rather option-adjusted) can be used for field 90 and 91. The EIOPA QRTs include this measure of duration (S.06.02.g / C0360), which cannot be derived from template fields 90/91.	Field 90 is consistent with the definition of 'residual modified duration' within the QRTs. Field 91 should be populated only where relevant.

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92	Credit sensitivity - the definition of this field in the template is "spread derived by dirty price - 90 and 91". It is difficult to understand the economic meaning of this formula. Can you please elaborate? Or is it possible to report here the spread duration instead? Spread duration is the quantity that an insurance company must use to calculate its spread SCR, so it would make sense to have it part of the template report.	Here is an example which may assist to explain the definition: "In the example of a credit default swap, this sensitivity could be the credit DV01: the change in value of the credit default swap for a 1 basis point increase in the underlying credit spread(s)."
123	Fund CIC code – will there be a CIC code available at Fund/portfolio level – our provider is saying this is a security level field not portfolio level value?	As CIC codes include a category for investment funds, we understand this to be both security and portfolio level for funds, but not for separate accounts. Field 123 specifically asks for the CIC of the fund, assuming it is a fund.
123a	Fund Custodian Country – is it the country of the custodian of the assets held by the fund or the country where the shares are held in custody by the investors? The latter scenario should include registrar schemes. Do you expect there to be a CIC code available at Fund/portfolio level? our provider is saying this is a security level field not portfolio level value	As this is a fund data exchange template, we defined this as the location of the fund custodian. If an insurer held the asset directly (as does happen) then they get the info they need. If the fund is in turn held by the client's own custodian and that is what they need to report, then they have that info themselves. 123 fund CIC is at the fund/share class level, where the fund is held by an insurer it is a security for which they are required to report a CIC

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129	Valuation Yield - (Valuation Yield of the interest rate instrument) – is this Yield to Worst? – i.e. the lowest potential yield that can be received on a bond without the issuer defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. This metric is used to evaluate the worst-case scenario for yield to help investors manage risks and ensure that specific income requirements will still be met even in the worst scenarios.	The yield is used to value the instrument.
9, 17, 26	Field 9 shows the Cash Position of the fund, so is there an expectation that we display a row in the TPT to designate a cash position in addition to equities/fixed income positions (e.g. in Field 17 – Instrument Name we would populate "Cash and Equivalents" and in Field 26, populate the Cash Position %)? If we do not include it as a line item, then the sum of Field 26 values will again not add to 1 or 100%. Clients would have to add Field 26 values, and then one of Field 9 values in order to total 100%.	All cash positions should be reported in the TPT under one or multiple lines so that the sum of the valuations in portfolio currency equals to the Net Asset value of the fund. The sum of valuation weight should be equals to 1. Each cash position held by different banks (deposit) or clearing house should be identified. Provisions for management fees or other receivable and liabilities that are not paid but already deduced from the nav can either be deducted from the cash position held by the custodian or isolated. Hence, the Insurance company should be able to reconcile the NAV of the share class and the detail of the positions.

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22, 26	Our equity, fixed income, and cash positions sourced from our accounting systems (Valuation Weights) may not add up to 100% exactly due to rounding errors – a client has suggested that we instead use the sum of the market value positions as the denominator in order to derive Valuation Weight figures that add to 100% - is this the recommended approach?	See question 63 for the handling of receivable and liabilities. We recommend that each participant defines its own rule to assess the consistency and the completeness of the TPT and define a materiality threshold depending on the type of funds.
6,7	Valuation Date/Reporting Date: The market interprets the valuation and reporting date differently. A clarification within the header/content filed is necessary.	The Valuation Date is the date of the NAV calculations used for the population of the TPT report. The Reporting Date is the date of reference of the report. Example: A report is produced for the 30th September accounting period using 25th September prices (market prices or modelling). Then the valuation date is 2019-09-25 (corresponding to the last publication of the NAV of the fund) and the reporting date is 2019-09-30 (corresponding to the accounting period or reference date used for SCR calculation, QRT filling…).
10, 90	Discussion around (modified) duration: calculation: It is possible to provide a clear description of duration.	We suggest using the ISDA definitions.

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65	Field 65_ Hedging rolling: further clarification required for EPM: Is a clear definition possible?	"EPM" should identify positions that may be systematically rolled at maturity but Not for risk mitigation or hedging purposes. These are short or long positions, involving derivatives most of the time, aiming at improving portfolio risque/performance ratio (Efficient Portfolio Management Techniques).
4,21, 71	Discussion around CNH: How does the market handle this?	The requirement in Solvency II is for the currency to be identified with the ISO 4217 alphabetic code. Some currencies such as CNH are not currently a recognised ISO currency and shall not be unless the concerned Central bank ask for it. "CNH" code, among others is widely recognised and used across the financial industry. Therefore, some insurers and market participant have submitted returns containing the CNH currency code.

TPT Field	Question(s)	Response(s)
27,28	Definition of derivatives: Could it be possible to have more definition around derivative and exposure?	As defined in IFRS 9 a derivative is a financial instrument or other contract with all three of the following characteristics: (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying'). (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. (c) it is settled at a future date. We suggest using the same rules UCITS or AIFM regulation to calculate exposures.

TPT Field	Question(s)	Response(s)
17b, 24, 131	QRT S.06.03 against the specification of field 131 in respect to negative values for L and CIC 0	The specification now refers to the legal requirements for QRT S.06.03, so that the TPT and QRT S.06.03 are consistent.
		Under TPT 4.0 it was possible to report market values (fields # 22-26) in 2 alternative ways, (i) as absolute values where signs (+/-) were separately displayed in the field # 17b (as A/L) or (ii) as directional values with +/- signs in the fields #22-26 and a blank field # 17b. Under TPT 5.0 it is only allowed to report the alternative (ii) with directional values in #22-26. The field #17b is optional under the new version and has no connection to the fields #22-26 or any other fields.
		The field # 131 is now referring to the regulatory requirements for the QRT S.06.03 so that they are consistent in this new version.
137	What is the reason to use this new data field?	The data point has been created to facilitate the production of EUROSTAT reports, integrated with QRT's.
135	For a fund that holds listed equities only, do we leave this blank?	Yes, this field should be blank for listed equities.

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137	For a fund that holds listed equities long only equity, there is no counterparty. Do we leave it blank, or is this on a Fund level where we would input '4' for a long only listed equity portfolio?	In the economic sector of the reporting undertaking's counterparty according to the classification set out in the European System of Accounts established by Regulation (EU) No 549/2013 ("ESA 2010"), the issuer shall be considered as the counterparty for listed equities.
32	How can we describe financial instruments with Payment in Kind interest features?	PIK should not be recorded as interest rate but reported in the field 41_redemption_rate. The redemption rate of an instrument with a payment in kind equals to the nominal amount plus capitalized value of the PIK at redemption.
	How to indicate if one given financial instrument may be eligible for long term investment according to the criteria set up in art 171a of Commission Delegated Regulation (EU) 2019/981 (the Amending Regulation), which amends the Solvency II Delegated Regulation ((EU) 2015/35)?	It is possible to identify equity listed in the EEE through datapoint 13_Economic_zone_of_the_quotation_place ('EEA = 1) or non-listed equity with headquarters in the EEE through datapoint 53_Issuer_economic_area (EEA = 1). Non listed or listed equities may be segregated using datapoint 131_Underlying_asset_category (3X or 3L)