

VALDIS DOMBROVSKIS

Vice-President of the European Commission

Brussels

16 MARS 2017

Mr Philip Charls, CEO
EPRA
Square de Meeus 23
B-1000 Brussels


Dear Mr Charls,

Thank you for your letter dated 16 December 2016, in which you express your concerns about the treatment of infrastructure and real estate investments in Solvency II.

Within the context of Capital Markets Union, the Commission is improving the regulatory treatment of investments creating jobs and growth, on the basis of available evidence. In 2015, the capital requirements related to investments in infrastructure projects were significantly reduced, following EIOPA's advice and given that such investments are a key component of the Investment Plan for Europe. As regards investments in infrastructure corporates, which you mention in your letter, DG FISMA is currently working, on the basis of preparatory work by EIOPA, to determine precisely the scope and the treatment of this possible new asset class in Solvency II.

Aside from investments in infrastructure, which are a priority for the Commission, I understand that you are also concerned about the current treatment of listed real estate investments under Solvency II, in particular compared to direct investments in property. Within the context of the upcoming review of Solvency II implementing measures, DG FISMA already requested EIOPA's technical advice on whether and how it would be appropriate to apply the so-called "look-through approach" to certain investments. EIOPA recently issued a discussion paper, covering in particular this area, and you may be interested in providing your opinion through this channel. In addition, if you have any quantitative evidence related to investments in listed real estate, DG FISMA stands ready to consider it.

Yours sincerely,



Valdis Dombrovskis