



## Public consultation

### Draft ECB Guide on the approach for the recognition of institutional protection schemes (IPS) for prudential purposes

## Template for comments

Institution/Company

Axiom Alternative Investments

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Please make sure that each comment only deals with a single issue.

In each comment, please indicate:

- the relevant article/chapter/paragraph, where appropriate
- whether your comment is a proposed amendment, clarification or deletion

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PUBLIC CONSULTATION

Draft ECB Guide on the approach for the recognition of institutional protection schemes (IPS) for prudential purposes

**Template for comments**

Name of Institution/Company    Axiom Alternative Investments

Country                                FR

**Comments**

<b>Issue</b>	<b>Article</b>	<b>Comment</b>	<b>Concise statement why your comment should be taken on board</b>
Compliance with article 113(7)(b)	113	Clarification	The ECB should clarify what is meant by provide support to insure solvency, especially in the context of BRRD. In particular it should be clarified if the support only means that solvency ratios should be met, and in that case which ratios, if it means that members of the IPS should prevent resolution, and under what conditions, if this support would also apply to capital instruments or not (AT1 & Tier 2). If it does not apply to Tier 2 & AT1 then it does not seem adequate that those capital instruments should be allowed to be risk-weighted at 100% for members of the IPS. This would clearly create distortions. Moreover, it should be clarified if supporting solvency means supporting senior instruments (including bonds) under a possible bail-in scenario. If cases of bail-in are not supported, the consistency of the support seems very weak. The question is particularly relevant in the context of OvAG which entered into a resolution process with no



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support from its other IPS members showing that in effect the true impact of the IPS was nil. At the time, members of the IPS made it very clear to investors that did not have any commitments towards OvAG because solvency ratios were met but the results of the comprehensive assessment was still enough to trigger resolution tools leading to losses for investors.

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