



20 June 2014

Proposal for revision of IORP Directive

KEY MESSAGES

- 1 Employer provision of occupational pensions is highly socially desirable for future pension sustainability and adequacy and therefore must remain cost-effective.
- 2 Although pension funds operate on financial markets, treating them purely as financial services and consumer products is not appropriate as such pension plans are provided by employers as a form of social security provision in the context of employee benefits.
- 3 Effective risk management, transparency and good governance of pension funds are important principles, however the measures proposed to achieve these are overly detailed and do not provide for EU minimum standards.

WHAT DOES BUSINESSEUROPE AIM FOR?

- *BUSINESSEUROPE supports the aim of further developing the internal market in the area of occupational pensions. However, the proposals to revise the IORP Directive need to better balance measures that would make a real difference in cross-border provision and those aiming to ensure safety and security.*
- *In view of demographic change, sustainability and adequacy, the overall goal should be promotion of occupational pensions. Several proposed changes to the directive would not deliver on this goal as they would only restrict the progress made by member states across the EU.*
- *A stronger recognition in the proposal of the specificity of occupational pensions provided by pension funds is needed, in particular the role of social partners.*
- *We welcome that the proposal does not include new quantitative capital requirements for IORPs, as we continue to oppose this. However, we are very concerned that some proposals for risk management would lead to capital requirements similar to Solvency II in the future. This would significantly harm the prospects of a return to sustainable economic recovery in Europe.*
- *We support the principle of ensuring good governance and transparency of pension schemes. However, changes proposed to the directive go too far in harmonizing aspects of occupational pension provision, not adequately respecting their diversity and that of different member states.*
- *The extent and high level of detail of the new requirements would also likely bring excessive administrative burdens and costs for pension funds, in particular smaller ones. The possibility to adopt delegated acts may lead to even more detailed requirements, as well as avoiding the normal legislative procedure.*



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PROPOSAL FOR REVISION OF DIRECTIVE ON INSTITUTIONS FOR OCCUPATIONAL RETIREMENT PROVISION (IORP)

Introduction

On 27 March the European Commission published a proposal to revise Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision (the IORP Directive). The proposal was published alongside a communication on long-term financing of the EU economy. This position paper constitutes BUSINESSEUROPE's response to the Commission's proposal.

General remarks

- ***Context of the proposals***

1. Occupational pensions already provide a large and vital part of retirement income in several EU member states and this trend is set to increase in view of demographic change and pressure on state spending. Having a mix of sources of retirement income is crucial in ensuring sustainability and adequacy, and the role of occupational pensions within this mix should be strengthened.
2. Provision of occupational pensions in most cases is a choice of the employer or the social partners as part of an employee's compensation and benefits package. Employers remain committed to providing adequate occupational pensions. This engagement is highly socially desirable. However, this will only remain possible if they are able to provide them cost-effectively and with cost-stability.
3. We recognise that these proposals are made with the backdrop of the economic crisis, where there have been discussions about the resilience of funded pension schemes and their ability to provide adequate pensions. We note that occupational schemes have been hit by the falling market value of their investments. In more than half of OECD countries (including in a fairly large number of EU member states), pension funds experienced negative rates of return in 2011. In some cases this required some moderate adjustments of pension levels. However, in general the losses have been made up. OECD statistics show that between 2011 and 2012 there was a 13% increase in the assets that pension funds in the Eurozone (and Switzerland) accumulated¹. In the Netherlands for example, the average funding ratios of pension funds declined from 140% in 2007 to 90% in 2008; in January 2014 the average was 109%.²
4. In general, investment risks are taken into account in occupational pension schemes so that when the financial markets recover so does the value of the investments. In fact, in countries with established regulators, pension funds have to take into account investment risks. This is part of the long-term nature of pension funds, which means that they share risks across generations and have long periods for recovering deficits. Inclusion of the IORP II proposals as part of a package on

¹ OECD Pension Markets in Focus 2013

² Dutch Central Bank (DNB)



long-term investment gives an important signal; now it is crucial to ensure that pension funds are fully recognized and treated as long-term investors.

5. We note that although many schemes are still Defined Benefit (DB), these proposals are made in the context of a growing trend towards Defined Contribution (DC) schemes. The Commission in its impact assessment highlights that today around 25 million Europeans rely on DC schemes for an adequate retirement income, although around 50 million Europeans still rely on DB schemes. This makes it crucial that proposals do not make the provision of DB or DC schemes overly costly or burdensome, rendering them unaffordable for employers.
6. With Defined Contribution schemes, the risk is with the individual plan member (employee) and the pension benefits are dependent on the performance of the investments on the market. We therefore agree on the necessity to help employees to understand the scheme and their investment choices, as well as improving general financial awareness. At the same time, cost is an important factor in the employer's choice of scheme, as well as the employers' obligations in terms of governance of the scheme. DC schemes are often presented as a low maintenance option, but many companies operating such schemes are aware that the company managers need to be engaged in communicating with their employees on the scheme and investment choices.

- ***Specific characteristics of occupational pensions***

7. We are concerned that the proposal for revision of the IORP Directive does not adequately recognise nor fit the specific characteristics of occupational pensions provided by pension funds. Although pension funds operate on financial markets, they are a form of social security provision, whereas it seems that they are being increasingly treated as a financial services product. Also, the focus on consumer protection is inappropriate for pension funds, as such pension plans are provided by employers to their employees as part of their benefits package. Through their employment relationship, employees are in fact embedded in the protection mechanisms of the pension scheme.
8. The proposals are based largely on the Solvency II directive for insurance products. However, in most cases pension funds do not operate in retail markets and are provided through an employer or a group of employers in a sector. This is in contrast to insurance pension products, which can also be provided to individuals. In addition, pension funds often have a collective character, for example they are often covered by a collective agreement. A pension benefit plan is often the result of an agreement between social partners, a process which is ruled by national social and labour legislation. Social partners may be involved in the governance of the pension scheme, may determine the funding and benefit rights for plan members and may even have a legal obligation to protect members' benefits.
9. We welcome the fact that the proposal does not include new quantitative capital requirements for IORPs at EU level, in particular based on Solvency II. We remain convinced that this is not an appropriate framework for pension funds across Europe since insurance provided pension products and pension funds operate in different ways. In addition, we have warned that new quantitative capital requirements would bring excessive costs for pension funds, which would be detrimental to the provision of occupational pensions by employers; in the UK alone



this proposal would have added €440bn in total costs.³ We remain opposed to such measures. At the same time, we have very strong concerns that some of the proposals for risk management could lead de facto to solvency requirements for pension funds or that such measures would be introduced later.

- ***Further developing the internal market***

10. We support the aim of further developing the internal market in the area of occupational pensions and increasing cross-border provision. As highlighted, this has the potential to contribute to the creation of economies of scale, bring efficiency gains and scale effects for small workforces. At the same time, this should not be at the expense of flexibility and proportionality in the rules on governance, risk management and information requirements for pension funds. A better balance needs to be found between measures which really make a difference in cross-border provision of occupational pensions and those aiming to ensure safety and security.

- ***Proportionality principle and minimum standards***

11. The directive currently in force strikes a delicate balance between providing for prudential regulation of IORPs whilst allowing member states the necessary flexibility to tailor pension schemes to national specificities, the needs of their citizens and those of the employers providing such schemes. This is in line with the EU Treaty provisions which stipulate that any action to complete the internal market has to be appraised in the light of the subsidiarity principle. This means that any further harmonisation in this area needs to be proportional and provide for EU level minimum standards.

12. The Commission argues that the proposals for revision of the directive adhere to the aforementioned principles. We do not believe that this is the case, due to the extent and level of detail of the measures proposed. Although there is reference to the need for certain measures to be 'proportionate to the nature, scale and complexity of the activities of the IORPs', there are many additional requirements compared to the current IORP Directive - the sheer number of articles that would be in a future directive is four times as many as present. This would pose excessive administrative burdens and costs for pension funds, in particular smaller ones. In addition, some of the measures go too far in harmonizing aspects of occupational pension provision across the EU including how schemes should be designed. This does not adequately recognise and respect the considerable diversity in the provision of occupational pensions between different member states, different sectors and indeed companies.

13. Furthermore, we have strong concerns that the possibility for the Commission, using EIOPA, to develop delegated acts, could lead to even more detailed prescriptions for pension funds and inappropriately uniform requirements. It would also inappropriately avoid the normal legislative procedure with the European Parliament and Council, in which all stakeholders are able to influence the decision making to make requirements practical and effective.

³ Oxford Economics – CBI Pensions Report, 2012
Position Paper on Proposal for revision of IORP Directive



Specific remarks

Proposals on risk management

14. IORPs need to have good risk management procedures in place, to ensure that through their schemes employers are able to fulfill their pension promise. However, we do not believe that there should be a one-size-fits-all approach. The same risk management procedures are not appropriate for different sizes of pension plans. Although we agree that the possibility for Member States to exclude institutions managing schemes which together have less than 100 members in total should be maintained, the size of the pension scheme is much more complicated than only the number of members. For example, the asset size should be taken into account or other important elements like asset allocation, risk profile, plan type etc.
15. A one-size-fits-all approach also does not take into account the different types of risk in a pension fund or the type of pension engagement. Although it is stated that the risk evaluation will be proportionate to the size, internal organisation and the nature, scope and complexity of the institution's activities, we are not convinced that this will be possible in reality due to the proposed high level of detail. The situation could be worsened with the possibility for the Commission, in cooperation with EIOPA to adopt delegated acts.
16. We are very concerned that the proposed risk evaluation procedure would hamper the provision of pensions. This is because the obligations for pension funds to evaluate and document their risks through the new Risk Evaluation for Pension report (REP), combined with the possibility for the Commission to adopt delegated acts may lead de facto to quantitative solvency requirements on the basis of Solvency II, through the back-door. The proposed measures would require schemes to undertake an assessment after major changes in their risk profile. This is a similar process to the Own Risk and Solvency Assessment (ORSA) in Solvency II. Depending on the details provided by EIOPA and the Commission in the corresponding delegated acts, on the longer term this could result in obliging pension schemes to store capital to mitigate any future risks. As already stated, additional quantitative solvency requirements would be damaging to the provision of occupational pensions by employers to their employees.
17. We acknowledge that there is a growing tendency towards social and environmentally responsible investment ('sustainable responsible investment – SRI). Between 2005 and 2011 'sustainability themed investments' grew 8-fold from 6.9 million euros to 48 million euros⁴. There is therefore a growing market for SRI, which should remain the main driver for further development, also for pension funds. It should be for pension funds themselves to decide to what extent they should assess risks related to, for example, climate change, resource use or the environment. We therefore do not believe that such an obligation should be included in a revised IORP directive.

Proposals on governance

18. We support the principle of ensuring good governance and transparency of pension schemes in Europe. We welcome that the proposal states that the rules on

⁴ Eurosif study 'European Sustainable Investment' 2012
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governance of IORPs are without prejudice to the role of social partners in their management. However, we believe that this principle is at risk with the new 'fit and proper' requirements for people managing IORPs. We agree that the effective governance of pension funds requires qualified people and that scheme trustees should be properly equipped with the necessary knowledge to run the IORP effectively. However, the new measures would conflict with the way that systems are currently run in many countries, despite current practices working well. For example, they would mean that in some cases employers would no longer be able to administer their own pension schemes. Also, in many countries pension plans are required to have plan members elected to the board - these people would not necessarily be able to pass the "fit and proper test", whereas they play an important role in representing the voice of the employees in the IORP. In the UK, for example, the effective system of lay trustees would no longer be possible. Therefore, the text of the current directive should be retained, i.e. requiring members of the governing body or their advisers to have professional qualifications. This is adequate and strikes the right balance.

19. We are also concerned that the wording of Article 23 on fit and proper management would exclude non-EU nationals from serving on the boards of pension funds. This is due to the reference solely to 'member states', for example in the context of proposed requirements on proving absence of personal bankruptcy. Even if we assume that this is unintentional, this is a concern since it would hamper global companies utilising skilled and experienced people from around the world to perform these functions.
20. The role of social partners seems to be diminished more generally in the proposals. For example, the reference to 'employer' is deleted in the definition of the scope of the directive. The current wording should be retained – that the directive applies to those forms of pension provision which are established by an employer(s) and/or social partners where they have an essential role in the funding of the scheme.
21. Another example of the role of the social partners being diminished is demonstrated in article 24 in which remuneration policies are assigned to member states and social partners are not mentioned. This does not take account of the fact that in many countries pension funds are governed by the social partners, which means that they also have a say regarding the remuneration policy and the supervision of it. The consultation of social partners should be explicitly mentioned in paragraph 1 of article 24. Furthermore, paragraph 3 of the article which empowers the Commission to adopt delegated acts detailing elements of the remuneration policy should be deleted, since in most countries, this is the competence of the member states and social partners in line with subsidiarity. Moreover, article 153 of the EU Treaty excludes EU competence in the area of remuneration.
22. We do not agree that to avoid potential conflicts of interest, the internal audit, risk management and actuarial functions of the pension fund must be separated between the employer and the pension fund. At present, employers often hold some of these functions and for good reason – it means that they are involved in fulfilling the pension promise. This must remain possible and the essential role of the employer in this respect cannot be diminished. In addition, for some medium-sized and smaller pension funds it may not be practical or cost-effective to set up such functions internally. Also, in employer sponsored defined benefit plans the



employer is equally interested in ensuring good governance of the pension plan, otherwise he may have to make up any losses in terms of higher contributions.

23. The new measures proposed in this area are in general overly detailed and go beyond the purpose of this directive to provide for minimum standards at EU level. This would also raise costs for provision of pension schemes. The Commission's impact assessment states that the governance requirements will add an increased one-off adjustment cost of around €22 per member, and a somewhat higher recurrent burden of around €0.27 to 0.80 per member per year. In the UK for example, this would equate to £328 million to implement and £7.5 million a year to run. This costing is a major underestimate. The figures used did not count those pension scheme members who have retired and are drawing their pension, as the Commission's estimation was only for those deferred and active members of a pension scheme. Consequently the cost of these requirements would be significantly higher than the Commission has estimated. This is an oversight in the impact assessment, as it is not sufficiently comprehensive. Due assessment of impact is critical when proposing costly new requirements, especially when pension fund investment in the wider EU economy is vital and when members' benefits are at stake.
24. We urge caution regarding the proposed requirement for Defined Contribution (DC) schemes to appoint a single depository for safe keeping and oversight duties. Further clarity is needed on why this is necessary, since in some countries (e.g. UK) scheme managers and trustees already have these duties. Furthermore, the proposed obligation for the assets of the plan to be held with one custodian bank could have negative consequences for smaller DC plans, as currently they may outsource the custodian and oversight duties to different asset managers for different classes of asset. Care must be taken to ensure that this type of practice remains possible and that any new requirements do not lead to restrictions on where schemes can invest. The possibility for DC schemes in particular to make investment choices is crucial in ensuring a return and therefore providing income to the plan beneficiaries.

Proposals to reduce obstacles to cross-border provision of occupational pensions

25. We support the Commission's objective to improve the cross-border provision of occupational pensions, to further develop the internal market in this field. Although there have been some advances since the adoption of the original Directive in 2003⁵, there is still an untapped potential. At the same time, a better balance needs to be found between measures which really make a difference in this area, whilst ensuring flexibility and proportionality in the rules on governance, risk management and information requirements. A number of the measures proposed would help to encourage cross-border provision of pensions. However, there are other measures which would in fact hamper this. Finally measures to breakdown certain obstacles are lacking. When further rolling out the internal market, there also has to be consideration of the diversity in occupational pension provision across member states.
26. We support the attempts by the Commission to better define cross-border activity, as the definition in the current directive is unclear. This creates legal uncertainty regarding what is actually considered cross-border activity, which acts as a

⁵ As of June 2012, there were 84 cross-border IORPs
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disincentive for employers to provide pension funds cross-border. This is therefore an obstacle to the effective implementation of the IORP Directive and further development of in the internal market in this area. The proposal to define 'home member state' as the member state in which the institution has been authorised or registered and in which its main administration is located, is clearer than the current directive. However, we are concerned that the attempt to clarify the meaning of 'main administration' may in fact increase confusion and thereby legal uncertainty. For example, the member state in which the institution is registered may not be the same as the member state in which the institution's decision making body makes its main strategy decisions.

27. We support the procedural measures proposed to better facilitate cross-border provision based on the principle of equal treatment whether the sponsoring undertaking and institution are in the same or different member states. This includes the measure to reduce the checks from national authorities if a pension fund from another member state wants to offer its services there. It is also positive that member states would have to give more solid justification for not allowing provision by a pension fund from another member state and to provide this in a shorter period of time.
28. The proposed measures to remove some of the additional prudential requirements for cross-border activity are positive. This includes removing the possibility for the host Member State to impose additional information requirements on institutions carrying out cross-border activities and the deletion of the provision allowing host countries to impose tighter investment restrictions on cross-border schemes.
29. We acknowledge that in the case of cross-border transfers of pension schemes, members and beneficiaries should at least be informed of the implications of such a decision in an appropriate and timely manner. However, the proposed new requirement to have the agreement of all members and beneficiaries of the pension scheme, or of their representatives, at least four months before the application is submitted, is not proportional and could be a barrier to such transfers. It is also not entirely clear which schemes would be covered by these new provisions.
30. Unfortunately the most crucial change of removing the requirement for pension funds which provide services cross-border to be fully-funded is not part of the proposals. This is all the more surprising as it is noted in the Commission's impact assessment as one of the important prudential barriers restricting cross-border operation of IORPs. One of the reasons for the low number of cross-border schemes is that they are less cost-effective for employers to run, which can be due to the fully-funded requirement. Of course national specificities should be taken into account in this context, as in some member states the fully-funded requirements apply to all pension funds. However it is disappointing that this change has not been proposed and that this important barrier in the internal market would remain.
31. In general there is a lack of a business case for providing pensions cross-border, as the costs often outweigh the benefits. There is a lack of demand, as in practice only those companies which are able to bear the upfront costs use this opportunity. This includes management and consultancy time to get the necessary information on the scope and details of social and labour laws, and on taxation. The proposed obligation for national authorities to give information on national social and labour law automatically, rather than only if deemed appropriate would therefore be an improvement. It would be important to ensure that this information is sufficient and relevant to avoid companies resorting to consultancies, as well as timely.



32. It is important to note that the lack of cross-border provision has also been due to cultural reasons (e.g. language barriers), as well as sometimes limited cooperation between supervisors. We are pleased to see that the Commission has retained the principle that national social and labour law rules cannot be circumvented and has not proposed measures to harmonise these. Since such rules are by and large the prerogative of member states, any further harmonisation measures would not be acceptable in line with the principle of subsidiarity. However, the application of different national and social labour laws, as well as tax laws will continue to be a barrier. This means that the potential for improvements in the internal market will remain limited.

Information provision to plan members and beneficiaries

33. We agree with the objective to provide clear, relevant and easy to understand information to pension plan members and beneficiaries, in particular with the trend towards Defined Contribution (DC) schemes. However, we are of the opinion that information requirements have to be adapted to national circumstances. Provisions at EU level should therefore be limited to minimum requirements.

34. The current directive already provides for simple and general requirements on information for members, i.e. that they are sufficiently informed of the conditions of the pension scheme, including the rights and obligations of the parties involved, the financial, technical and other risks associated with the pension scheme and the nature of those risks. This allows for the differences in the design of pension schemes, which are in part due to the different national tax and social security systems, to be taken into account.

35. In contrast, a harmonised EU pension benefit statement, including a considerable number of very detailed and overly prescriptive information requirements is not likely to be able to adequately take into account these differences. This also goes against the approach of the directive to provide minimum standards, for example, it is questionable whether an obligation to prescribe that the information should be in a readable letter type is in line with this approach.

36. The proposal prescribes a 2-page Pension Benefit Statement (PBS) whilst including 7 pages of information requirements. This combination is not feasible. We acknowledge that where schemes are jointly managed by social partners, there may be merit in providing information on the side of the employer and employees, as they both have a responsibility. However, we question the relevance of providing information to individual employees on the costs and charges of the pension scheme, broken down into different categories, as well as information on individual contributions and costs. Firstly, this information is often provided from a collective point of view, rather than individually. Secondly, the costs and charges are often borne by the employer. In addition, through their employment relationship, employees are generally automatically enrolled into the pension scheme of their employer – they do not have to make a choice about which occupational pension scheme they join. These proposed measures once again highlight the lack of acknowledgement of the employer-employee relationship in such pension schemes. They should not be treated as financial products like for example private individual pensions, where consumers make a choice between different products. We also note that some of the requirements would not fit the national practice, for example the focus on annuity payments, whereas in some countries (e.g. Belgium) there are many lump sum payments.



37. Although the proposed new measures do not prevent IORPs from using additional types of disclosure according to national requirements and their own communication style, we fear that the possibility for the Commission to adopt delegated acts could lead to even more detailed and prescriptive rules in this area. It would be difficult to adapt these to the information needs and expectations of pension plan members and beneficiaries in different member states.
38. These new information requirements would raise costs in some Member States, in particular since the Pension Benefit Statement should be provided for free at least annually. The requirements would either lead to increased employer costs or reduced employee benefits. It is possible that such a standardised form, to be adapted at national level, would have to be supplemented with other information in any case, for example to tailor the information to the age of the reader. This is likely to further increase administration costs for pension plans.
39. In any case, we are not convinced that the new requirements would bring added value for members and beneficiaries. In fact, it is more likely to overload them with too detailed, unnecessary information. This would not help them in easily understanding their pension plan nor improve knowledge of their financial situation. Experience in some countries that provide pension benefit statements or information through other means has already shown that too much information can be a problem, as it is difficult for the plan member or beneficiary to absorb. Also, providing pension projections can be misleading, especially for those far from retirement, as they may not be reliable. In Sweden for example, for one of the main pension schemes (covering 1.5 million members), the trade unions and employers have decided not to make projections, as this can be misunderstood as a guaranteed pension promise which is not always the case. In some countries (e.g. Netherlands) there is even a process to simplify the information provided. Furthermore, the information and the way that it is provided has to be constantly reviewed and developed. The proposed overly detailed specifications make this very difficult, if not impossible. We suggest that at most, some of the information could be provided on request for those who are interested rather than automatically.
40. One of the justifications for harmonised information requirements is to take into account the needs of cross-border workers in the EU and ultimately to facilitate mobility. Although we support measures in this field, we do not believe that this is justification for such detailed information requirements across the board and for diverse national structures. In fact, to assist mobile workers, providing simple and essential information would be preferable.
41. The proposed new requirements to provide information to prospective members once again highlights the inappropriate consumer protection approach which has been taken. It is also unclear who exactly is meant by prospective members. We also question the added value of giving information in advance to prospective members as these are employees, so they do not have a choice of which scheme they are part of.
42. We acknowledge that there is a growing tendency towards social and environmentally responsible investment ('Sustainable responsible investment – SRI). Companies, including pension funds may wish to provide information on how environmental, climate, social and corporate governance issues are considered in the investment approach of the pension scheme, either to attract investors and/or



from a human resources perspective to show employees why they are an employer of choice. However, we do not see it as appropriate to include such an obligation in this directive as this should be for the company/pension fund itself to decide.

43. It is not totally clear which authority would be competent to control the implementation of the requirements on information to members and beneficiaries. As the control on the pension benefit statement information is not mentioned in the list of elements subject to prudential supervision, as listed in article 60, and as in some member states (e.g. Belgium) many of the information elements currently are ruled by social and labour law, this creates confusion.

Review clause

44. The proposal includes a clause stating that the Commission four years after entry into force of the directive should review its effectiveness. Linked to this, recital 57 is a cause for concern, as it sets out that this review should also look at the financial solvency situation of pension funds. We fear that this could lead to solvency requirements for pension funds being introduced at a later stage. As we have said above, this would be inappropriate and costly for pension funds and harm pension provision by employers to their employees and therefore we remain opposed to this.

Conclusions

We have strong concerns that the specific characteristics of occupational pensions provided by pension funds are neglected in the proposals, through the financial market and consumer products approach. There is not adequate recognition of the social nature of such pensions, through provision by an employer to its employees or by social partners, in line with applicable social and labour law. This unfortunately creates a fundamental bias throughout the proposals.

BUSINESSEUROPE supports effective risk management, transparency and good governance of pension funds, however we strongly oppose some of the measures proposed to achieve these objectives and are seriously concerned that they are far too detailed for a directive which should set EU level minimum standards. We are also extremely concerned that although the proposal does not include quantitative solvency requirements, some elements could lead to this in the future. Despite employers' continued commitment, all this is likely to make occupational pension provision too expensive for employers, rather than further encouraging it. Whereas this is what is really necessary in view of demographic change and the sustainability and adequacy of pension systems overall.

BUSINESSEUROPE also supports improvements in the internal market for pension funds. A number of measures proposed are likely to bring benefits, however some may hamper cross-border provision and at least one crucial change is lacking. Therefore, a better balance needs to be struck between effective measures to improve the internal market in this area and more proportional risk management, governance and information provision requirements.