



Brussels, 30-09-2015

Dear

The European Commission published on 27 March 2014 the proposal for a revision of the Directive on the activities and supervision of institutions for occupational retirement provision (IORP Directive- COM (2014) 167). As a member of the Parliamentary Committee on Economic and Monetary Affairs (ECON) you will have an influential voice in the development of this important piece of legislation and a significant role to play in the negotiation process. Therefore, we would like to take the opportunity to share our views with you.

We welcome the fact that the revised proposal from the European Commission does not contain new solvency capital requirements for IORPs. Harmonised additional capital requirements come with high costs, which risk making it more difficult for employers to provide workplace pensions. We moreover welcome the proposal to lift restrictions on investments in long-term assets in the real economy, which are instrumental to delivering the growth that Europe needs.

However, some concerns remain in relation to the initial Commission's revised proposal. Encouragingly, many of these concerns have been addressed by the ECON Rapporteur (Mr Brian Hayes, EPP) in his Draft Report published on 22 July 2015 as well as by the Council in its General Approach.

Notwithstanding, we invite you to take account of the following remarks which we hope can guide discussions in the context of the ongoing consideration of the ECON Draft Report:

- **IORPs are first and foremost institutions with a social purpose**

**Our views on the issue:** IORPs are institutions strongly embedded within national social systems and primarily governed by social and labour law. This social purpose is reflected in the triangular relationship between employees, as contributors and beneficiaries (pensioners), employers, as sponsors, and the IORP, as managers, often through the involvement of social partners in the governance structure. IORPs are linked to an employment relationship. Social partner involvement in the governance of the IORPs is effective and efficient.

Workplace pensions are an initiative – often collective- as part of an employer-employee relationship and not a financial product offered to the individual. These features are essential to remember and for that reason regulation has to recognize that workplace pensions cannot be regulated like individual

financial products. Standardised consumer protection-type of legislation misses both the specificities of the occupational pension sector and the national design of the pension sector. Necessary flexibility is required. Standardisation has its limits in this field.

**Our views on the draft ECON report:** We feel that the specific nature of workplace pensions and the role of social partners should have been better acknowledged throughout the Commission's proposal for a Directive and that the rapporteur's draft report makes improvements on this.

- **The proportionality principle should have been better addressed in the Commission's proposal**

**Our views on the issue:** Considering the diversity of occupational pension systems across the EU and the central role played by national social and labour law, some of the changes proposed by the Commission to the IORP Directive go too far in harmonizing aspects of occupational pension provision and may be too detailed. We believe that the proportionality principle needs to be better addressed throughout important parts of the Directive. Without the consistent application of that principle some of the provisions might significantly raise the costs for IORPs, their members and employers. In particular the Risk Evaluation for Pensions and the harmonised Pension Benefit Statement proposed by the Commission do not leave enough room for different and legitimate national practices to continue. The latter should be tailor-made, easy to understand and contain the information that a member or a pensioner needs to have to make well-informed decisions concerning his or her future retirement income.

**Our views on the draft ECON report:** The rapporteur has simplified and renamed the Risk Evaluation for Pensions in Article 29. He has also made the Pension Benefit Statement into a set of guiding principles that take into account national law and the nature of the pension scheme. In this regard, we welcome the fact that the draft report dismisses the delegated acts from the initial Commission's proposal. Therefore, we are of the opinion that the rapporteur's draft report makes improvements to the Commission's proposal and we invite you to follow this approach.

- **Fostering the cross-border IORP market**

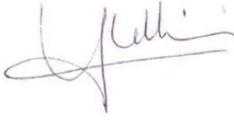
**Our views on the issue:** We support the proposal that cross-border IORPs should not be required to comply with additional investment restrictions to those which apply to IORPs in general. We also welcome the proposal to prevent Member States inhibiting IORPs from investing in instruments that have a long-term economic profile and are not necessarily traded on regulated markets.

**Our views on the draft ECON report:** We are pleased that the rapporteur supports the Commission's proposals in this area.

We are looking forward to working with you on this important file. Please do not hesitate to contact us if you have any questions or other queries.

Yours sincerely,

AEIP



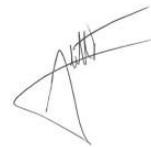
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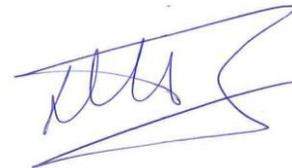
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**The European Association of Paritarian Institutions (AEIP), [www.aeip.net](http://www.aeip.net)**

AEIP represents the European Paritarian Institutions of Social Protection in Brussels since 1997. The Association gathers 27 leading large and medium-sized Social Protection Management Organizations which equally represent the employees and the employers through a joint governance scheme; plus 39 affiliates from 22 countries.

AEIP represents its members' values and interests at the level of both European and International Institutions. In particular, AEIP - through its working groups - deal with EU coordinated pension schemes, pension funds, healthcare schemes, unemployment schemes, provident schemes and paid holiday schemes. The final goal of AEIP is to achieve pan-European paritarian schemes of social protection.

**BUSINESSEUROPE, [www.businesseurope.eu](http://www.businesseurope.eu)**

BUSINESSEUROPE is the leading advocate for growth and competitiveness at European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all-sized enterprises in 34 European countries whose national business federations are our direct members.

**The European Centre of Employers and Enterprises providing Public services (CEEP), [www.ceep.eu](http://www.ceep.eu)**

CEEP gathers enterprises and organisations from across Europe, both public and private, at national, regional and local level, which are public employers or providers of services of general interest. CEEP members employ a quarter of the EU workforce.

**European Association of Public Sector Pension Institutions (EAPSPI), [www.eapspi.eu](http://www.eapspi.eu)**

EAPSPI is an association of 25 public sector pension schemes out of 15 European countries that are responsible for nearly 33 million active members and pensioners in the public sector. The connecting factor of EAPSPI's members and observers is thus the public sector in Europe: they cover the special basic pension schemes for civil servants or the supplementary schemes for public employees.

**The European Fund and Asset Management Association (EFAMA), [www.efama.org](http://www.efama.org)**

EFAMA is the representative association for the European investment management industry. EFAMA represents through its 27 member associations and 63 corporate members about EUR 19 trillion in assets under management of which EUR 12.7 trillion managed by over 55,000 investment funds at end March 2015. Just over 27,000 of these funds were UCITS (Undertakings for Collective Investments in Transferable Securities) funds.

**PensionsEurope, [www.pensionseurope.eu](http://www.pensionseurope.eu)**

PensionsEurope represents national associations of pension funds and similar institutions for workplace and work based pensions. Some members operate purely individual pension schemes. PensionsEurope has 24 member associations in EU Member States and other European countries with significant – in size and relevance – workplace or work based pension systems.

PensionsEurope member organisations cover the workplace pensions of about 80 million European citizens. Through its Member Associations PensionsEurope represents approximately € 3.5 trillion of

assets managed for future pension payments. PensionsEurope's Members are large institutional investors representing the buy-side on the financial markets. They are specialised financial institutions dedicated to the sole objective of accumulating and decumulating assets over a long period of time with the aim of providing a supplement to the State pension to avoid old-age poverty.

**European Trade Union Confederation (ETUC), [www.etuc.org](http://www.etuc.org)**

The European Trade Union Confederation was set up in 1973 to promote the interests of working people at European level and to represent them in the EU institutions. At present, the ETUC has in membership 83 national trade union confederations from 36 European countries, as well as 12 European industry federations, making a total of 60 million members.

**European Private Equity and Venture Capital Association (EVCA), [www.evca.eu](http://www.evca.eu)**

EVCA (to become 'Invest Europe' on 1 October) is the voice of European private equity. Our membership covers all private equity activity, from early-stage venture capital through to large private equity firms and funds investing in infrastructure. Our members also include institutional investors, such as pension funds and insurance companies, who are a key source of long-term financing in Europe and who invest in private equity, venture capital and infrastructure funds. We represent 650 member firms and 500 affiliate members.

**European Association of Craft, Small and Medium Sized Enterprises (UEAPME), [www.ueapme.com](http://www.ueapme.com)**

UEAPME is the employers' organisation representing the interests of crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has around 80 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner.