

## Summary of Conclusions

### Occupational Pensions Stakeholder Group (OPSG)

#### Inaugural meeting

---

Date: 28 April 2016

Time: 10:00 – 16:00

Location: EIOPA premises

Contact: [giulia.conforti@eiopa.europa.eu](mailto:giulia.conforti@eiopa.europa.eu)

---

#### List of participants:

OPSG: Matti Leppälä (Chair), Bernard Delbecque (Vice-Chair), Alf Alviniussen, Tomas Bern, Janwillem Bouma, Paul Brice, Francesco Briganti, Lukasz Budzynski, Charlotta Carlberg, Alexandru Ciuncan, Paul Cox, Laure Delahousse, Senka Fekeža Klemen, Zdeněk Hustak, Paul Kellz, Michaela Koller, Damien Lagau, Sonia Maffei, Raimond Maurer, Claudia Menne, Marianne Moscoso Osterkorn, Stefan Nellshen, Philip Neyt, Kevin O'Boyle, John O'Quigley, Guillaume Prache, Ján Šebo, Falco Valkenburg and Fieke van der Lecq.

Not present: Guiseppe Corvino

EIOPA: Gabriel Bernardino (Chair), Fausto Parente (Executive Director), Peter Braumueller (Vice-Chair), Olaf Sleijpen (OPSG Chair), Manuela Zweimueller (Head of Regulations), Justin Wray (Head of Policy), Katja Wuertz (Head Cross-Sectoral and Consumer Protection Unit), Gabriele Arnoldi (Coordinator External Relations), Sandra Hack (Coordinator Pensions Team), Giulia Conforti (External Relations Team), Beatriz Garcia (Legal Team), Barthold Kuipers and Carine Pilot-Osborne (Principal Experts on Pensions) and Frederik Vandenberghe (Expert on Pension Policy).

European Commission (EC, DG FISMA) : Steve Ryan

---

### 1. Approval of the agenda

The EIOPA Chair welcomed the OPSG members to the inaugural meeting and introduced the draft agenda. The OPSG members were informed that the EIOPA Chair shall lead the meeting on an exceptional basis until and including agenda item 7 – Election of OPSG Chair and Vice-Chair. From agenda item 7 onwards, the elected OPSG Chair shall lead the meeting.

#### Conclusion/Action:

- The Agenda was approved.

### 2. Introductory remarks by Gabriel Bernardino, EIOPA Chair

The Chair highlighted the important role of the Stakeholder Groups and encouraged to maintain a constructive dialogue. He mentioned that every EIOPA document, consulted with the OPSG so far, has benefitted from the input.

The Chair identified the main strategic objectives in the area of Pensions:

1. Enhanced resilience in Pension Funds

2. Strong governance
3. Full transparency

And highlighted the top priorities for the coming years:

- Following the IORP II Trilogue: ensuring consistency and supervisory convergence in the implementation, e.g. by means of Peer Reviews
- Personal Pensions: the work on the Pan-European Pension Product (PEPP), as an opportunity for simple, transparent and efficient cross-border product
- Occupational Pensions: resilience of the Pension Funds sector; continue to run Stress Test looking at main vulnerabilities and risks
- Better data on IORPs and pensions at EU level

Peter Braumüller, EIOPA Vice Chair, praised the benefits of a structured interaction between the OPSG and the Board of Supervisors (BoS), either during the annual joint meeting in November or at every OPSG meeting, taking advantage of the presence of Management Board members or himself.

### **3. Tour de Table – introduction of OPSG members**

Each IRSG member was invited to provide a brief overview of his/her professional background and of the input he/she expects to provide to the Group's work.

Especially highlighted amongst the various topics of interest were IORP Directive, PEPP, cross-border arrangements (a pan-European pension scheme, cross-border pension vehicles), promotion of growth, the Capital Markets Union and Solvency Pillar II, risk and solvency assessment, proportionality, governance, disclosure and cost transparency, managing the ECB and the low interest environment, the growth of precarity in the pension system, collective pension schemes and the adequacy of pension policy.

### **4. General introduction to the role and tasks of EIOPA and the Stakeholder Groups**

Presentation is available on the OPSG website: [link](#)

Fausto Parente (EIOPA Executive Director) presented the OPSG members with an overview of the Authority, including:

- EIOPA's Strategic Goals
- EIOPA's Powers
- Stakeholder Group's role and responsibilities
- EIOPA's role with regard to its Stakeholder Groups

Regarding the interaction with the BoS, he mentioned that one member of the MB will be present at every meeting. The presentations held at the OPSG meetings will be available via the OPSG website.

#### **Conclusion/Action:**

- The Chair of EIOPA should include a report on the SGs as a standing item in his regular report at the BoS meetings.

### **5. Rules of procedure of the EIOPA Insurance and Reinsurance Stakeholder Group**

Manuela Zweimueller (Head of Directorate Regulations) introduced the draft Rules of Procedure (revised) that the Authority has circulated to IRSG members for the purpose of discussion. The wording was slightly amended to avoid repetition and enhance presentation, but no revision on content was made.

OPSG members were informed that the same draft was shared with the IRSG, with the objective to have the same Rules of Procedure, in order to ensure consistency of the OPSG and IRSG management within EIOPA.

Special attention was drawn to the following points:

- The members of the OPSG are members in their personal capacity. This means they are not bound to express their institutional opinion/views and due to their personal commitment, they are not allowed to send alternates to the Groups or Subgroups meetings or nominate an alternate to represent their views.
- The Professional Secrecy and Confidentiality rules of the European Union apply. Documents that are labelled as "confidential" must not be distributed to the market!
- Opinions of the Group shall be, as far as possible, adopted by consensus. In case of dissent, under circumstances elucidated in Article 7 of the Rules of Procedure, minority opinions shall be noted.
- The impact of 'Silence' was clarified. 'Silence' in written procedure shall be counted as consensual vote, whilst 'Silence' during a vote in a meeting shall count as abstention. An active feedback therefore is encouraged!
- Members are expected to attend and actively participate in the meetings of the Group. Failure to attend three consecutive meetings of the Group shall be deemed a failure to perform the member's duties.

EIOPA staff further suggested that the document is approved through a written procedure, for which OPSG members will be invited to submit written comments in a 2 weeks period. Comments from both the OPSG and IRSG members will be integrated in a single revised document, which shall be submitted for written approval.

**Conclusion/Action:**

- The Draft Rules of Procedure (revised) will be circulated by EIOPA staff for comments and approval in written procedure.

**6. Housekeeping**

Presentation is available on OPSG website: [link](#)

Giulia Conforti provided the OPSG members with an overview of the Authority, including:

- Stakeholder Groups website – access via the quick link on the EIOPA page
- Stakeholder Groups support – the External Relations Team is the central point of contact for the OPSG members
- Registration to meetings – attendance and non-attendance
- Changes in professional activity – inform EIOPA as soon as possible of changes to your employment and/or other non-remunerated professional activities

**Conclusion/Action:**

- Members agreed to share a list with their telephone contact details

**7. Election of OPSG Chair and Vice-Chair**

The EIOPA Chair introduced the topic by welcoming the candidates for the two positions of OPSG Chair and OPSG Vice-Chair and presented the procedure to be observed for the purpose of the elections (as per OPSG Rules of Procedure and guidance note prepared by EIOPA).

After a call for impromptu candidates, the candidates were invited to briefly introduce themselves before the election procedure for each position is initiated.

**Conclusion/Action:**

- Following the consensus of the Group for the Chair position, Mr Matti Leppälä was elected as OPSG Chair
- Following the consensus of the Group for the Vice-Chair position, Mr Bernard Delbecque was elected as OPSG Vice-Chair

## 8. European Commission update on current work on Pensions

Steve Ryan congratulated the OPSG members to their appointment and provided an update:

- There is progress with the Trilogue on the IORP II Directive (e.g. cross-border transfer and key functions), though the overall debate is confidential. The next Trilogue meeting is scheduled for 04 May 2016.
- A final advice from EIOPA regarding PEPP and other policy measures is to be expected in the private pensions area. In addition, the EC is researching fiscal aspects. A decision whether or not to move forward is expected around year-end.
- The upcoming White Paper on the ESFS review is rescheduled for the 2<sup>nd</sup> semester 2016.

An in-person attendance of an EC representative in future OPSG meetings would be welcome.

### Conclusion/Action:

- Steve Ryan to send information about pension tracking systems.

## 9. EIOPA Opinion to EU Institutions on Common Framework for Risk Assessment and Transparency for Pension Funds

Presentation is available on OPSG website: [link](#)

OPC Chair introduced the Opinion to the EU institutions, summarising the background, contents and benefits of the common framework for risk assessment and transparency for pension funds. OPSG was invited to provide feedback to the EIOPA opinion.

OPSG members raised the following questions:

- What is meant by a realistic, market-consistent valuation?
- Do possible exemptions for public disclosure not trigger the opposite effect, i.e. increasing the interest of the public in the outcomes of the standardised risk assessment for the relevant pension fund?
- Does the expectation of supervisory actions imply capital requirements through the backdoor?
- How does the common framework contribute to preventing regulatory arbitrage?
- What is the role of EIOPA in any follow-up work and what will EIOPA do if the EU institutions do not want to pursue the opinion?
- Since the opinion only applies to DB schemes, what would equivalent regulation for DC plans look like?

OPC Chair responded that the opinion recommends a realistic, market-consistent valuation of DB pension obligations using the risk-free rate. Any excess returns on assets constitute compensation for risk. Of course, how the risk free interest rate should be established is subject to debate.

There are differing views on public disclosure with some in favour and others conscious of the potential negative consequences. The opinion advises that European guidelines are developed when and what elements can be disclosed in a qualitative way. Indeed, there is the possibility that pension funds which do not disclose all quantitative results will face heightened public scrutiny.

NSAs should be afforded powers to trigger supervisory actions if pension promises are not sustainable. However, it should be emphasised that NSAs in many member states already have that possibility and that any decision on supervisory actions will be taken at the national level.

The common framework will facilitate more informed decisions by employers and social partners on cross-border activity. The framework provides for a common balance sheet and risk measurement, allowing for better comparison of national frameworks and, hence, discouraging regulatory arbitrage.

EIOPA has sent the opinion to the EU institutions and it is now up to them whether they want follow up on the recommendations and, if so, how. Although it is EIOPA's task to stimulate regulatory and supervisory convergence, it is too early to pre-empt any decision of the EU in-

stitutions not to pursue the opinion.

The opinion only applies to DB schemes, but there is undoubtedly a strong, ongoing trend from DB to DC pension provision. Much work still has to be done on the design characteristics of sustainable DC schemes. OPC Chair suggested that OPSG may also want to dedicate part of its work to the design and regulation of DC plans.

In view of its importance, OPSG Chair concluded that providing feedback to EIOPA's opinion would need to be part of the upcoming OPSG work.

#### **Conclusion/Action:**

- The Chair will propose to develop an Opinion on the EIOPA Opinion on Common Framework for Risk Assessment and Transparency for Pension Funds.

### **10. Peer review of IORPs (Article 12 – Statement of Investment Policy)**

Presentation is available on OPSG website: [link](#)

Following a brief update on the peer review on IORPs (SIPP), members of the OPSG were invited to provide suggestions of relevant academic research and /or industry work on SIPP market practices which focus on:

- How to prepare a good SIPP e.g. what elements to include?
- What governance (e.g. procedures, structure) should be in place to prepare/approve a good SIPP and to trigger its timely review?
- How to use the SIPP to verify the execution of the investment policy and other investment processes e.g. internal controls, risk management?
- How to use the SIPP for clear and effective communications with scheme advisers, assets managers, members/beneficiaries?

The request for OPSG input only relates to market practices on the SIPP since the peer review has already information on additional national legal requirements and associated supervisory practices. The SIPP should be understood as being the document which outlines the investment policy of an occupational pension scheme. Depending on the EU jurisdiction, the SIPP may be a stand-alone document or part of a larger disclosure document which may be known under a different name.

#### **Conclusion/Action:**

- OPSG members are invited to provide suggestions of relevant academic research and/or industry work by COB Friday 06 May 2016 to [carine.pilot-osborne@eiopa.europa.eu](mailto:carine.pilot-osborne@eiopa.europa.eu).

### **11. EIOPA's vision regarding pensions data**

Presentation is available on OPSG website: [link](#)

OPSG welcomed EIOPA's approach, emphasising the importance of good data which will reflect in better regulation (data driven regulation). On the other hand, OPSG warned for an overload of data requests by different entities (NCAs, ECB, OECD) resulting in a burden to the industry. One member suggested that information should be collected by national supervisory authorities and shared with the requesting entities. EIOPA acknowledged the possible burden on the industry from different information requests. It stressed that it collaborates with the ECB to avoid data request overload and minimise the burden on the industry.

Questions were raised regarding the sharing of information with other bodies or the disclosure of (some of) the collected information to the public. EIOPA highlighted it is up to the EIOPA BoS to decide which information should be kept confidential and which information can be disclosed.

One member asked EIOPA how this project will interact with EIOPA's annual reports e.g. the market development report. EIOPA explained that its pension data vision implies that the data - used in the various recurring EIOPA reports - will be collected as part of EIOPA's central register rather than on a project basis.

**Conclusion/Action:**

- The Chair stressed that the approach taken by EIOPA starting from its data needs in line with its regulation is the correct approach and highlighted the need for better data.
- Further feedback on developments of EIOPAs pension data project are welcomed at the OPSG meetings.

**12. Focus on upcoming IRSG work**

Presentation is available on OPSG website: [link](#).

The Chair gave a short presentation about his ideas and experiences including previous OPSG Subgroups, topics worked on and finalised deliverables. He also introduced a preliminary draft proposal for a new Subgroup structure including the following:

- Subgroup on Solvency issues
- Subgroup on Occupational DC
- Subgroup on Personal Pensions
- Subgroup on Consumer Protection issues

He also introduced potential topics for work streams:

- Infrastructure
- Pension funds and financial stability
- Peer review on SIPP
- Pension Data and statistics (by ECB, OECD, NCAs, Eurostat)

**Conclusion/Action:**

- An ad hoc group on the Infrastructure consultation, led by Michaela Koller, was established.
- [A Work stream to develop an OPSG Opinion on the EIOPA Opinion on the Common Framework for Risk Assessment and Transparency](#), led by Falco Valkenburg, was formed.
- The Chair and Vice-Chair, together with EIOPA staff, will further develop the organisational set-up and share it with the OPSG.

**13.AOB**

At the request of the Chair, the 11 October meeting date was changed to [4 October](#).

No other business was raised.

The future seating arrangement will be on a first come first serve basis.

The OPSG members are encouraged to read the latest [Activity Report](#).