

**Occupational Pensions Stakeholder Group meeting
25 April 2013**

Venue: EIOPA Headquarters, Frankfurt, Germany;

Conclusions and Action points

List of participants:

OPSG: Chris Verhaegen (OPSG Chair), Benne van Popta (Vice-Chair), Gunnar Andersson, Naomi Cooke, Charles Cronin, Frank Ellenbürger, Otto Farny, Janda Fritz, Ruth Goldman, Niels Kortleve, Régis de Laroulliere, Henri Lourdelle, Baiba Miltovica, Manuel Peraita, Patricia Plas, Martine van Peer, Giuseppe Rocco, Joachim Schwind, Federica Seganti, Maria Isabel Semião, Philip Shier, Dariusz Stańko, Klaus Struwe, Taylor Douglas, Allan Whalley and Bernhard Wiesner.
Drafting support to OPSG: Eugen Scheinker.

EIOPA: Gabriel Bernardino (Chair), Brendan Kennedy (OPC Chair), Giulia Conforti, Johanna Klaas, Beata Kaminska, Cees Karregat, Barthold Kuipers, Lay Peng Lim and Teresa Turner.

European Commission (EC) via conference call during Item 1: Jung Lichtenberger, Insurance and Pensions – DG Internal Market and Services.

09.00	Welcoming by Ms Chris Verhaegen, OPSG Chair	Type
1.	<p>Approval of the draft agenda</p> <p>➤ <i>Doc: EIOPA-13-158: Draft agenda OPSG mtg.</i></p>	Decision
<p>Remarks: OPSG Chair welcomed Members to their 13th statutory meeting of the Stakeholder Group.</p> <p>Conclusions: Draft Agenda was approved.</p>		
2.	<p>Approval of the 14.03.2012 meeting conclusions and action points</p>	Decision
<p>Remarks: The 14 February 2012 Conclusions and action points were approved. Link to the minutes: https://eiopa.europa.eu/fileadmin/tx_dam/files/Stakeholder_groups/occupational-pensions/2013-02-14/EIOPA-13-132_Minutes_and_conclusions_OPSG_14_February.pdf</p>		
3.	<p>Update from Gabriel Bernardino, EIOPA Chair and Jung Lichtenberger, European Commission, Insurance and Pensions – DG Internal Market and Services (EC), on developments</p>	Discussion
<p>Remarks: Gabriel Bernardino gave an overview on pensions' latest developments and on-going work streams, highlighting in particular:</p> <ul style="list-style-type: none"> • Some topics, such as ITS, Database and QIS preliminary results will be addressed later in the agenda; 		

- On Personal Pensions: the Discussion Paper will be published in May¹, following the Board of Supervisors' decision. The aim of the paper is to address three main issues: the definition of personal pensions, the cross-border framework and the aspects related to consumer protection and the disclosure of information. A Public Hearing on Personal Pensions will be held in Frankfurt on 11 June, to which the OPSG is invited to attend;
- Today's publication of EIOPA Survey on [EU practice on default investment options](#);
- On Peer Reviews: following the input received from OPSG, EIOPA is currently collecting information about the national supervisory powers for occupational pensions. The results will be public in May. In July 2013, EIOPA will launch the peer review on the authorisation and registration process;
- Upcoming events:
 - The ESAs Consumer Protection Day will be held on 25 June in Paris; OPSG members and in particular pension providers and consumer representatives are invited to attend;
 - On the review/assessment of the European System of Financial Supervision (ESFS): the European Commission will organise on 24 May in Brussels a Public Hearing on the [Financial Supervision in the EU](#);

The floor was opened for questions/reactions from OPSG members:

- How can the OPSG feed into the Personal Pensions process?
 - Response by Teresa Turner, EIOPA expert on pensions: the public consultation will be open for three months as of May and this is an opportunity to provide written input; the public hearing on 11 June is another platform to collect views. A discussion followed after the OPSG Chair's proposal to create a subgroup to deal with the matter. Some members volunteered to join the sub-group.

European Commission representative, Jung Lichtenberger, gave an update from the political level:

- On IORP REVIEW: COM is focusing on assessing the impact; there is progress but some issues remain complex, namely the concrete problems and the objective of the review. Further political steer is expected from Commissioner Barnier. At the moment COM has received input from 3 areas:
 1. The Pillar 1, as results of the QIS on pensions conducted by EIOPA;
 2. The assessment on administrative burden (Pillar 2 and 3), as result of the exercise conducted by Pensions Europe;
 3. The effect of the crisis, in particular as regards the shifts from bonds to equity over the last 3-4 years, and the announcement of the IORP review, following an ECB study.
- On the French mutual cross-border case: a French insurer wants to transfer occupational pensions to a Belgian IORP. In this case, primary law applies and transfer of capital should be possible, unless it raises prudential concerns; the COM is assessing the case and the two Member States affected are in close dialogue. The next steps will follow in June.
- EU-tracking services for pensions: this is a follow-up on the White Paper on Pensions. DG Employment is setting up a consortium of experts with the aim to undertake a mapping study on tracking services in the EU in the next two years. The study will also identify the best practices. The OPSG is invited to contribute via the upcoming workshops and seminars.

The floor was opened for questions/reactions from OPSG members:

¹ Link to the paper: <https://eiopa.europa.eu/consultations/consultation-papers/index.html>

- What is the scope of the study of the ECB? Is it based on field research? Is the impact of Solvency II also being tested?
 - Response by COM: the aim is to run an asset-liability study to understand the investment behaviour of IORPs and to see if there has been a portfolio shift due to the announcement of the IORP review or the impact of the crisis. The results, which are based on NSA and EIOPA data, do not offer projections in the future (i.e. on Solvency II) and will be published in a working paper in June.
- What is the relationship between the study on Long Term Investments (LTI) and the review of the IORP Directive?
 - Response by COM: this is a separate project in the context of Solvency II and the Long Term Guarantees (LTGs) with EIOPA. In his view, solutions found there will be also applicable to IORPs.
 - Response by EIOPA Chair: COM asked to analyse several assets classes; for instance, on infrastructure there is no evidence for recalibration as data is lacking, therefore a re-calibration from Solvency II side is difficult; there are no indexes that look at the volatility of such investments.
- What is the timeline of IORPII?
 - Response by COM.: June is no longer feasible; a delay is expected due to the current assessment on the scope of the review.
 - Response by EIOPA Chair: a cost-benefit analysis, including the administrative burden, needs to be made.
 - OPSG members raised their concern about the current uncertainty and its negative impact on the IORPs.
- There seems to be a definition problem: supplementary vs. occupational vs. personal pensions.
 - Response by EIOPA Chair: This might be a problem of the language used in the different Directives. "Supplementary" is rather referring to non-mandatory pensions products.

Conclusions & actions:

- OPSG agreed to create a new subgroup on Personal Pensions with the aim to respond to EIOPA discussion paper on a possible EU-single market for personal pension products;
 - The subgroup shall be led by Ruth Goldman and composed by: Bernhard Wiesner, Giuseppe Rocco, Manuel Peraita, Patricia Plas, Doug Taylor, Régis de Laroulliere and Klaus Struwe.
- EIOPA will formalise the call for the subgroup & its mandate.

4.	ITS consultation: results & next steps , Beata Kaminska	Discussion
<p>Remarks: Beata Kaminska, EIOPA expert on pensions, presented the main outcome of the consultation. According to the seven responses received, the majority were in favour of:</p> <ul style="list-style-type: none"> • Broadening the scope of the ITS with Article 7 (Activities of an IORP) and Article 8 (Legal separation between sponsoring undertakings and IORPs); • On the issue of language: the full legislative text should be made available in English. However, there is a legal constraint for EIOPA, as it cannot impose translation. Nonetheless, the ITS will be translated in all languages. <p>EIOPA is now working on the reasoned feedback which will be discussed by the OPC at the end of May.</p> <p>Next steps:</p> <ul style="list-style-type: none"> ➤ EIOPA is analysing the responses received by different stakeholders, including the OPSG. The deadline for submission of the ITS to the European Commission is on 1st January 2014. 		

5.	Database of pension plans and products in EEA , Beata Kaminska	Discussion
<p>Remarks: Beata Kaminska, in her presentation², introduced the main elements of the Database of Pensions Plans and Products in EEA³ published by EIOPA and invited OPSG members to provide feedback on this work, either during the meeting or in the coming weeks.</p> <p><u>Remarks by OPSG members:</u></p> <ul style="list-style-type: none"> • Several members praised the extensive work done by EIOPA, which has the added value of being the first “list of IORPs” at EU level. They also wondered about the maintenance approach, to which EIOPA replied that it will be updated on an annual basis. <p>Conclusion</p> <p>➤ OPSG members were invited to react individually to the database, in particular as regards to the country relevant information.</p>		
6.	EIOPA QIS on Pensions - preliminary results , Barthold Kuipers	Discussion
<p>Remarks: Barthold Kuipers, EIOPA expert on pensions, gave a short presentation on the preliminary results. <i>To access the presentation, please follow the link on footnote 2.</i></p> <p>Subsequently, Benne van Popta and Niels Kortleve presented the feedback from the QIS subgroup, following the meeting held in Amsterdam on 12 April. They highlighted:</p> <ul style="list-style-type: none"> • They agree broadly with the EIOPA paper, which offers a good overview and is well written; • Clarity is needed on the final goal of the IORP review and the timeline; • HBS is an internal tool for highlighting the quality of the pension promise, but can it be delivered by the IORPs? <p><u>The floor was open for comments:</u></p> <ul style="list-style-type: none"> • Brendan Kennedy, OPC Chair, agreed that it was too early to draw conclusions on the practicability of the HBS and thanked the Subgroup for the sensible proposals and the timely input. Gabriel Bernardino added that no conclusion could be drawn on the supervisory side. • Would it be possible to publish the QIS (absolute) results for each MS? <ul style="list-style-type: none"> ○ Response by EIOPA Chair: EIOPA publication of the results was conducted in a transparent way; however there are still huge differences as to the way MS measured the liabilities. A political decision needs to be made in this regard. He indicated the OPSG contribution is highly valuable and that this is the first step in the roadmap: in the future more QIS are expected. • OPSG members raised their concern about a prolonged period of uncertainty, given that many projects are kept on hold and this entails a high price; • OPSG members expressed the view that HBS could be better used in Pillar II but not in Pillar I; • Additional concern voiced was on the costs of the QIS for Pension Funds/IORPs and the need to strike a balance; <p>Conclusions & actions:</p> <p>➤ It was agreed to finalise the text of the Feedback Statement and to circulate to full OPSG for approval at the beginning of May;</p>		

² Presentation available on OPSG website, under 25/04 meeting documents: <https://eiopa.europa.eu/about-eiopa/organisation/stakeholder-groups/occupational-pensions-stakeholder-group/meetings/index.html>

³ Hyperlink: <https://eiopa.europa.eu/publications/database-of-pension-plans-and-products-in-the-eea/index.html>

➤ OPSG Feedback to QIS preliminary Report will be approved via written procedure (2 days);		
7.	Input to the EIOPA CFI on consumer trends information for the EIOPA Consumer Trends Report , Klaus Struwe	Discussion
<p>Remarks: Klaus Struwe presented the draft response to the questionnaire on consumer trends, based on the input of 5 contributions.</p> <p><u>The floor was open for a round of comments:</u></p> <ul style="list-style-type: none"> • Some consumer representatives described the focus given to consumer issues and the trends observed in their country over last years. Most focus is on education of consumers, bundling practices linked to products or services and complex financial products offered to consumers. • Sources of protection vary from country to country and can be included in different legislation: Social Labour Law, supervisory law, etc. The right balance between the protection of the consumer/employee and the cost of operating a Pension Fund needs to be striven for. • Comment by EIOPA Chair: the aim of the Report is to capture what is happening in the market. Then, he posed the following questions: what are the main problems in your country? I.e. bundling, misselling, etc. Which products are supposed to have major consumer detriment? Is there a problem in the transparency of Pension Funds costs? • A member added that caution should be given to the cost of regulation, which can also have an impact. It is easier to evaluate the cost than to assess the benefits. <p>Conclusion:</p> <ul style="list-style-type: none"> ➤ OPSG mandated Klaus Struwe to include remarks made and to submit the revised response to the Questionnaire on Consumer Trends to EIOPA by 30 April. 		
8.	Subgroup on Pension Fund Governance: progress report , Charles Cronin	Discussion
<p>Remarks: Charles Cronin, leader of the sub-group on Pension Fund Governance, reported on the progress achieved in the draft report shared with OPSG.</p> <p>He highlighted that the pension scheme business is divided in 4 areas:</p> <ol style="list-style-type: none"> 1. Non-executive representatives from employees (be it beneficiaries or members contributing at the moment). These often lack the knowledge on what they are dealing with. Their knowledge should be tested or investment limited to the areas of understanding. 2. Executives (management dealing with strategy). Part of the trust: theoretically acting in the interest of the beneficiary. 3. Functional (actuaries, auditors, etc.). Not compulsory in all countries; potential conflicts of interest need to be observed. 4. Services function (investors, compliance, etc.). Functions are far away from the beneficiaries and they respond to different interest. <p>Proportionality was one of the aspects to be better reflected in the text.</p> <p>Jung Lichtenberg, Commission representative, asked the subgroup if they could deliver a close to final version of the Report at the beginning of June, so that it can feed into the work currently developed by COM.</p> <p>Conclusions:</p> <ul style="list-style-type: none"> ➤ Charles Cronin will submit a close to final Report to COM at the beginning of June. ➤ OPSG agreed to adopt the final Report on Governance at the meeting on 4 July. 		

9.	Information to Members sub-group: initial discussion on draft OPSG Opinion on the EIOPA Report on Good practices on information provision for DC schemes	Discussion
<p>The following feedback/comments were tabled:</p> <ul style="list-style-type: none"> • Many members praised the work conducted by EIOPA, which also includes examples of good practices, such as NEST. • Members asked if a similar report for defined benefit (DB) would also be issued, to which EIOPA responded that the focus on defined contribution (DC) is consequence of the EIOPA Advice to the EC on February 2013. • Teresa Turner, EIOPA expert on pensions, conveyed that further work will be carried out on pre-enrolment and annual information. The goal of the report is to reach a high level of standardisation, to help individuals with comparability of products. • Some members commented that the issues of responsibility and proportionality could be further addressed. <p>Conclusions & actions:</p> <ul style="list-style-type: none"> ➢ OPSG agreed that the Feedback Statement to EIOPA “Max” Report on DC schemes should be sent to OPSG members for a round of comments to be tabled no later than 23 May; ➢ The Feedback Statement shall be adopted on a written procedure before the ESAs Consumer Protection Day of 25 June. 		
10.	OPSG Organisational item – discussion on proposal to issue an OPSG Activity Report.	Discussion
<p>Remarks: The Chair informed OPSG members that ESMA Stakeholder Group had carried this own-initiative to prepare an annual Activity Report, which was then distributed to the European Parliament and other institutions. It was proposed to prepare an Activity Report that would cover the full mandate. The Activity Report is supposed to raise the profile of the Stakeholder Groups in general and could be used by the European Commission for the assessment of the EIOPA Stakeholder Groups in particular. EIOPA distributed a draft table of contents for discussion. The proposal is that EIOPA will coordinate the input from Chair, vice-Chair, subgroup leaders and topic owners. Ideally a native speaker would volunteer to proof read the consistency and style of the text once all the input has been gathered.</p> <p>Conclusions & actions:</p> <ul style="list-style-type: none"> ➢ OPSG agreed to cover the full mandate (2011-2013) in the Report and to support the drafting. If possible, a draft will be presented for the next meeting. ➢ EIOPA to provide a draft outline of the Report and a more detailed proposal for input by subgroup leads and members. 		
11.	AOB	Discussion
<ul style="list-style-type: none"> • <u>FTT: Financial transaction tax</u>: an important matter for IORPs. Insurance Europe will issue a letter pleading to exempt all transactions related to pension products. A key issue will be to differentiate between IORPs and other pension products. EIOPA Chair added that this topic is beyond EIOPA’s remit. OPSG members agreed that this is a very political issue and that it is not for OPSG focus. • Niels Kortleve invited OPSG members to attend the Netspar Policy workshop on Pensions on 17 June 2013 in Frankfurt. • <u>Next meetings</u>: 4 July. A get together drinks will follow at the end of the meeting. 		
6:30	End of the meeting	