

Summary of Conclusions

Occupational Pensions Stakeholder Group (OPSG)

Fourth meeting

Date: 8 May 2019

Time: 10:00 – 16:00

Location: EIOPA premises

Contact: Stakeholder.Groups@eiopa.europa.eu

List of participants:

OPSG: Alviniussen, Alf ; Azzopardi, Moses; Briganti, Francesco; Delbecque, Bernard (Chairperson); Duarte, Valdemar; Fekeža Klemen, Senka; Gabellieri, Bruno; Gómez, José Carlos; Gülich, Christian; Jones, Olav; Kupsys, Kęstutis ; Lemaire, Christian ; Lewis, Sue ; Luciano, Elisa ; Maczynska, Aleksandra (Vice Chairperson) ; Maher, John ; Micilotta, Flavia ; Moriarty, Jerry ; Nellshen, Stefan; Neyt, Philip; O'Quigley, John; Oroviceanu, Catalin; Reichert, Sibylle; Reiner, Michael; Reinhammar, Torun; Seidel, Philippe; Valkenburg, Falco (Vice Chairperson); van Meerten, Hans; Wancke Widemar, Ann-Marie.

Not present: van der Lecq, Fieke

EIOPA: Fausto Parente (EIOPA's Executive Director), Dimitris Zafeiris (Head of Risk and Financial Stability Department), David Cowan (Consumer Protection Department), Marco Traversa (Consumer Protection Department), Sandra Hack (Risk and Financial Stability Department), Giulia Conforti (Policy Department), Barthold Kuipers (Policy Department), Carine Pilot-Osborn (Policy Department), Sandra Desson (Oversight Department), Florian Ouillades (Corporate Affairs Department).

EIOPA National Competent Authorities (NCAs): Olaf Sleijpen (NL).

European Commission (DG FISMA): Nico Spiegel (video call).

1. Approval of the agenda

n/a

Conclusion/Action:

- The agenda was approved.

2. Update by the OPSG Chair

The OPSG Chair reminded Members about ongoing and upcoming OPSG work.

Conclusion/Action:

- EIOPA to launch a replacement for Sibylle Reichert in the IORP category, following the announcement of a change in her professional activity.
- Next OPSG Meeting on 10 July 2019 to address in particular the following topics:
 - IORP II implementation: Governance and Risk Assessment.
 - Methodologies for calculating the cost and past performance of pension products.
 - Mutual recognition by the National Competent Authorities of the methodologies of cross-border IORPs in the context of the Own-Risk Assessment (ORA).

- Members were in general supportive to organise their work with a view to provide joint IRSG/OPSG advice to EIOPA on the cross-sectoral topic of the Pan-European Personal Pension Product (PEPP). The organisation of the work will depend on the sequence of requests that will be submitted by EIOPA. It is likely that different sub-groups will need to be created to cover the range of topics and Sub-group leaders will need to be nominated for drafting the preliminary advice. Decisions will be made once EIOPA provides more visibility on the expected work and timetable.

3. Update by EIOPA's Executive Director

EIOPA's Executive Director (ED) updated Members on the following topics:

Pan-European Personal Pension Product (PEPP)

On 4 April 2019 the European Parliament adopted the Commission's proposal for a Regulation on PEPP. In view of implementing the upcoming PEPP Regulation, input from EIOPA's two Stakeholder Groups will be expected on a number of Regulatory Technical Standards and Implementing Technical Standards. In order to give consistent advice to EIOPA and given the variety of PEPP providers, EIOPA's ED encouraged the IRSG and the OPSG to establish a joint Subgroup to deal jointly with upcoming EIOPA requests.

ESAs review

EU legislators recently agreed on a revision of the EIOPA Regulation in the context of the Review of the European Supervisory Authorities (ESAs). EIOPA welcomed some positive developments e.g. in the field of supervision and consumer protection. The text now refers to new tools, such as mystery shopping. As the ED stressed, clarifications are still needed on a few points of consistency in the text as well as on the practical implementation of the amended Regulation. Changes to the composition of the Groups are required. EIOPA will keep the OPSG informed about any impact on the selection procedure for members of the EIOPA Stakeholder Groups.

EIOPA Strategy Day on 16-17 May 2019 in Bucharest:

This year's Strategy Day is hosted by the Romanian Financial Supervisory Authority (ASF). The topics for discussion among Members of EIOPA's BoS are EIOPA's strategic approach to Financial Stability and Innovative technology in financial supervision (SupTech). The meeting includes presentations from external speakers. The aim of the Strategy Day is to identify courses of action that will eventually feed into EIOPA's work programme.

Workshop on implementing EIOPA's reporting requirements regarding occupational pensions' information:

The ED thanked Members who participated in EIOPA's Workshop that took place on 20 March 2019. The use of pensions data for financial stability and market monitoring purposes was one of the topics discussed. The preparation by the industry is proceeding but the main challenge is the collection and availability of fund "look-through" information. EIOPA is of the view that pension funds should not materially invest in Collective Investment Undertakings (CIUs) from which the risks are not known. As a reminder, the information requested from the supervisors refers to a high level look-through and not a line-by-line approach.

Financial Stability Report update

Work on the Q1-Q2 2019 Financial Stability Report is ongoing and publication is due in the end of June. As a key message, the pension sector continues to be negatively affected by a persistent low interest rate environment. The negative effects of the challenging economic environment are mitigated by initiatives to increase funding and a shift towards Defined Contribution pension schemes. However, demographic developments add additional strain.

One Member was concerned about a general shift of the risks, being borne increasingly by beneficiaries, and about the absence of mitigating actions.

Pension Adequacy

Members exchanged views with EIOPA on the role of State, Occupational, and Personal pensions in tackling pension adequacy. The ED reminded of the distinct competences in the area and the regular contacts with social law and social policy makers.

One Member highlighted the positive impact of financial educational to prevent old-age poverty and maintaining a decent income for the duration of the retirement.

Conclusion/Action:

- Members to take note of AAE report on 'Meeting the challenge of Ageing in the EU' ([link](#)).
- Members were reminded about the ESA's Joint Consumer Day (28 June 2019, Dublin)
- Members to take note of EIOPA's Financial Stability Reports, which contain information about developments in cross-border IORPs.

4. Update by the European Commission (COM)

COM representative informed about the following topics.

Pan-European Personal Pension Product (PEPP)

Following the signing of the PEPP Regulation by the President of the Council and President of the European Parliament (EP) in June, the Regulation is expected to be published in the Official Journal of the EU in June/July 2019.

IORP implementation

COM has launched infringement procedures with some Member States (MS) having failed to notify transposition into national law of the IORP II Directive. COM has also initiated procedures to verify the completeness and compliance with IORP II in the 11 Member States that have so far transposed the Directive. One specific focus is to verify that MS' national law does not require additional cross-border requirements according to Articles 11 and 12 of the IORP II Directive.

The High Level Group (HLG) on pensions

The HLG on pensions will decide at its next meeting in May on whether their interim report will be published. Depending on the outcome, COM may envisage an event with stakeholders in early autumn.

Conclusion/Action:

- n/a

5. Pension Benefit Statement designs (PBS)

EIOPA provided a short overview (see presentation [here](#)) of the policy work in the area of disclosure within IORP II, consisting of the PBS Report and the Report on other information documents to prospective and current members. The follow up to the EIOPA Report on the Pension Benefit Statement is conducted through the development of concrete PBS visual designs, which are of non-binding nature, for a Defined-Contribution type of pension schemes. EIOPA shared five PBS "mock-ups" to which Members provided feedback. EIOPA intends to launch a consultation on the PBS designs and asked for volunteers from OPSG to run a test survey. It will also invite responses from National Competent Authorities and targeted stakeholders. The PBS designs will be consulted with the OPSG in June. The results will feed into the design work with the help of consumer testing for a Benefit Statement for PEPP.

Conclusion/Action:

- EIOPA to liaise with OPSG members Sue Lewis, Christian Lemaire, and Jerry Moriarty with regard to the upcoming consultation with the OPSG.
- Members to comment by 13 May 2019 on the draft PBS designs displayed at the meeting.

6. Pan-European Personal Pension Product (PEPP)

EIOPA provided an overview (see presentation [here](#)) of its deliverables implementing the forthcoming PEPP Regulation, the timeframe of the work and the envisaged working structures. The Stakeholder Groups will be closely involved in the development of the deliverables. To reap efficiency gains, the setup of a joint PEPP work stream of OPSG and IRSG members should be considered.

Members discussed the areas of most interest to them: cost cap, risk-mitigation techniques, the specific tailoring of the PEPP KID – which should not just copy the PRIIPs KID – and the need to regulate in a smart way and to incentivise beneficial financial innovation.

Conclusion/Action:

- EIOPA expects to bring first policy considerations to the stakeholders in September 2019 and keep them closely involved throughout the development of technical standards and EIOPA's advice on Delegated Acts.
- Members to indicate their interest in the PEPP work as soon as EIOPA's submit documents for advice.

7. IORP II - Opinions on governance and risk assessment

OPSG members summarised the input provided to EIOPA's request for technical feedback, in particular with respect to operational and ESG risks. EIOPA thanked Members for their timely submission which resulted in some changes to the Opinions. The documents are now going through EIOPA's internal governance process for adoption by the Board of Supervisors (BoS) in June 2019.

Conclusion/Action:

- EIOPA to send a reasoned feedback statement to the OPSG in July 2019.
- EIOPA to consult OPSG in July 2019, following adoption of the supervisory opinion in the EIOPA Board of Supervisors' meeting.

Members to take note of EIOPA's Workshop on Sustainable Finance on 11 June 2019 ([invitation](#)).

8. IORP Stress Test

EIOPA gave an update on the 2019 IORP Stress Test and in particular on how OPSG comments from an informal consultation have been addressed in the stress test package. The set of documents was published on 2 April and presented during the launch event on 16 April. Currently, EIOPA is running its formal Q&A process to support the smooth running of the exercise. All answers are published on the EIOPA's website.

Conclusion/Action:

- n/a

9. Consumer Trends Report

OPSG Member presented the information provided in the draft document to be delivered to EIOPA. One Member asked for the possibility to provide additional input. Hence, the deadline was extended.

Conclusion/Action:

- Members to give final comments by 21 May 2019 on the EIOPA Consumer Trends questionnaire ([link](#)).
- Next step: OPSG to adopt by 31 May 2019 its advice on Consumer Trends by written procedure.

10. Peer Review on prudent person rule

Management Board Member presented the result of the peer review (see presentation [here](#)). Following the questions from Members, it was clarified that the 'plus' in "the prudent person 'plus' supervisory approach" only refers to additional quantitative requirements set by NCAs. Both the risk-based and prudent person plus supervisory approaches are considered a better approach compared to a compliance-based supervisory approach.

The recommendations to NCAs following the peer review are provided in the context of the supervisory approaches and do not add any additional requirements over the IORP Directive.

The supervisory statement by the BaFin regarding the recommended action on the frequency of on-site inspections is published on EIOPA's website.

Conclusion/Action:

- n/a

11. OPSG co-working area on the Extranet

n/a

Conclusion/Action:

- EIOPA to send to the OPSG a short tutorial document on how to use the Extranet, in particular with respect to the online editing of documents.

12. AOB

n/a

Conclusion/Action:

- Members have until 31 May 2019 to suggest additional items for discussion in the next OPSG meeting.
- Members are invited to the next OPSG meeting on 10 July 2019 (10:00-16:00).