



Brussels, 15 September 2016

Press Release

PensionsEurope calls for EIOPA to respect the modernised rules for pension funds

EIOPA published the results of its IORP Quantitative Assessment (QA) exercise and its opinion for risk assessment and transparency for IORPs on 14 April 2016. The aim of the QA was to collect information about six examples of supervisory frameworks that represented a broad range of possible uses of the Holistic Balance Sheet (HBS) approach. In its position paper that was published today on 15 September 2016, PensionsEurope rejects EIOPA's proposal for the mandatory use of the 'common framework balance sheet' as a risk management and transparency tool and the call for regulatory responses by the national competent authorities based on it.

Janwillem Bouma, Chair of PensionsEurope, said:

- "The IORP II Directive contains a thorough framework for pension funds' future risk management and assessment. Risk management is essential for IORPs and they regularly carry out their own stress tests and scenario analyses (e.g. Asset and Liability Management studies) as part of their own risk management processes. Now it is time for a period of legislative calm in order that pension funds can concentrate on delivering adequate, safe and affordable pensions and retirement provisions for their members and beneficiaries."

EIOPA's Quantitative Assessment exercise shows that IORPs pose no systemic risk and capital requirements based on the HBS would have significant negative impacts on IORPs, sponsors and members. The impacts would be very harmful to the real economy as well.

Matti Leppälä, Secretary General/CEO of PensionsEurope:

- "PensionsEurope welcomes the fact that EIOPA has taken note of some concerns raised by us and by many other stakeholders by proposing that the European institutions refrain from introducing harmonised funding or capital requirements for IORPs at the EU level. As EIOPA states, a one-size fits-all solvency regime is not appropriate and would have potential significant negative impacts. We are therefore strongly opposed to requiring national competent authorities to act upon the results derived from a risk management and transparency tool using the common framework, because this would be introducing a holist balance sheet through the back door."

- "The IORP II Directive stresses that the further development at the EU level of solvency models, such as the HBS, is not realistic in practical terms and not effective in terms of costs and benefits, particularly given the diversity of IORPs within and across Member States. No quantitative capital requirements - such as Solvency II or HBS models derived therefrom - should therefore be developed at the EU level with regard to IORPs, as they could potentially decrease the willingness of employers to provide occupational pension schemes. PensionsEurope calls for policymakers and EIOPA to respect this."

PensionsEurope's position paper includes an annex that describes several problems that IORPs identified when they responded to EIOPA's QA exercise. These problems particularly relate to assessing the value of sponsor support and calculating the HBS figures which do not properly take into account the IORPs' specificities.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace pensions. Some members operate purely individual pension schemes. PensionsEurope Members are large institutional investors representing the **buy-side** on the financial markets.

PensionsEurope has **24 member associations** in EU Member States and other European countries with significant – in size and relevance – workplace pension systems¹.

PensionsEurope member organisations cover the workplace pensions of about **70 million European citizens**. Through its Member Associations PensionsEurope represents more than **€ 3.5 trillion of assets** managed for future pension payments.

PensionsEurope also has **26 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

Contact:

Mr Matti LEPPÄLÄ, Secretary General/CEO
Koningsstraat 97, rue Royale – 1000 Brussels
Belgium

¹ EU Member States: Austria, Belgium, Bulgaria, Croatia, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden, UK. Non-EU Member States: Iceland, Norway, Switzerland.

Tel: +32 (0)2 289 14 14 – Fax: +32 (0) 289 14 15

matti.leppala@pensionseurope.eu

www.pensionseurope.eu