



## EUROPEAN COMMISSION

Brussels, 25.7.2014  
C(2014) 5427 final

*Dear President,*

*The Commission would like to thank the Tweede Kamer for its Reasoned Opinion concerning the Proposal for a Directive of the European Parliament and the Council on the activities and supervision of institutions for occupational retirement provision (recast) {COM(2014) 167 final}. The proposal in question aims at revising Directive 2003/41/EC (IORP Directive).*

*The Commission notes that the Tweede Kamer recognises the importance of well-functioning pension systems, but that it considers the design, functioning and supervision of pension systems to be primarily a national responsibility and of a national competence.*

*The Commission shares the opinion of the Tweede Kamer that EU Member States should retain full responsibility for the organisation of their pension systems and in particular to decide about the role which occupational pensions play in that system and about the social and labour law provisions applicable to occupational pensions. This has already been recognised in Recital 9 of the IORP Directive and has been maintained in the proposal.*

*Within the framework of these choices by Member States, the purpose of the existing IORP Directive was to unlock efficiency gains from the Single Market in the provision of occupational pensions within the framework of national social and labour law, by establishing a minimum set of common prudential rules for the provision of occupational pensions to guarantee a high degree of security for future pensioners. The proposal aims to adapt and improve key provisions of the IORP Directive, notably those relating to cross-border activity and transfers, governance of institutions, information transparency and prudential supervision.*

*The Commission is fully aware of the specific nature and the importance of occupational retirement provision in the pension system in the Netherlands and in other EU Member States. Therefore the proposal focuses on those areas of the institutions for occupational retirement provision (IORPs) market where the EU could add the most value and reinforce the policy actions by individual Member States. The proposal does not aim to fully harmonise the regulation of IORPs, but sets out common EU requirements in a way that respects the*

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*specificities of national systems. The proposed provisions on the remuneration policy and on the appointment of a depository for example take into account that the management structure of IORPs differs considerably across Member States.*

*The Commission is of the opinion that EU level action on IORPs would add value because action by Member States alone would not remove obstacles to cross-border activities of IORPs. Cross-border IORPs activities may lead to efficiency gains and may thereby contribute to further develop occupational pensions within the EU. Such efficiency gains could for example arise where companies active in several Member States set up a single occupational pension scheme for their employees in several Member States, or where experienced IORPs providers from Member States with highly developed occupational pensions systems offer to set up occupational pension schemes for companies in other Member States.*

*The proposal will also ensure a level-playing field between IORPs providers from different Member States and will therefore avoid that IORPs engage in regulatory arbitrage and dislocate to Member States which have not introduced high standards.*

*Furthermore, EU action would ensure a higher EU-wide minimum level of consumer protection; it would lead to scale economies, risk diversification and innovation inherent to cross-border activity and would enable to avoid regulatory arbitrage between financial services sectors. Finally, the proposal would enable to avoid regulatory arbitrage between Member States; and would take into account the interests of cross-border workers.*

*The proposal does not go beyond what is necessary to achieve these objectives. A significant part of the provisions are unchanged compared to the existing Directive. Most of the provisions that are changed remain at a general level, and are much less detailed than the provisions which we have for example for insurance undertakings. The provisions go in greater detail only when it comes to the Pension Benefit Statement. On this matter clear common templates are indispensable to present information about IORPs to future pensioners in a comparable way, also when they receive occupational pensions in several Member States where they have worked. Once introduced, clear common templates will also reduce the cost of compliance for IORPs.*

*The points mentioned above are based on the initial proposal presented by the Commission which is currently in the legislative process involving both the European Parliament and the Council at which your government is represented.*

*The Commission hopes that these clarifications address the concerns raised by the Tweede Kamer and looks forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*