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Subject:	IORP WP 18 March: Presidency discussion paper on amendments to IORP II Directive

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Presidency discussion paper on amendments to IORP II Directive

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Introduction

On 20 November 2025, as part of a package of measures to help citizens secure adequate income in retirement by improving access to better and more effective supplementary pensions, the European Commission proposed the amendment of the Directive on Institutions for Occupational Retirement Provision (IORP) II with the aim to strengthen and modernise the framework to better support efficiency, scale and trust in supplementary pensions. The amending Directive was presented to Member States (MS) by the Commission on 1 December along with the Staff Working Document that assessed the impact of the proposed amendments. MS were invited to provide the Presidency (PCY) with written comments by the 19th of December in preparation for Council Working Party (CWP) examination of the text from January onwards.

A second CWP, the first under the CY PCY, was held on 30 January. It focused on scope, definitions, activities of IORPs and provision by IORPs of personal pension products, proportionality criteria and operating requirements, authorisation, multi-sponsor IORPs, establishment and freedom of services, cross border activities and procedures.

A third CWP was held on 26 February. Cross-Border and Domestic Transfers, Quantitative Requirements, Conditions governing activities and Business conduct rules, all included in the Commission's proposal for the review of IORP Directive, were discussed.

Purpose of the discussion

The purpose of this paper is to provide the basis for discussions on the proposed amendments to Directive (EU) 2016/2341 ("the Directive") for a number of selected subjects at the CWP meeting of 18 March. For each particular subject, the paper includes a description of the contents of the proposed amendments, the views already received from Member States in relation to that particular subject, and any relevant clarifications already received from the Commission.

For each item, Member States are invited to express their views and send their comments.

Topics of discussion on the IORP proposal

This note serves to structure the debate which will focus on:

- Title IV - Information to be given to prospective members, members and beneficiaries (Art. 36-43) (excluding new chapter 4 which has already been covered in Feb CWP),

- Title V - Supervision (art. 45-59),
- Amendments to IDD – Art 2

1. Title IV - Information to be given to prospective members, members and beneficiaries – Art. 36 - 43

1.1 Chapter 1 – General Provisions – Articles 36, 37, 37a

1. Content of the proposal

Disclosures where IORPs provide personal pension products other than PEPP – Article 36

For IORPs authorised under national law to provide personal pension products (PPPs)[1], the proposal introduces a requirement that – in the case of PPPs that are not PEPPs –information provided to prospective savers, savers and beneficiaries has to be clear, fair, not misleading, and appropriate. The rationale behind is that where IORPs distribute PPPs alongside insurers or other financial institutions, differences in information standards could otherwise create competitive distortions and uneven levels of consumer protection. Against this background, the proposal requires that the provided information ensures a level of transparency and protection that is equivalent to that required for the distribution of PPPs by other entities under national law, thereby ensuring a level playing field between IORPs and insurers or other financial institutions offering PPPs, and safeguarding a consistent level of consumer protection, with respect to at least a number of specified elements, such as the product's characteristics, costs, risks and the existence or not of advice. MS may adapt those requirements to reflect the specific features of IORPs and the diversity of personal pension distribution channels, thereby preserving proportionality and allowing national specificities to be taken into account.

A new paragraph 4 is introduced mandating EIOPA to issue non-binding guidelines on the information to be provided under Articles 41 (to prospective members), 42 (at pre-retirement stage) and 43 (at decumulation stage). The non-binding guidelines are intended to provide general reference points for supervisory authorities and facilitate greater coherence of supervisory approaches.

[1] PCY understands that the Commission's proposal does not require MS to allow IORPs to distribute personal pensions products, but simply confirms the possibility to do so under national law when this is permitted, as already provided under the PEPP Regulation.

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General information to members and beneficiaries on the pension scheme – Article 37

Under the present rules, Article 37(1)(g) provides that where members bear investment risk or can take investment decisions, information on past performance must be provided for at least 5 years. The proposal extends this period to 10 years, making it consistent with the time horizon used in other EU frameworks, such as for PEPP, PRIIPs and UCITS. It is PCY's understanding that this follows EIOPA's advice and the reasoning is that a longer reference period is more likely to capture different phases of the market cycle, including both positive and negative performance developments, and thus reduces the risk that short-term performance trends could present an incomplete or potentially misleading picture of the scheme's long-term investment profile.

Pension Tracking Systems – Article 37a

The proposal seeks to address IORP members' difficulties in estimating future retirement income, resulting from fragmented and incomplete information on pension entitlements from different/several schemes.

It is PCY's understanding that the suggested provisions aim to ensure that, where MS have established pension tracking systems (PTS), individuals receive comprehensive, complete and reliable information on their accrued rights and projected benefits. The proposed Article does not require MS to establish PTS, nor does it prescribe any particular institutional, governance or operational model for such systems. It leaves full discretion to MS as regards their design, including whether they are organised under public, private or mixed arrangements.

In particular, it is provided that where PTS are in place, IORPs shall transmit to them the necessary information concerning occupational and personal pension entitlements in a standardised, machine-readable and interoperable format, enabling coherent aggregation and comparability of data. It is PCY's understanding that this standardisation is essential to ensure that data from different providers can be meaningfully combined, while avoiding unnecessary administrative burden. To avoid duplication, the proposal provides that the format and structure of the transmitted information must be consistent with that of the pension benefit statement as laid down in the Delegated Act to be adopted under Article 38.

Additionally, the proposal clarifies that IORPs remain fully responsible for the accuracy and completeness of the transmitted data, and competent authorities should monitor and enforce compliance of IORPs with the requirements under this Article.

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Overall, the provision aims to strengthen transparency and improve access to pension information, while leaving the organisation, governance and operational arrangements of PTS and the discretion to set them up, to Member States.

2. Member States' views

Article 36

Some MS supported the provision while others raised concerns regarding the info on PPP arguing that disclosure requirements to national personal pension products should be left for Member States to decide. Many MS declared their opposition to EIOPA guidelines.

Article 37

Views were split, while some MS expressed concerns about the time horizon extension on past performances, others supported the requirement.

Article 37a

Many MS stressed that the decision to set up a PTS should be left to MS. Others instead welcomed the introduction of a PTS. Some MS while supporting the provisions, questioned the too detailed or lengthy extent of information. Several MS requested adjustments to cater for national specificities. Some raised concerns regarding the enforceability of the provision. Many MS criticised the DA empowerment.

3. Questions

Q1: Art. 36 Do MS agree with requiring IORPs offering PPPs to meet information standards equivalent to those applied to other PPP providers at a national level? If not, please elaborate.

Q2: Art 37 Do MS agree that the extension of the time period for past performance adds value to the information provided to members? If yes, is the proposal for a 10 year period suitable for IORPs, taking into account that other EU frameworks also provide for this?

Q3: Art. 37a Does Article 37a strike the right balance between improving pension transparency and respecting national system diversity? If not, do MS have any suggestions as to how the proposal could be amended and/or any clarifications that could be made?

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1.2 Chapter 2 – Pension Benefit Statement (PBS) and Supplementary Information – Articles 38 – 40

1. Content of the proposal

Article 38

Article 38 is partly amended in order to improve the information provided through the PBS as well as its accessibility from a behavioural perspective. In particular:

- In par. 1 an additional requirement is introduced based on which the PBS should also provide information on the level of risk borne by members;
- in par. 2 the requirement of stating the period to which the info in the PBS refers to is added;
- in par. 3 another requirement is included stating that the info provided should be consistent with any choices made by the member, and that layering (i.e. breaking down and classifying info in different sections etc.) and principles of good design should be used, and
- A new paragraph 6 is introduced, which provides that the format and structure of the PBS shall be provided using a Union standardised format, while taking in consideration the characteristics of different types of pension schemes.
- In light of the new paragraph 6, EIOPA is empowered to conduct consumer testing and industry testing, and prepare draft regulatory technical standard, about the structure and presentation in the PBS of the information defined in Articles 38-40.

As PCY understands it, a uniform PBS is intended, among others, to address the fact that evermore members accrue pension rights with multiple IORPs during their careers, and to facilitate comparability between similar pension schemes, and also make aggregation of the members rights and benefits from different Pension System Pillars easier, so that they can better assess where they stand with respect to the adequacy of their future retirement income. Moreover, greater convergence in the structure and presentation of benefit statements, is expected to contribute to a level playing field between IORPs and other providers of retirement products, including insurers, and promote comparable disclosure standards across sectors.

Finally, it is important to note that the standardised format should take into account the characteristics of different types of pension schemes, and it should not prevent MS or IORPs from including additional information, where necessary, to reflect national specificities or scheme design features.

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Article 39

In Article 39 a number of changes are also proposed with regards to the minimum information to be included in the PBS. In particular, the following changes are introduced:

- In point 1(b), the MS in which the IORP is authorised and the names of the competent authorities of that MS are required to be included in the PBS.
- In point 1(d) the requirement for including a disclaimer stating that "those projections may differ from the final value of the benefits received" is complemented by the addition of the wording "including, where applicable, that the retirement benefit may be variable". At the same time, the requirement for provision of information relating to the economic scenarios used in the pension benefit projections is moved in a separate sub-paragraph.
- Point (g), which relates to the information on costs deducted by the IORP, is modified by providing that:
  where members bear investment risk or can take investment decisions they need to be provided detailed information on the costs imposed and their impact, including:
  (i) A breakdown of all costs incurred, directly and indirectly, by members and beneficiaries over the previous 12 months and on an accumulated basis since the member joined the scheme concerned, indicating at least:
  the costs of administration,
  the costs of safekeeping the assets, and
  the investment costs incurred in connection with the management of assets and portfolio transactions; and
  (ii) an estimation of the impact of the costs on the final capital accumulated;
- A new point (i) is introduced similarly to the changes in Article 37 which provides for inclusion in the PBS, in cases where members bear the investment risk, of information relating to the past performance and stating that this information should cover a period of at least 10 years,
- In a new point (j), a brief indication of the investment selection made, including the number of options selected, the proportion of assets invested in each option and an indication of the risk level of the selection made, are provided in summary form.
- A new subparagraph is added, stating that, in relation to point 1(d) and the pension benefit projections which are based on economic scenarios, a favourable scenario, in addition to the existing best estimate and unfavourable scenarios, should be included, and the projected benefits should be presented in real terms and accompanied by a short narrative explanation.
- Another sub-paragraph is added, stating that for the purposes of point 1(i), information on past performance shall be accompanied by the statement 'past performance is not indicative of future performance'.'

According to the Commission goal, these changes aim to ensure that members and beneficiaries are provided with must-have information on performance, options, risks and costs that enable them to properly understand their pension entitlements and, on an informed basis,

be able to take any necessary action to secure the adequacy of their future retirement income. The underlying rationale is that with the additional information on costs, members and beneficiaries will be able to better understand the impact of costs on the evolution of their pension entitlements and to compare cost levels of different schemes or different investment options. This approach on costs follows similar approaches in other regulatory frameworks, such as MiFID II, IDD, PEPP or PRIIPs.

Taken together, the amendments seek to strengthen transparency, comparability, and usability of pension information across the Union, while preserving sufficient flexibility to accommodate the diversity of national pension systems and scheme structures. The harmonised core requirements therefore coexist with the possibility for Member States to maintain or introduce additional information obligations, where justified by national circumstances.

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Article 40

In point 1(c) a new requirement for providing information about the assumptions used for the pension benefit projections, is introduced, in addition to the existing requirement for providing information about the assumptions used for amounts to be expressed in annuities.

2. Member States' views

Article 38

MS generally supported the principle of having a PBS. However, several of them warned about the PBS being too prescriptive and not allowing to cater for national elements. Some stressed that the design features and how the information included in the PBS is to be presented, should remain technological neutral. While some were in favour, many MS expressed their opposition to a standardised template and to mandate to EIOPA.

Article 39

Many MSs expressed concerns about the level of details of information required and that it could result in 'information overload'. They proposed that the requirements should be streamlined, citing also simplification and additional admin burden.
Several MS stressed that the information about costs is far too complex for consumers and questioned whether the information on past performance does not overlap with the requirements under Art. 37.

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Article 40

One Ms asked for clarifications whether the requirement is meant to cover also DB schemes.

3. Questions

Q4: With regards to the format and structure of the PBS, do you agree with having a Union standardised format and structure for each type of pension scheme (DC, DB, PPP, other)? Do you have any specific suggestions in relation to the format and structure of PBS?

Q5: With regards to the contents of the PBS, do you agree with the inclusion in the PBS of the additional information proposed in Articles 38 – 40, which together with the existing info will form the minimum requirement for PBS purposes? If not please elaborate.

Q6: Do MS see added value in having a Union common format and structure for the PBS? If yes, how do MS suggest this should be achieved? (this question relates to art. 37a, 38, 39 and 40)

1.3 Chapter 3 – Other information and documents to be provided – Articles 41, 41a, 42 and 43

1. Content of the proposal

Disclosures to prospective members – Article 41

It is PCY's understanding that COM's proposal aims at improved information provision concerning performance, investment options and risks, and relevant costs and their impacts are also very important for prospective members to support transparency, comparability of alternatives, and informed decision-making. In line with previous changes, the proposal requires for the provision of information on past performance for at least 10 years, rules, for all prospective members, whether automatically enrolled or not.

The existing requirement to inform on available investment options is supplemented with a requirement to inform also about the risks of such options. As in the case of the PBS, disclosures on costs are also amended to enable prospective members to obtain additional information on the type and level of costs, their impact on the final pension, and to compare the cost of different schemes or different investment options.

In particular, the proposal requires IORPs to inform prospective members on all direct and indirect costs that members and beneficiaries have borne over the previous 12 months, including the cost of each investment option separately, at least in monetary terms, and to provide an estimation of the impact of those costs on the final capital accumulated. It is the PCY understanding that the disclosure on investment options, their risks and costs seeks to ensure that prospective members are in a position to assess not only the range of available choices, but also their potential financial implications over time.

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Underperformance and disclosures to members and beneficiaries – Article 41a

The introduction of the new Article 41a aims to respond to risks to members and beneficiaries' accrued entitlements stemming from persistent underperformance of pension schemes, by ensuring early identification of such underperformance, and requiring relevant disclosures to members, beneficiaries and competent authorities. As such, it aims to strengthen cost-efficiency and the delivery of appropriate risk-adjusted outcomes, with a view to safeguarding the long-term interests of members and beneficiaries and ensuring that pension schemes deliver tangible and sustainable benefits to them. It also seeks to bring to the fore materially inferior outcomes so as to trigger timely follow-up.

In particular, it requires IORPs to regularly monitor their performance against clear, objective and transparent benchmarks that reflect their investment policy and which are established in accordance with the applicable supervisory arrangements.

As mentioned in recital 34 of the proposal, the use of clear and objective benchmarks can support comparable assessment and disclosure of performance, while taking into account the scheme's investment policy. It is the PCY understanding that the benchmarks should constitute a meaningful reference in light of the scheme's strategy, time horizon and risk profile, so that performance is assessed against a comparable reference rather than against a uniform standard.

The provision allows flexibility as to how such benchmarks are determined in practice, provided that they are clear, objective and transparent. Depending on national arrangements and the characteristics of the pension market concerned, benchmarks may be developed, applied or otherwise determined within the relevant supervisory framework. Paragraph 4 specifies that performance should be assessed with respect to administrative, investment and transaction costs, gross and net returns, and funding outcomes over specified periods.

Where an IORP identifies that its performance materially deviates from the applicable benchmark, it must promptly inform its competent authority and provide evidence that its costs and charges are justified and proportionate and the scheme is in line with the risk tolerance of members and beneficiaries. This helps to ensure that cost elements, such as service/administrative costs or investment costs, are not excessive given the expected net returns, and that the relationship between costs incurred, risks assumed and benefits delivered remains appropriate.

The IORP is required to notify its members and beneficiaries of the underperformance situation in case the competent authority does not consider that the evidence demonstrates the above-mentioned elements, or where the underperformance persists for at least three years. This disclosure should explain the reasons for the underperformance, how the costs are justified and proportionate, and the actions being taken to improve results. The PCY understands that by enhancing transparency in such situations, the provision aims to strengthen members' ability to understand how their retirement savings are performing and how their interests are being protected.

Article 41a operates in conjunction with the regular supervisory dialogue provided for in Article 49a, which offers a broader framework for the early identification of vulnerabilities and structural challenges. Where underperformance is identified, the supervisory dialogue may support the consideration of appropriate remedial or structural measures.

Paragraph 5 mandates EIOPA to adopt non-binding guidelines on methodologies for determining underperformance across Member States, to support competent authorities and promote coherence of supervisory approaches concerning the way underperformance is identified.

Disclosures at the pre-retirement and decumulation stage – Articles 42 - 43

It is PCY's understanding that with the aim improve transparency and support informed decision-making by members and beneficiaries, the Commission's proposal adjusts disclosure requirements at both the pre-retirement stage and the decumulation stage.

At pre-retirement stage, members must be informed not only about the available pay-out options but also about the upcoming start of the pay-out phase. Information on payout options will have to be accompanied by information on costs, charges and the applicable tax treatment associated with each option. It must also be accompanied by an "explanatory package", containing more specific payout-related information, such as on the main features, implications

and potential effects of each option, relevant criteria for assessing different options, and risks and factors that could affect the level, stability or duration of pension income. Where a variable annuity is offered, members must also receive projections illustrating the potential variation of pay-outs over time.

At decumulation stage, the existing requirement to periodically provide beneficiaries with information on benefits due and payout options becomes an annual obligation. The proposal also requires the inclusion of a breakdown of all costs incurred and information on past performance, the same what is required for the PBS in Article 39, points (g) and (i). A description of main factors that could affect the level, stability or duration of pension income must also be included, as well as, where relevant, an indication of the right to change the pay-out option. Lastly, the proposal requires IORPs to continue providing the PBS to beneficiaries who continue to make contributions or bear investment risk during the pay-out phase, and to include within that statement also the above-mentioned decumulation information.

2. Member States' views

Article 41

Many MS asked for streamlining and reducing the requirements. They stressed that broad disclosure requirements could create information overload for members and impose significant administrative burdens on IORPs, especially in countries where individuals cannot freely choose pension schemes. Several pointed out that information about past performance should only be provided to prospective members who bear investment risk, to stay consistent with existing disclosure rules and avoid unnecessary obligations for schemes that provide full guarantees (like DB schemes).

Article 41a

Overall, MS views were largely critical. Many MS questioned the usefulness of the provision and warned about significant administrative burden, unclear concepts (benchmarking and "underperformance"), and limited added value for members and beneficiaries. Several MS stressed that benchmarking could influence investment strategies, create convergence among IORPs, or interfere with the prudent-person principle. Some MS suggested limiting the scope to schemes where members bear material investment risk. A few MS were more supportive of a harmonised framework, while still warning about proportionality and supervisory workload.

In detail regarding the obligation to monitor underperformance against benchmarks and NCAs' role (paragraph 1), views were mixed but predominantly cautious. Several MS expressed concerns about competent authorities setting benchmarks, which could interfere with IORPs' investment policy, risk management, and governance responsibilities. Many MS requested clarifications on the concept of underperformance, benchmark selection, and the role of risk profiles. Some MS argued that benchmark selection should remain with IORPs, with supervisors defining only criteria.

Regarding paragraph 2, several MS were critical and questioned the value of informing members about underperformance, highlighting risks of information overload and lack of actionable follow-up for members.

Regarding the NCAs power to develop benchmarks, several MS reiterated concerns about benchmarking leading to supervisory interference in investment policy and additional administrative burden. Some MS stressed that the provision should take into account the role of social partners and social and labour law in pension scheme governance. Clarification was also requested on technical concepts such as "funding outcomes."

Finally, many MS were critical of the mandate to EIOPA. One MS mentioned that these guidelines should explicitly incorporate risk tolerance considerations. Furthermore, some stressed that the methodology should encompass robust approaches for identifying underperformance across a broad range of investment strategies, in order to ensure an adequate and comprehensive assessment of investment risks.

Article 42

Views were mixed. Some MS supported enhancing information provided to members during the decumulation phase, while others raised practical, proportionality, and level-playing-field concerns. Several MS questioned the feasibility of providing certain information, notably the upcoming start of the pay-out phase, since retirement timing may depend on individual choices and may not be known by the IORP. A number of MS raised simplification and administrative-burden concerns, suggesting that the information package is too extensive or duplicative, highlighting possible overlap with the PBS or existing prospective information requirements. Some MS requested clarifications on scope and implementation.

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Article 43

Views were generally supportive but focused on clarification and scope. Some MS supported enhancing information provided to beneficiaries during the pay-out phase, while others stressed the need to limit the application of the provision to relevant situations, notably excluding lump-sum payments. Several MS requested technical clarifications, in particular on how costs should be presented and how information on certain costs should be provided.

3. Questions

Q7: Art. 41, 42, 43 Do MS consider that the proposed amendments regarding information to prospective members and pre-retirement and decumulation disclosures strike the right balance between improving members' and beneficiaries' understanding and decision-making, and excessive complexity and/or information overload? Do MS propose any adjustments to improve the practical application and clarity of Articles 41, 42 and 43?

Q8: Art. 41a Do MS consider that the provisions of article 41a strike the right balance between providing added value to members and beneficiaries and posing additional responsibilities to IORPs and competent authorities? If not, do MS propose any adjustments to improve the clarity and practical application of the proposed provisions?

Q9: Do MS see merit in ensuring coherence in supervisory approaches (i.e. for information disclosure requirements and determining underperformance)? If yes, how do MS suggest this should be achieved? (this question relates to art. 36, 41, 41a, 42 and 43)

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2. Title V - Supervision (art. 45-59)

Purpose of the discussion

The proposal introduces targeted amendments aimed at ensuring that competent authorities have the necessary means and powers to effectively perform their duties under the Directive. These include powers to request information, ensure compliance with applicable provisions, review IORPs' strategies, policies and reporting procedures, and impose sanctions.

A new Article 45a requires competent authorities to have sufficient qualified staff and resources and provides for effective cooperation where more than one authority is designated. Amendments to article 47 aim to strengthen supervision by requiring continuous verification of the proper operation of IORPs' activities and clarifying that supervisory powers also cover personal pension business where permitted under national law. Competent authorities are also expected to monitor market developments regarding the scale of IORPs and to determine if and to what extent there is consolidation of IORPs. Amendments to Article 48 further clarify the powers of competent authorities to request all necessary information and to take preventive and corrective measures, including sanctions.

These amendments aim to strengthen minimum supervisory standards, taking into account the European Court of Auditors Special Report 14/2025 on Supplementary Pensions and EIOPA's technical input, while supporting effective supervision with adequate powers, resources and coordination.

2.1 Powers, resources and main objective of supervision by competent authorities/ Competent authorities/Scope of supervision/ General principles of supervision/ Powers of intervention and duties of the competent authorities - Articles 45 - 48

Content of the proposal

Articles 45 and 45a

Article 45 updates and clarifies the existing provision on the objective of supervision, while maintaining the core focus on the protection of the rights of members and beneficiaries and the stability and soundness of IORPs. The provision also clarifies that competent authorities should have the appropriate means, powers and expertise necessary to perform their supervisory tasks under the Directive.

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A new Article 45a introduces general provisions concerning competent authorities, including their designation by Member States and the need for cooperation where supervisory responsibilities are shared between several authorities.

The provision also ensures that competent authorities have sufficient resources and qualified staff for the effective performance of supervisory tasks.

Scope of supervision - Article 46

The current article 46 identifies the scope of the prudential supervision by listing a number of areas for which supervisory authorities are responsible.

A second paragraph has been added confirming that Member States must ensure supervision of compliance with the prudential and all other provisions of this Directive.

General principles of supervision - Article 47

The amendment introduces limited and mainly technical clarifications to Article 47. Paragraph 2 is complemented with an additional sentence specifying that supervision includes the continuous verification of the proper operation of IORPs' activities and their compliance with supervisory provisions, reflecting established supervisory practice. These changes broadly align the provision with the supervisory principles reflected in Solvency II Directive.

Paragraph 4 specifies that supervisory powers cover the entire retirement provision business of the IORP, while maintaining the existing requirement that supervisory action be timely and proportionate to the nature, scale and complexity of the IORP's activities.

In addition, a new paragraph requires competent authorities to monitor market developments relating to the scale of IORPs.

Powers of intervention and duties of the competent authorities - Article 48

The amendments clarify and structure existing supervisory powers, aligning article 48 with the framework set out in the Solvency II Directive. In this respect, two new paragraphs are inserted: paragraph 1a clarifies that competent authorities must have the power to require all information necessary to conduct supervision, while paragraph 1b provides that supervisory powers are to be exercised in a timely and proportionate manner.

In addition, paragraph 2 explicitly refers to the power of competent authorities to take preventive and corrective measures to ensure compliance with applicable rules and to adopt any necessary measures, including administrative or financial measures, with regard to IORPs and members of their administrative, management or supervisory bodies.

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2. Member States' views

Articles 45 and 45a

Overall, the majority of MSs expressed support for the provisions.

Article 46

MSs supported the amendments, others requested clarification on specific wording.

Article 47

While some MS supported the proposal, others asked for some clarifications (i.e. 'verification on a continuous basis', 'scale of IORPs').

Article 48

Some MS supported the provision, while others requested minor clarifications on the wording.

3. Questions

Q10: Art. 45 & 45a Do Member States have any comments or suggestions for improvement regarding the proposed amendments on the powers and resources of competent authorities?

Q11: Art. 47 Do Member States have any comments or suggestions on the proposed amendments concerning the general principles of supervision?

2.2 Supervisory review process - Article 49

1. Content of the proposal

The amendment introduces clarifications and adjustments to the supervisory review process in Article 49, while aligning certain elements with Solvency II Directive. In paragraph 1, the wording is slightly adjusted to refer to the nature, scale and complexity of the IORP's activities when conducting the review, replacing the previous reference to size, nature, scale and complexity. In addition, a clarification is added that the risk assessments carried out as part of the review should also take into account the risk that the IORP may not have sufficient financial resources to cover its current and future operating costs.

Further provisions structure certain elements of the supervisory review process. New paragraphs 1a&b clarify that competent authorities should review compliance with the governance requirements referred to in Article 46 and introduce a regular supervisory dialogue between the competent authority and each IORP at least every three years. The revised paragraph 2 also clarifies that IORPs should have procedures in place to identify and notify deteriorating financial conditions, while competent authorities should have appropriate monitoring tools, including stress tests, to identify and monitor such developments.

Additional adjustments introduce a requirement for competent authorities to assess the adequacy of the methods used by IORPs to identify possible adverse economic developments and their ability to withstand them. Finally, paragraph 4 clarifies that supervisory reviews, evaluations and assessments should be conducted regularly, with their frequency determined in a proportionate manner.

2. Member States' views

Some MS agreed with the proposal, while others were critical. Several MS suggested applying a risk-based approach. Many MS questioned the obligation to hold periodic supervisory dialogues, noting that this should remain at the discretion of NCAs. Concerns were also expressed regarding the requirement to monitor the deterioration of financial condition, with the view that it should be limited to significant or material deteriorations. Several MS further raised issues of proportionality and administrative burden in relation to paragraph 2a.

3. Questions

(Note: Questions regarding the supervisory dialogue are addressed under article 49a below)

Q12: Do MS agree with the proposed amendments to article 49 concerning the supervisory review process? Please explain.

Q13: Do MS agree with the proposed amendments concerning IORPs' procedures to identify and notify deteriorating financial conditions? If not, do MS consider that this requirement should be limited to significant or material deteriorations?

2.3 Regular supervisory dialogue - Article 49a

1. Content of the proposal

Article 49a introduces a structured framework for regular supervisory dialogue complementing the supervisory review process set out in Article 49, designed to strengthen the role of competent authorities in assessing the operational efficiency, organisational structure, and scale of IORPs, as well as in addressing weaknesses, inefficiencies, and vulnerabilities in scheme management. The provision reflects supervisory practices already developed in several Member States and takes into account recommendations made in international assessments on the importance of proactive supervisory engagement in the pensions sector.

The objective of these provisions is to promote continuous and forward-looking engagement between IORPs and supervisors, ensuring ongoing reflection and improvement. While the supervisory review process focuses primarily on assessing compliance, governance arrangements and risk management frameworks, the supervisory dialogue provides a complementary forum for discussing structural or long-term issues affecting the sustainability and effectiveness of IORPs. This approach seeks to support the long-term sustainability and effective functioning of IORPs, including in situations where schemes may face structural challenges related to scale, efficiency or governance, while fully respecting the primary responsibility of IORPs and the organisational choices of Member States in line with the principle of subsidiarity.

In particular, the new Article 49a requires Member States to ensure that competent authorities conduct a regular and structured supervisory dialogue with IORPs aimed at the early identification of vulnerabilities, inefficiencies and structural challenges, and at encouraging strategic reflection on their long-term adequacy, efficiency and sustainability, including issues of scale, consolidation, cooperation, asset pooling and organisational configuration.

The dialogue must be based on a set of early warning parameters, covering at least: the level and development of administrative, transaction and investment costs; net and risk-adjusted returns; any shortfall from promised or targeted benefits; membership trends; and indicators of operational efficiency, risk concentration and institutional resilience.

If potential weaknesses are identified, competent authorities must invite the IORP to consider appropriate strategic options to strengthen its long-term viability. Where material deficiencies or underperformance occur, the authority must require the IORP to draw up a remedial action plan specifying corrective measures, timelines and governance arrangements, including, where appropriate, structural measures such as consolidation or cooperation. The plan must be adopted by the IORP's governing body, submitted for supervisory approval, and its implementation must be reported upon when requested.

The competent authority must document each supervisory dialogue and may issue recommendations, without prejudice to its existing powers under the supervisory review process and other supervisory tools to adopt binding supervisory measures where necessary.

2. Member States' views

While a few MSs supported the provision, many raised concerns about the excessive administrative burden. Several MS emphasized the need to respect proportionality and a risk-based approach, while others opposed overly strict requirements.

3. Questions

Q14: Do MS agree with the proposed introduction of a regular supervisory dialogue between competent authorities and each IORP at least every three years? If not, do MS consider that the frequency and/or scope of the dialogue could be adapted in a risk-based context reflecting the nature, scale, and complexity of the IORP's activities?

Q15: Do MS have any other suggestions for improving or simplifying the design or implementation of the supervisory dialogue? If so, which elements, in MS' view, could be left to the discretion of national competent authorities to reduce this burden (e.g. early warning parameters, the discussion of appropriate strategic options where potential weaknesses or deficiencies are identified, or any other elements)?

2.4 Withdrawal of authorisation - Article 49b

1. Content of the proposal

Article 49b introduces a new provision governing the withdrawal of the authorisation granted to an IORP by the competent authority of the Home MS. The provision therefore establishes a legal basis allowing competent authorities to withdraw authorisation where the continued operation of the institution would no longer be compatible with the requirements of the Directive. The Article specifies the situations in which the competent authority may withdraw authorisation. These situations include:

- where the institution no longer fulfils the conditions under which the authorisation was granted;
- where the institution has seriously or repeatedly infringed the requirements of the Directive;
- where the institution has not made use of its authorisation within the specified 12 months period or has ceased to carry out activities for which it was authorised for more than six consecutive months (unless national law provides for automatic lapse);

- where other circumstances arise that make it inappropriate for the institution to continue operating under the authorisation.

In the event of withdrawal or lapse, the home authority must notify the competent authorities of other MS, which must prevent the IORP from commencing new operations in their territories, while coordinated measures are to be taken to safeguard members' and beneficiaries' interests, including by restricting the free disposal of the IORP's assets. Decisions must be fully reasoned, communicated to the IORP concerned, and notified to EIOPA. The Article reflects the need for competent authorities to ensure that appropriate measures are taken following withdrawal of authorisation, including measures aimed at safeguarding the interests of members and beneficiaries and ensuring the proper management or transfer of pension schemes where necessary. The introduction of the specific provision on withdrawal is a direct consequence of the proposed establishment of a mandatory authorisation regime for IORPs. It is the PCY's understanding that the proposed rules closely align with the corresponding withdrawal of licence framework under the Solvency II Directive.

2. Member States views

Many MSs agreed with the provisions. One MS asked for longer deadline before the withdrawal.

3. Questions

Q16: Which deadlines would MS propose before the withdrawal of authorisation? Are there any additional clarifications needed?

2.5 Information to be provided to the competent authorities - Article 50

1. Content of the proposal

Article 50 concerns the powers of competent authorities to require information necessary for the exercise of supervisory functions. The amended provision clarifies that competent authorities must be able to obtain from IORPs all information necessary to monitor compliance with the Directive and to assess the financial situation and risk profile of the institution. The Article specifies that the information which may be requested may include documents, records and explanations. The provision also clarifies that competent authorities may obtain information not only from the IORP itself but, where necessary, from entities performing outsourced functions or other service providers involved in the activities of the institution. It is

the PCY's understanding that the aim is to align with Article 35 of the Solvency II Directive. In more details:

- First, the Article introduces a general obligation for IORPs to provide the quantitative and qualitative information necessary for supervisory purposes, aligned with the objectives, scope, and principles set out in Articles 45–47, including proportionality.
- Second, the list of supervisory documents is expanded to include business plans under Article 9, and competent authorities are given the power to request structured quantitative information supplementing existing documentation, including information needed for EIOPA to perform its tasks.
- Third, additional annual information on investment performance (net of costs) and on costs and charges is introduced, based on a look-through approach and a no-netting principle, and EIOPA is mandated to develop draft implementing technical standards on procedures, formats, and templates.

The Commission proposal emphasises that effective supervision requires access to comprehensive and timely information about the activities and risk profile of an IORP. According to the PCY's assessment, the changes from the Commission are determined by the fact that occupational pension institutions increasingly rely on complex investment strategies and external service providers. In such circumstances, competent authorities must be able to obtain all relevant information to assess risks and ensure compliance with the prudential framework. The PCY understands that clarifying the information-gathering powers of competent authorities is therefore intended to strengthen supervisory effectiveness and ensure that supervisors can carry out their responsibilities properly.

2. Member States' views

While some MS expressed support for the provision, few others expressed concerns regarding the proportionality and the excessive costs linked to some of the proposed amendments. Few MS questioned the additional more granular reporting of data. Some MS stressed that a cost reporting should only be introduced for IORPs, where members bear material risk and the requirement to apply a full look-through approach raises significant practical challenges. Many MS expressed their opposition to the ITS mandate to EIOPA.

3. Questions

Q17: Do MS agree with the proposed information framework? If not, what are the main issues? How would they ensure that competent authorities have enough information to carry out their duties?

2.6 Supervision of outsourced functions and activities - Article 50a

1. Content of the proposal

A new Article 50a is proposed with the aim of strengthening the supervisory framework applicable where IORPs outsource key functions or other activities. The provision and the Recital recognise that outsourcing is common for operational efficiency but emphasise that outsourcing must not undermine regulatory oversight or accountability. The provision is also meant to replace the proposed deletion of paragraph 7 in Article 31.

The provision ensures that outsourcing does not limit the ability of competent authorities to effectively supervise IORPs. It requires that service providers cooperate with supervisory authorities and that competent authorities have effective access to relevant data and business premises, including the possibility to conduct on-site inspections.

The Article also clarifies arrangements for cross-border situations, including the possibility to delegate inspections to the authority of the MS where the service provider is located, and the ability to seek EIOPA's assistance in case of disagreement or practical obstacles.

While outsourcing can generate efficiencies and reduce costs for members and beneficiaries, it may also create supervisory challenges, particularly where critical functions are performed by third-party service providers, including across borders. Moreover, it is the PCY understanding that the approach is aligned with the framework already established under Solvency II.

2. Member States views

Some MS supported the new provision, others asked for clarifications regarding whether the provision is not intended to oblige competent authorities to directly supervise the service providers. Several MS opposed the possibility of EIOPA to participate in on site inspections.

3. Questions

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Q18: Do MS agree with the proposed framework for the supervision of outsourced functions and activities, including the provisions relating to access to service providers and the role envisaged for EIOPA? If not please elaborate/justify your position.

2.7 Transparency and accountability - Article 51

1. Content of the proposal

The PCY understands that the amendments aim to strengthen transparency of supervisory approaches and pension scheme information, while maintaining national supervisory responsibilities. The Recitals emphasise that transparency contributes to trust in the regulatory framework, effective supervision, clear accountability of authorised entities and transparency obligations. The Article requires authorised entities to ensure adequate disclosure and documentation regarding their activities and compliance.

Paragraph 2 is updated to extend disclosure obligations, where applicable, to personal pension products and to require publication of the general criteria and methods used in the supervisory review process, including an overview of the risk assessment framework. Key supervisory information must be accessible at a single electronic location and allow comparison of supervisory approaches across MS. The provision states that the disclosure is meant to allow a comparison of the supervisory approaches adopted by the competent authorities of the different MS. The PCY understands that this approach is consistent with transparency standards applied under Article 31 of the Solvency II.

Paragraph 3 clarifies qualification requirements and safeguards concerning the dismissal of members of governing and managing bodies of competent authorities, reinforcing institutional independence. This appears to be in line with governance standards in other EU financial services legislation.

Finally, following similar amendments introduced in the proposal, a new paragraph 4 is added requiring competent authorities to publish, on a single public website, clear and comparable information on total annual costs, past performance and risk profile for all pension schemes operated by IORPs. The information must include a risk classification, total costs expressed as a single annual percentage of contributions, and past performance for at least 10 years (or the full operating period where shorter).

2. Member States' views

Some MS asked to clarify that the provision should apply only if MS have decided to apply this Directive to national personal pension products. Several MS criticised the comparison of the supervisory approaches adopted by the competent authorities of the different MS. Many MS criticised the additions in paragraphs 3 and 4 citing administrative burden and lack of simplification concerns.

3. Questions

Q19: Do MS agree with the proposed transparency and accountability requirements, including the publication of supervisory approaches and information on pension schemes? If not please elaborate/justify your position.

2.8 Collaboration platforms - Article 55a

1. Content of the proposal

Article 55a introduces the possibility for EIOPA to set up and/or coordinate a collaboration platform in specific cross-border cases where there are justified concerns about potential negative effects on members and beneficiaries or upon request from competent authorities. It also preserves the possibility for competent authorities to establish such a platform by mutual agreement. The PCY understands that the Commission objective is to facilitate structured information exchange and coordination between home and host supervisors in relevant cross-border situations.

EIOPA can act as a mediator to help NCAs reach an agreement (paragraph 5). According to paragraph 6, in cases of serious concern and where a disagreement persists, EIOPA can require the Home MS to launch an on-site inspection of the IORP. EIOPA and other relevant competent authorities (such as those from the Host MS) must be invited to participate in the inspection.

It is the PCY understanding that the mechanism is not new and is used in other areas of EU financial services legislation namely in Solvency II.

2. Member States' views

Some MS supported the provision, others without contesting it, raised concerns regarding the possibility for EIOPA to act on its own initiative. Several MS raised serious concerns about granting EIOPA powers to participate in or decide about on-site inspections.

3. Questions

Q20: Do MS consider the creation of a collaboration platform necessary to facilitate cooperation between competent authorities under the? If not, how would they ensure cooperation in cross-border cases? If not please elaborate/justify your position.

2.9 Publication of national rules - Article 59

1. Content of the proposal

Article 59 provides that MS must publish the national rules adopted in the areas covered by the Regulation, ensuring that those rules are easily accessible and transparent. The amendment introduces adjustments concerning the publication and accessibility of national rules relevant to cross-border occupational pension activities. MS are no longer just required to report rules, they must ensure appropriate publication of the relevant requirements of social and labour law applicable to cross-border schemes. MS will have to designate a single point of contact responsible for providing information on those requirements. The revised Article tasks EIOPA with maintaining a centralised digital portal with direct links to the relevant competent authorities' websites. EIOPA is required to categorise these rules into relevant areas of law. The Commission objective of these changes is to make it easier for IORPs to identify the applicable national rules when considering cross-border activities.

The changes are linked to the revised notification procedure for cross-border activities in Article 11, under which the competent authority of the host MS prepares for the supervision of the relevant activity and communicates the applicable social and labour law provisions to the home authority.

The provision does not harmonise, modify or otherwise affect the content of national social and labour law, which remains fully within the competence of the MS. It is the PCY understanding that the Directive therefore only addresses the transparency and accessibility of those national rules, in line with the minimum harmonisation nature of the framework, and

follows an approach similar to that set out in Article 11 of the Insurance Distribution Directive, which provides for the publication of national rules applicable to cross-border insurance distribution activities.

The new Article introduces a requirement for EIOPA to prepare a report. EIOPA must examine the rules published by MS and submit a report to the Commission within six months of the Directive's application. It is the PCY's understanding that the purpose of this provision is to introduce a provision similar to that set out in Article 11(5) of IDD.

2. Member States views

Some MS supported the provision. Few of them asked for clarifications and for more flexibility regarding the publication of rules. Several MS raised concerns about the role of EIOPA.

3. Questions

Q21: Do MS agree with the proposed provisions concerning the publication and accessibility of national rules relevant to cross-border occupational pension activities? If not please elaborate/justify your position.

3. Article 2 - Amendments to IDD

1. Content of the proposal

Article 22

The deletion of the word 'mandatory' in paragraph 5 aims to ensure that the information obligation applies more broadly to occupational pension arrangements, regardless of how enrolment is structured under national law.

The new paragraph 6 provides that, where an insurance distributor is responsible for the provision of occupational pension arrangements, prospective members, members and beneficiaries must receive at least the information required under Articles 36 to 44 of Directive IORP II.

This amendment aims to ensure a level playing field between IORPs and insurance undertakings or intermediaries distributing occupational pension products. Occupational pensions may be

provided through different institutional models, but members and beneficiaries should benefit from equivalent information standards irrespective of the type of provider.

Article 22a

The new Article 22a mirrors the parallel provision introduced in the IORP framework and pursues the objective of ensuring that PTS, where established, provide a comprehensive overview of individuals' pension entitlements irrespective of the type of provider.

While the IORP amendment requires IORPs to transmit relevant data to PTS, Article 22a extends comparable obligations to insurance undertakings and insurance intermediaries distributing occupational pension arrangements or personal pension products. This avoids fragmentation of information and ensures a level playing field between IORPs and insurance providers.

As in the IORP Directive, the provision does not require MS to establish pension tracking systems nor does it prescribe their design. It applies only where such systems exist, thereby respecting national competences.

2. Member States' views

Article 22

Two MS supported the harmonisation of information requirements.

Article 22a

Many MS stressed the decision to set up a PTS should be left to MS. Others instead welcomed the introduction of a PTS.

3. Questions

Q22: Do MS agree with the amendments to the IDD Directive? If not, please elaborate.