PensionsEurope answer to the public consultation on the draft ECB regulation on statistical reporting requirements for pension funds

September 2017

www.pensionsEurope.eu

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 19 EU Member States and 3 other European countries with significant – in size and relevance – workplace pension systems[1].

PensionsEurope member organisations cover different types of workplace pensions for over **110 million people.** Through its Member Associations PensionsEurope represents more than **€ 4 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **25 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.

What PensionsEurope stands for

- A regulatory environment encouraging workplace pension membership;
- Ensure that more and more Europeans can benefit from an adequate income in retirement;
- Policies which will enable sufficient contributions and good returns;

Workplace pensions offer

- Economies of scale in governance, administration and asset management;
- Risk pooling and often intergenerational risk-sharing;
- Often "not-for-profit" and some/all of the costs are borne by the employer;
- Members of workplace pension schemes often benefit from a contribution paid by the employer;
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment;
- Good governance and alignment of interest due to participation of the main stakeholders.

Contact:
PensionsEurope
Koningsstraat 97, rue Royale – 1000 Brussels, Belgium
Tel: +32 (0)2 289 14 14 – Fax: +32 (0) 289 14 15

[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.

1. General remarks

PensionsEurope shares the aim of the ECB to have better, comparable and relevant information on the financial activities of occupational pensions in Europe. We understand that the collection of statistical information on pension funds is needed to satisfy regular and ad hoc analytical needs to support the ECB in carrying out monetary and financial analysis, and for the ESCB's contribution to the stability of the financial system.

However, we would like to emphasise that new reporting requirements for pension funds always come at a cost, which have to be borne by the sponsor and/or Members and Beneficiaries. Therefore, the ECB Regulation should focus on data which is really necessary. It should be carefully considered what is included in the new reporting requirements, and the ECB should refrain from including data where it is not immediately clear where and how it would be used. Additionally, the ECB should seek to use data, which is already available at the level of national supervisory authorities in exactly the same structure, to the utmost extent possible in order to create a maximum of synergies and to help to reduce unnecessary cost and effort.

We would like to thank the ECB for (i) an open dialogue with PensionsEurope on streamlining statistical reporting requirements for pension funds, (ii) organising several meetings with us during the long process, (iii) organising a public hearing on 21 September 2017 and a public consultation, and (iv) taking many concerns by PensionsEurope into account so far. **We are ready and willing to further provide our expertise to the ECB in order that the benefits of the new reporting requirements will outweigh the costs.**

Particularly we find important that:

- **Some of the most burdensome and costly features have been removed from the Draft Regulation;**
- **The ECB, EIOPA, Eurostat, and OECD try to align their reporting standards for pension funds;**
- **Pension funds are not required to report directly to the ECB, but to the NCBs or the NCAs;**
- **Derogations may be granted to small pension funds;**
- **The accounting rules followed by pension funds shall be those laid down in the relevant national law.**

Last year, we provided our answer to the ECB's cost-assessment questionnaire and we found that many of the preliminary requirements of the draft Regulation were too burdensome and costly for pension funds. Some of these concerns still remain:

- **Statistical reporting and collecting information always contain costs for pension funds, so it should be very carefully considered which information is really relevant and needed, and how often they should be reported.** Any extra costs will be finally paid by the sponsor and/or Members and Beneficiaries. It should be kept in mind that contributions to occupational pensions in some EU Member States are voluntary for employers. Increasing regulation and other requirements make occupational pensions more expensive, making it less likely that pension schemes are being set up and contributions paid.

- **Pension funds should not be required to pay high fees to third parties in order to be able to provide the required information to the ECB and EIOPA.** The ECB should also take the full advantage of its current statistical reporting requirements on other non-monetary financial corporations, so that pension funds should not have to provide the same data to the ECB that it already has from other sources;
- In some countries (e.g. in the Netherlands), currently pension funds already have two different statistical reporting requirements to national competent authorities (NCAs): one for statistical purposes, and the other one for supervisory purposes. As the envisaged reporting requirements by the ECB and EIOPA are very different from the current national requirements, the new requirements would lead to additional reporting requirements and information flows for pension funds. Therefore, **we would prefer to have the same definitions and classifications nationally and at the EU level;**
- **We would like to stress that the reporting burden and costs on pensions funds should be minimised and we are happy to see that the ECB already pays a lot of attention to that in its draft Regulation. In this respect, we support the principle that a lot of flexibility should be given to the Member States in the process of data collection and distribution. The NCAs (which already have a lot of information about the financial activities of occupational pensions) should have a central role and a 'one stop shop' approach should be implemented by them.**

PensionsEurope specific comments to the consultation can be found in an Annex to this document.

Annex 1 – PensionsEurope specific comments to the public consultation on the draft ECB regulation on statistical reporting requirements for pension funds