



Newsletter 2024/04

9 October 2024

Agenda

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2. Workstreams on the SFDR
3. State of play on the new College of Commissioners
4. Draghi's report: The Future of European Competitiveness
5. EIOPA Consultation on liquidity risk management for IORPs
6. Framework for financial data access (FIDA)
7. Digital Operational Resilience Act (DORA) levels 2&3 measure
8. VAT review for financial services
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1. Workstreams on PEPP



On 5 August 2024, the OPSG published on their own initiative a **discussion paper on the development of the Pan-European Pension Product, its market development, challenges, obstacles, and solutions.**

Then, on 11 September 2024, EIOPA published a staff paper named “*A Simple and Long-term European Savings Product: The Future of the Pan-European Pension Product*”.

OPSG Discussion Paper

- Analysis of the “friendliness” of MSs’ environment for PEPP.
- Recommendation for EC and EIOPA to promote a fair tax regime for PEPP without disadvantaging existing occupational pension schemes.
- Removing basic PEPP advice requirements.

EIOPA Staff Paper

- **Combining occupational and personal contributions into the PEPP for a more flexible and attractive product.**
- Focus on **Value for Money** rather than the fee cap.
- Proposal of a PEPP label for local PEPPs.
- **AE** as a solution with automatically opening PEPP accounts to new workers or when people turn 18.

2. Workstreams on the SFDR



Over the Summer of 2024, several workstreams were published for a revision of the SFDR framework.

ESAs' Joint Opinion on the SFDR (18 June 2024)

- Introducing a product classification system with categories and/ or indicators.
- Revising the definition of "sustainable investments" in the SFDR.
- Requiring key PAIs information for all financial products;
- Developing a framework to assess the sustainability features of government bonds.

ESMA's Opinion on the Sustainable Finance Regulatory Framework (24 July 2024)

- Putting the EU taxonomy at the centre of the sustainable finance framework.
- Clarifying legally the term "transition finance".
- Establishing minimum sustainability disclosures for all financial products with few KPIs.

Report on the SFDR commissioned by the ECON committee of the EP (2nd July 2024)

- The CSRD should take a more modular approach, identifying and exporting SFDR-relevant information into SFDR reporting.
- Establishing minimum thresholds for sustainability categories, However, creating a sustainability rating on a scale will be challenging.
- Introducing mandatory disclosure of product-level PAIs.

3. State of play on the new College of Commissioners



The hearings will take place from November 4 to 12.

*Pending formal nomination. National proceedings ongoing.

4. Draghi's report: The Future of European Competitiveness

On 9 September 2024, former Italian Prime Minister Mario Draghi presented his report “The Future of European Competitiveness”.

Focus on the EU's investment needs

- ⑩ Underdeveloped funded pension systems in many MSs is a “missed opportunity”.
- ⑩ Best way to better channel investments in a productive manner is through long-term savings.

Regulatory burden in EU legislation

- ⑩ Emphasis on the importance to cut the regulatory burden.
- ⑩ Acknowledgment of the regulatory burden in the context of the SFDR.

5. EIOPA consultation on liquidity risk management for IORPs



On 26 September 2024, EIOPA launched its expected consultation on liquidity risk management.

Goal

- The consultation paper includes 16 questions in total based on 3 chapters and an impact assessment. The chapters are:
 - i. Definitions
 - ii. Forward-looking and risk-based supervision of the management of IORPs
 - iii. IORPs liquidity risk management and governance
- EIOPA presents and compares the different options concerning the scope of the liquidity risk management and outsourcing of investments in derivative instruments.
- A: Scope of liquidity risk-management:
 - Policy option A.0: No change
 - Policy option A.1: Scope restricted to margin and collateral calls on derivative positions
 - Policy option A.2: Scope covering all material sources of liquidity risk (preferred option by EIOPA)
- B: Outsourcing of investments in derivative instruments:
 - Policy option B.0: No change
 - Policy option B.1: Investment funds to hold appropriate level of liquid assets using principle-based approach (preferred option by EIOPA)
 - Policy option B.2: Investment funds to hold appropriate level of liquid assets using standardised approach
- The deadline is 20 December 2024. Internal feedback by 15 October 2024.

6. Framework for financial data access (FIDA)



Council

On 30 September 2024, 20 MSs broadly agreed to exclude occupational pension scheme data from the scope of FIDA, with an opt-in :

- Only Italy and Slovakia expressed their disagreement about such exclusion;
- Unsurprisingly, the EC continued defending a broad scope of FIDA;
- A few countries asked questions about the modalities and the need for a data registry as proposed by the presidency.
- France and Sweden opposed the review clause.

European Parliament

In September 2024, Johan Van Overtveldt (ECR, BE) was appointed rapporteur on FIDA. MEPs Regina Doherty (EPP,IE), Eero Heinäluoma (S&D,FI), Ondrej Kovarik (PfE,CZ), Stéphanie Yon Courtin (Renew,FR) and Rasmus Andresen (Greens,DE) are shadow rapporteurs.

Next steps: The next EP must endorse the report (likely during the 21-24 October 2024 plenary session), while the Hungarian presidency will continue its work on FIDA during a meeting on 25 October 2024.

- A General approach could be reached in November 2024.

On 18 September 2024, PensionsEurope sent messages on FIDA to the ongoing Hungarian presidency.

7. Digital Operational Resilience Act (DORA) levels 2&3 measures



First batch policy products

On 15 July, 3 RTSs entered into force but there remains a missing ITS on the register of information with a delay longer than expected :

- EC pushed back the text submitted by the ESAs because of issues :
 - Related to the legal entity identifier (LEI);
 - Related to the ongoing discussions on the distinction between regulated financial services and ICT services.

Second batch policy products

- On 17 and 26 July 2024, The ESAs published a set of draft DORA level 2/3 measures related to the second batch of policy products. It needs to be adopted by the EC before a three-month scrutiny period.

Since August 2024, PensionsEurope has been liaising with members about a letter to the EC seeking clarification on DORA's definition of ICT services. We sent a second draft with a deadline **for tonight**.

7. DORA timeline

First batch

25 June 2024:
Publication at the OJEU of the RTSs

15 July 2024: RTSs entered into force

November 2024:
Expected EC adoption of the ITS on the register of information

December 2024:
Expected OJEU publication of the ITS

Start of CTTPs oversight



Second batch

17 & 26 July 2024:
Delivery of the ESAs final reports

October 2024: Expected EC adoption of the RTS and ITSs

November 2024:
Expected OJEU publications of the ITS

17 January 2025:
Application date of DORA

End-January 2025:
Expected OJEU publication of the RTSs

8. VAT Review for financial services



Background: The 2020/2021 review was postponed for technical and political reasons.

Support study by Syntesia on the taxation of the financial sector

Commissioned by DG TAXUD, it will influence any decision to be made by the new EC and it is connected to ongoing discussions about new “own resources”.

Other workstreams are also feeding into EC work:

- EC VAT group: They are working on the future of VAT.
- ECOFIN council: Some MSs are pushing for such a review.
- The evolving case laws: Among others, the ECJ issued a ruling on 5 September on the VAT treatment for Dutch DB funds.

On 13 September 2024, PensionsEurope had an exchange with Syntesia.

9. PensionsEurope Events

- **European Retirement Week 2024**
“Future-Proofing retirement in Europe: the case for more funded pensions”
- **Online event**
- **26 November 2024, 14:00 – 16:00**



- **C&S Seminar 2024 “Europe needs pension funds”**
- **18 November 2024, 14:00 – 17:00**
- **Brussels, in-person event**