



PensionsEurope's Position note on the Council discussion 26/2/2026

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Introduction

PensionsEurope is intending to express with this paper its opinions about the issues concerning IORPs, which will be discussed in the Working Party on Financial Services and Banking Union by the Council as part of the Pension Package. We would like to express the following remarks below:

1. Cross-Border issues

The current IORP II framework ensures that IORPs can conduct cross-border operations effectively. The limited cross-border activity is largely due to the significant differences between national tax laws and social and labour legislation, as well as the cultural characteristics of the Member State.

We are in favor of the Commission's proposals concerning the facilitation of the authorisation and supervision by home and host authorities, the simplification of transfer rules and the possibility for temporary underfunding of IORPs. We believe that these proposals are positive steps and will facilitate the activities of the cross-border IORPs.

2. Quantitative Requirements

Article 17

PensionsEurope believes that the IORP II should remain a minimum harmonization directive. Therefore, we are firmly against the introduction of delegated acts and RTSs. PensionsEurope fears that this proposal to adopt delegated acts in accordance with Article 64a (Exercise of delegation) to amend the numbers and percentage values of the required solvency margin to adapt to market developments aims to restart the debate about the so called Common Balance Sheet, which would be similar to insurance legislation. We believe that this proposal would eventually result in introducing harmonised capital requirements which was explicitly rejected by the EU legislators when IORP II directive was adopted.

Stress tests (Article 18a)

PensionsEurope believes that the requirements to introduce internal stress tests are totally unfit for IORPs. Member States that do not have in place any risk-based framework for capital requirements, such as in Germany, would be obliged to introduce one to fulfill the new the internal stress test requirements. This will lead to an indirect introduction of the so called Common Balance Sheet and the harmonized capital requirements, which were specifically rejected by the legislator when IORP II was adopted.

Investment rules – Article 19

PensionsEurope believes that the existing quantitative restrictions imposed in some Member States by regulators or supervisors on some asset categories do not pose a major problem for the asset allocation desired by IORPs. If they posed a problem to IORPs in practice, then many IORPs would have held assets from restricted asset classes in their portfolio to the maximum extent possible under the restrictions. However, that is not nor has been the case. We therefore see no need for the proposed amendments.

In some Member States, the prudent person principle is treated as an “open norm” in national law, including the rule that investments in non-regulated markets are to be kept at prudent levels. In case quantitative limits are in place, PensionsEurope believes that Member States instead of competent authorities, are in a better position to assess whether they are overly restrictive, considering the national specificities of IORPs. If pension funds need more leeway to invest in other asset classes, the national legislator – like recently in Germany – can modify the existing quantitative restrictions.

PensionsEurope opposes the proposal to introduce the concept of double materiality and the integration of sustainability preferences when IORPs can gauge the sustainability preferences of their members and beneficiaries. PensionsEurope believes that the IORP II Directive should only focus on financial risks related to the depreciation of assets due to regulatory change (so called stranded assets). Therefore, the concept of double materiality perspective on investments is not appropriate. Factors like reputation risk should not be included because it is hard to measure and makes participants' preferences less important than those of external stakeholders. Moreover, in IORPs, members and beneficiaries or their representatives often are involved in the governance structure and the decisions on investment policy. This means that the IORP already has structures in place that allow the adequate incorporation of the sustainability preferences of members and beneficiaries into the decision-making process. For this reason, the current proposal is unfit for IORPs.

3. *Conditions governing activities – Art. 20-35*

Risk management

PensionsEurope disagrees that the words “size, internal organisation” have been replaced throughout the directive by “nature, scale and complexity”. We believe that size requirements can be very important for the proportionate application of the directive. It is crucial to have objective and easy to implement criteria. We believe that this change would increase compliance costs for smaller IORPs. Furthermore, members and beneficiaries are often represented in the management and/or supervisory bodies of IORPs, thereby guaranteeing that the institution acts in their best interest. This set-up should continue to be reflected in the application of the directive.

Outsourcing-scale

PensionsEurope believes that the proposal concerning the outsourcing of IORPs' activities and the introduction of a structured supervisory dialogue do not add value to the existing IORP supervisory environment. PensionsEurope believes that those provisions can create external indirect pressure to IORPs relating to issues that are usually competencies of their governance. We do not wish to see any external disruption of IORPs' governing models.

Appointment of a depositary

Concerning the professional depositary, PensionsEurope believes that the existing directive's text already allows the appointment of depositaries where necessary and we do not see the need for change.

4. *Business conduct rules - Art. 44a-44d*

Duty of Care

A new provision to establish a duty of care principle is not necessary. Many pension schemes already have a “prudent person” requirement. Moreover, the protection of members’ interests is in most pension funds already sufficiently safeguarded within the pension fund’s governance structures.

Complain Procedure

Concerning the complain procedure, the revisions that are proposed already exist in many Member States. We believe that the scope of issues that may be sent in the complaint’s procedure and for Alternative Dispute Resolution should not be extended. The directive should not extend entry to judicial procedures beyond what stems from national law.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes.

PensionsEurope has **21 member associations** in 16 EU Member States and 3 other European countries¹.

PensionsEurope member organisations cover different types of workplace pensions for **over 65 million people**. Through its Member Associations, PensionsEurope represents over **€ 2,5 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 **13 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.

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

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.

Our members 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

Montoyerstraat 23 rue Montoyer – 1000 Brussels

Belgium

Tel: +32 495 21 62 61

info@pensionseurope.eu