

*Brussels, the 14th of May 2026*

**Cross Border Benefits Alliance – Europe (CBBA-Europe)  
Position Paper on the EC proposed Revision of the Directive (EU)  
2016/2341 on the activities and supervision of the institutions for  
occupational retirement provision ("IORP II Directive")**

**CBBA-Europe Mission:**

The Cross Border Benefits Alliance Europe (CBBA-Europe) is a Brussels-based advocacy group with a mission to promote a more integrated EU and make it a truly great space of freedom and circulation for workers and employee benefit services as well as a hallmark of robust employee benefits coverage. We promote and support improved employee benefit solutions across Europe, bringing together the private sector, EU institutions and national authorities.

To do so, we monitor the EU ongoing policy initiatives and legislation, we collect input from our members via working groups, we draft position papers and prepare reports to submit to decision makers, making us a constructive and influential interlocutor representing the needs of all employee benefits actors in Europe.

Moreover, we host local national conferences as well as an annual conference in Brussels to discuss with all actors' best practices as well as obstacles in administering and deploying employee benefit solutions. We share latest trends, how different actors approach employee benefit solutions as well as common issues encountered that could be improved with changes to legislation.

**Table of Contents:**

<b>Introduction .....</b>	<b>3</b>
<b>1. Executive Summary .....</b>	<b>6</b>
<b>2. Scope of application (Article 4) .....</b>	<b>7</b>
<b>3. Proportionality.....</b>	<b>9</b>
<b>4. Activities of an IORP (Article 7).....</b>	<b>10</b>
<b>5. Authorization and Multi-Sponsor IORPs (Articles 9 and 9a) .....</b>	<b>11</b>
<b>6. Cross-border procedures and transfers (Articles 11–12, plus Articles 8a and 9a) .....</b>	<b>12</b>
<b>7. Technical provisions (Article 13).....</b>	<b>14</b>
<b>8. Underfunding and long-term investment (Article 14).....</b>	<b>14</b>
<b>9. Regulatory Own Funds (Article 15) and Internal Stress Testing and Solvency Calibration (Articles 17, 18a and related provisions) .....</b>	<b>15</b>
<b>10. Prudent Person Principle (Article 19) .....</b>	<b>16</b>
<b>11. Sustainability-related amendments (SFDR, remuneration policies art 21, sustainability preferences of members and beneficiaries) .....</b>	<b>17</b>
<b>12. Governance Requirements and Internal Organisation: internal control system and compliance function; diversity and inclusion policies; actuarial function (Article 21).....</b>	<b>19</b>
<b>13. Own-Risk Assessment and Economies of scale (Article 28) .....</b>	<b>20</b>
<b>14. Statement of Investment Policy Principles (Article 30).....</b>	<b>21</b>
<b>15. Depositary Requirements (Article 33; and related amendments on safekeeping and oversight).....</b>	<b>22</b>
<b>16. Article 37a – Pension Tracking Systems (PTS).....</b>	<b>23</b>
<b>17. EU-Standardised PBS and EIOPA RTS (Article 38), Digital Delivery and Member Preferences, Level of Detail and Risk of Over-Disclosure.....</b>	<b>24</b>
<b>18. Benchmarking and underperformance (Article 41a).....</b>	<b>26</b>
<b>19. Pre-Retirement and Pay-Out Phase Information (Article 42).....</b>	<b>29</b>
<b>20. Explicit Duty of Care (Articles 44a and 44b) .....</b>	<b>31</b>
<b>21. Supervisory Dialogue (Article 49a) and Supervisory Powers / NCA publication (Article 50).....</b>	<b>33</b>

## Introduction

On 20 November 2025, the European Commission published a legislative proposal on the revision of the Directive (EU) 2016/2341 on the activities and supervision of the institutions for occupational retirement provision ("IORP II Directive"). CBBA-Europe presents this position paper on the proposed revision, in the context of the ongoing development of the EU Savings and Investments Union (SIU) and the broader Capital Markets Union (CMU). These initiatives take place against a backdrop of increasing concern about the structural weaknesses of the European economy, notably persistently low growth, insufficient investment in financial markets, and the limited mobilisation of long-term savings. As highlighted in the reports by Enrico Letta and Mario Draghi, many of these challenges had already been clearly identified well before the current geopolitical tensions and are now becoming even more pressing. In this context, strengthening the role of supplementary pensions—both occupational and personal—should be seen as a key component of the European strategy to enhance long-term investment capacity and support economic growth.

However, the persistent and often strong opposition by several Member States and interest groups to European legislative initiatives in this field reveals a deeper and unresolved issue: a fundamental ambiguity as to whether private pensions belong to the EU internal market. CBBA-Europe believes that this ambiguity can no longer remain unaddressed and requires a clear and explicit response. From a legal perspective, private pensions—both occupational and personal—have long been recognised under EU Treaties and the jurisprudence of the Court of Justice as falling within the scope of the internal market. This does not negate the existence of important specificities, particularly in relation to labour law, social protection systems, collective bargaining agreements, and national frameworks, but it does establish a clear baseline: private pensions are economic activities operating within the internal market. What is increasingly problematic is the recurring tendency to reopen this settled question each time the European Union advances a legislative proposal, as if the internal market dimension of pensions were optional or conditional.

At the same time, CBBA-Europe fully recognises that occupational pension schemes remain subject to national social and labour law, and that no European initiative seeks to undermine collective bargaining arrangements, mandatory affiliation schemes, or genuinely solidarity-based pension funds. Pension schemes based on strong solidarity mechanisms have long been excluded from the application of EU competition law, following well-established rulings of the Court of Justice since the 1990s, and these exemptions remain fully valid. Claims that European pension initiatives would undermine such schemes therefore appear difficult to substantiate.

What is too often overlooked in this debate is the actual level of pension coverage across the European Union: only around 20% of the working-age population participates in occupational pension schemes, while personal pension coverage reaches approximately 18% of EU citizens, according to Eurobarometer data. This means that the majority of Europeans do not benefit from meaningful supplementary pension coverage. Even within

occupational systems, schemes that are mandatory, based on sector-wide collective agreements, and strongly insulated from competition due to extensive solidarity and risk-sharing mechanisms represent only a limited share of the population, as they exist in only a small number of Member States. As a result, such arrangements remain the exception rather than the norm, while most occupational and personal pension schemes operate in practice within competitive and market-based environments. Designing European pension policy primarily around these exceptional cases risks overlooking the reality faced by the vast majority of citizens.

Recent high-level EU analyses converge on a consistent diagnosis: market fragmentation, insufficient economies of scale, limited competition, restricted consumer choice, and suboptimal investment outcomes. These are direct consequences of an internal market that remains incomplete, and continued resistance to integration in the private pension sector risks perpetuating these inefficiencies.

The reality is that, behind what are often presented as legitimate concerns—such as the defence of national social models—there may also be elements of economic protectionism.

By way of illustration, cross-border pension fund activities—despite being explicitly recognised, including in the Communication on the Savings and Investments Union—have never truly taken off. Importantly, these cross-border initiatives were not intended to concern occupational pension schemes established through collective agreements with mandatory participation and strong solidarity features. Rather, they were primarily designed for companies employing workers across several EU Member States, seeking to establish pan-European pension arrangements in order to benefit from economies of scale in fund management and to facilitate worker mobility within the same corporate group across different countries. In practice, however, these initiatives have consistently faced significant obstacles, including regulatory barriers, delays in supervisory authorities' approvals, and, in the case of cross-border transfers of pension schemes, voting requirements for members and beneficiaries that are effectively impossible to meet in reality. As a result, cross-border activity has remained extremely limited. This situation points, once again, to a form of de facto protectionism, often justified under the broader objective of safeguarding national social systems.

The case of the tax treatment of the Pan-European Personal Pension Product (PEPP) is even more illustrative. While taxation remains largely a national competence, it should not be exercised in a way that undermines the functioning of the internal market. In the case of PEPP, where social and labour law considerations are not directly relevant, ensuring equal tax treatment between national personal pension products and the PEPP does not infringe upon fiscal sovereignty, but rather prevents the use of taxation as a tool to disadvantage a European product. Resistance to such tax neutrality, particularly in relation to third-pillar products, raises legitimate questions about the role of competition in these markets.

CBBA-Europe therefore considers that the time has come for a clear political choice: either Member States, which will soon take decisions on the European Commission's legislative proposals within the Council of the European Union, acknowledge that private pensions—

both occupational and personal—form part of the EU internal market, with all the implications this entails, or they should explicitly recognise their reluctance to advance integration in this domain within the framework of the Savings and Investments Union.

Maintaining ambiguity and relying on selective arguments risks delaying necessary reforms, while a large share of Europeans remains without adequate pension coverage, long-term capital is insufficiently mobilised, economies of scale fail to materialise, and the structural weaknesses identified by EU institutions persist. Clarity is not only desirable—it is essential.

CBBA-Europe, in line with the very rationale of its creation, fully respects national specificities and well-functioning social systems, which no European initiative seeks to undermine. At the same time, however, it sees a significant untapped potential in the development of a genuine single market for private pensions—one that could enhance efficiency, improve investment returns (including in the real economy), financial markets, and ultimately strengthen both savings and future retirement outcomes for European citizens.

In a context where Europe is increasingly concerned about external trade barriers, it is worth recalling that, as highlighted by the International Monetary Fund—and echoed in high-level European debates, including by Mario Draghi and Ursula von der Leyen—the European Union faces internal barriers in the services sector equivalent to a tariff of around 110%, largely driven by regulatory fragmentation, including national rules, authorisation procedures, professional requirements, and legal divergences. This striking figure illustrates the extent to which fragmentation continues to hinder the effective functioning of the internal market and constrain the full development of the European economy.

## 1. Executive Summary

CBBA-Europe supports, in principle, the objective of strengthening the resilience, adequacy and transparency of occupational pensions across the European Union. These are legitimate and widely shared policy goals. However, it is reasonable to question whether further regulatory intervention is strictly necessary to achieve them. In particular, there is limited evidence that the European occupational pension sector currently faces structural shortcomings in terms of transparency or resilience that would justify additional regulatory layers. The existing EU legal framework shaped by the IORP II Directive has already assured a good level of protection. The core challenge is not regulation, but coverage and fragmentation.

Indeed, the main structural challenge facing supplementary pensions in Europe lies not in the quality or robustness of existing schemes, but in their limited coverage. Low participation rates are primarily driven by employer decisions, individual behaviour, and insufficient incentives to enrol, rather than by weaknesses in governance or supervision. In this respect, behavioural and labour market factors are more decisive than regulatory design.

CBBA-Europe acknowledges that the IORP II Directive is, and should remain, a minimum harmonisation framework, reflecting the diversity of national pension systems and their links to labour law and social protection. It is also recognised that in certain Member States occupational pensions are embedded in solidarity-based arrangements.

At the same time, a significant proportion of occupational pension institutions across the Union operates in open and competitive environments. In many Member States, pension funds compete for members and assets, often alongside other providers. In such cases, they clearly function as market operators, as also recognised by the case law of the Court of Justice and by the nature of the IORP framework itself, which forms part of the internal market acquis. Where competition exists at national level, it should not be constrained at European level.

From a regulatory perspective, CBBA-Europe agrees that additional layers of regulation—such as extensive use of delegated acts or technical standards—are not necessarily required, particularly in areas such as solvency parameters (Article 17), the Pension Benefit Statement (Articles 38–40), and supervisory reporting (Article 50). Avoiding unnecessary complexity is consistent with the principles of proportionality and simplification.

Similarly, further mandates for EIOPA to develop Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) do not appear necessary, provided that national frameworks do not lead to fragmentation or create barriers to cross-border activity.

In this respect, it is essential to recall that, under the IORP framework, prudential supervision—including risk management and investment-related decisions—remains the responsibility of the home Member State. Host Member States should therefore not impose their own requirements, whether derived from RTS, ITS or national rules, on incoming cross-

border IORPs, as this would create unjustified barriers and undermine the functioning of the internal market.

However, national flexibility must be preserved and should operate within a framework of mutual trust and recognition, ensuring that diversity does not translate into fragmentation or barriers to cross-border activity. In this context, the effective application of the principle of mutual recognition remains essential. If national frameworks are considered sufficiently robust to regulate IORPs domestically, they must also be trusted in a cross-border context. Otherwise, a contradiction emerges between the rejection of further European harmonisation and the persistence of barriers to cross-border activity.

CBBA-Europe also emphasises that occupational pensions are inherently long-term arrangements and that supervisory or disclosure frameworks should avoid generating unintended behavioural effects, including short-termism, excessive benchmark-tracking, information overload or defensive investment behaviour that could ultimately undermine pension adequacy and long-term investment capacity.

In conclusion, CBBA-Europe supports a balanced approach: preserving the minimum harmonisation nature of the IORP II Directive and respecting national specificities, while ensuring that existing market dynamics are not artificially constrained. Integration of the European pension market does not require uniformity, but it does require consistency, mutual trust, and the removal of unjustified barriers to cross-border activity.

### **Key Recommendation**

Preserve the minimum-harmonisation framework of IORP II and avoid unnecessary additional regulatory layers, as the current system already ensures a solid level of protection. Prioritise increasing pension coverage by addressing behavioural and labour market factors, rather than introducing further regulatory complexity. Ensure the effective functioning of the internal market through mutual recognition, preventing national divergences or requirements from creating barriers to cross-border activity.

## **2. Scope of application (Article 4)**

CBBA-Europe does not oppose, in principle, the possibility for Member States to voluntarily extend the scope of the IORP II Directive to additional funded pension schemes currently excluded, in particular those commonly referred to as “first pillar bis” arrangements. Such an extension may be beneficial insofar as it allows the application of governance, transparency and, to some extent, prudential standards that can enhance the protection of citizens. This is further supported by the fact that such application may be partial and tailored, allowing Member States to apply only selected provisions of the Directive to specific schemes, thereby ensuring flexibility and proportionality.

However, this possibility is acceptable only under clearly defined conditions. First, the application of the Directive must remain entirely voluntary for Member States. Second, it

must be fully reversible: Member States should be able, at any time, to discontinue the application of the Directive to such schemes, as they remain part of national social security systems.

Indeed, first-pillar schemes—even where partially funded—do not fall within the scope of the internal market, as consistently established by the case law of the Court of Justice of the European Union. Such schemes do not constitute “undertakings” under EU law and remain under the full responsibility of Member States. Accordingly, any reforms, including far-reaching ones or even the potential abolition of such schemes, must remain within national competence.

CBBA-Europe also supports maintaining the current mechanism under Article 4, which allows life insurance undertakings to apply the IORP prudential framework to occupational pension activities, as an alternative to the Solvency II regime, provided that strict ring-fencing of assets and liabilities is ensured. This flexibility represents a well-established and useful mechanism that should be preserved.

At the same time, a question of systemic consistency arises with regard to certain schemes formally classified as second-pillar occupational pensions but which, in practice, operate outside any market-based logic—for instance where participation is made mandatory through extended collective agreements or public regulatory intervention, and where no competition is permitted. In such cases, while their legitimacy is not in question, it may be appropriate to consider whether these schemes should more accurately be regarded as “first pillar bis” arrangements, precisely in light of their detachment from market dynamics and the intervention of public authorities that make them mandatory and monopolistic in their own sector.

Where an occupational scheme does not participate in the competitive dynamics of the internal market due to an intervention of the public/statutory authorities, this is entirely legitimate. However, this should not result in constraints on other IORPs that operate in open and competitive environments. In this respect, a clearer distinction between schemes that participate in the internal market and those that remain outside it could contribute to greater legal coherence and help ensure that non-competitive models do not impede the functioning of the market for other operators.

### **Key Recommendation**

Maintain the voluntary and fully reversible nature of any extension of the IORP II scope to additional funded pension schemes, in full respect of Member State competence over first-pillar and “first pillar bis” arrangements. Preserve the clear distinction between internal market-based occupational pensions and statutory or non-market-based schemes, in line with the case law of the Court of Justice. Ensure that non-competitive or mandatory schemes do not constrain the functioning of the internal market or limit the ability of other IORPs to operate across borders.

Maintain the possibility for life insurance undertakings to apply the IORP prudential framework to occupational pension activities, as an alternative to Solvency II, subject to appropriate ring-fencing.

### 3. Proportionality

CBBA-Europe supports the principle of proportionality as a core element of the IORP II framework. Given the significant diversity of occupational pension institutions across the Union in terms of size, governance, scheme design and risk allocation, a proportionate approach remains essential to ensure that regulatory requirements are appropriately calibrated and do not impose undue administrative or compliance burdens, particularly on small and medium-sized IORPs.

In this respect, CBBA-Europe considers that the removal of “size” as an explicit criterion may risk weakening the practical application of proportionality. While a risk-based approach is appropriate, size remains a relevant and objective indicator, providing a useful proxy for organisational complexity, governance capacity and operational resources. Maintaining size among the criteria that can be taken into account would therefore contribute to ensuring that proportionality remains operational and effective in supervisory practice.

At the same time, proportionality should continue to be primarily driven by the risk profile of the institution and the risks borne by members and beneficiaries. Quantitative thresholds, where used, should not function as rigid exemptions but rather as transparent and predictable reference points within a broader risk-based framework. In this regard, CBBA-Europe notes that EIOPA’s 2023 technical advice proposed identifying small IORPs based on thresholds related to membership and assets under management. Such an approach can contribute to greater clarity and predictability, provided it does not dilute core governance and risk management requirements.

CBBA-Europe also supports maintaining flexibility for Member States in the application of proportionality, in line with the minimum harmonisation nature of the Directive. National specificities, including well-established governance structures and supervisory practices, should be duly taken into account.

At the same time, it is important to ensure that the application of proportionality does not lead to uneven levels of protection for members and beneficiaries. The objective of the Directive remains to ensure a high level of protection, and this should not be compromised by the size of the institution. Proportionality should therefore not result in situations where members of smaller IORPs are subject to materially lower standards of protection.

Moreover, it is important to ensure that the application of proportionality does not result in unintended fragmentation or create barriers to cross-border activity. Divergent national approaches, if not properly balanced, may affect the level playing field and the effective

functioning of the internal market. In this context, proportionality should be applied in a manner that remains consistent with the principles of mutual recognition and open competition.

In conclusion, CBBA-Europe supports a balanced approach whereby proportionality is preserved and strengthened as a practical and flexible supervisory tool, while ensuring that it does not inadvertently constrain market dynamics, weaken member protection, or hinder the development of cross-border activities within the Union.

### **Key Recommendation**

Preserve and strengthen the principle of proportionality as a core feature of the IORP II framework, maintaining “size” alongside risk as a relevant and operational criterion. Ensure that proportionality does not result in reduced levels of protection for members and beneficiaries, regardless of the size of the institution. Apply proportionality in a way that avoids fragmentation and supports a level playing field, consistent with mutual recognition and the proper functioning of the internal market.

## **4. Activities of an IORP (Article 7)**

The new EC proposal introduces the following requirement in Article 7, the second paragraph *‘Where, pursuant to national law, IORPs are authorised to provide personal pension products, all assets and liabilities corresponding to the personal pension provision business shall be ring-fenced, without any possibility to transfer those assets and liabilities to the other retirement provision business of the institution.’*

The distinction between occupational pension activities and individual pension activities carried out by IORPs is, in principle, fully justified, in light of the differing legal nature of the underlying relationships, the structure of contribution flows, and the diversity of stakeholders involved. While occupational pension provision is embedded in an employment-based, collective framework—often involving employer contributions and reflecting long-term, quasi-social arrangements—individual pension products follow a fundamentally contractual and individual logic, akin to retail financial services. From this perspective, ensuring a clear separation between these activities, notably to prevent any commingling of assets and to safeguard members’ and beneficiaries’ interests, is both legitimate and appropriate.

However, the introduction of an absolute ring-fencing requirement, coupled with a blanket prohibition on any transfer of assets and liabilities between the two lines of business, raises significant concerns in terms of proportionality and efficiency. In defined contribution schemes, where assets are already allocated at the level of the individual member and investment risk is borne entirely by that member, an additional rigid separation at business-line level risks being largely redundant, generating unnecessary complexity without delivering tangible gains in member protection. Moreover, an excessively rigid approach may hinder the achievement of economies of scale, constrain efficient investment pooling arrangements, and ultimately run counter to the Union’s broader policy objectives of strengthening long-term investment capacity through deeper capital market integration.

Such rigidity could also inadvertently disincentivise IORPs from developing and offering individual pension products, including PEPPs, thereby limiting the growth potential of the European third pillar. In light of these considerations, a more proportionate, risk-based approach should be favoured—one that preserves a clear functional separation and robust safeguards, while avoiding unnecessarily rigid segregation and allowing for efficient management structures consistent with the Union’s wider savings and investment agenda.

**Key Recommendation:**

The ring-fencing requirement between occupational and individual pension activities should be maintained in principle, but recalibrated to ensure proportionality and flexibility, allowing for efficient management and investment pooling where member protection is not compromised, rather than imposing an absolute prohibition on any transfer between business lines.

## 5. Authorization and Multi-Sponsor IORPs (Articles 9 and 9a)

CBBA Europe welcomes the improvements introduced in the authorisation framework, which enhance clarity, predictability and operational efficiency for IORPs. The requirement for a structured prudential assessment, proportionate to the nature, scale and complexity of the IORP, together with the obligation to submit a forward-looking business plan, contributes to greater transparency and consistency in the authorisation process across Member States. Equally important is the introduction of a clear timeframe for supervisory decisions, combined with a right of appeal in cases where applications are not processed within six months. These elements help address long-standing concerns regarding delays and uncertainty, thereby improving the overall functioning of the regulatory environment.

In addition, CBBA Europe particularly welcomes the explicit confirmation that the subsequent acceptance of one or more sponsoring undertakings does not require a new authorisation procedure. This provision is of significant practical importance, as it enables IORPs to expand their activities efficiently and to onboard additional employers without being subject to unnecessary administrative duplication. By facilitating faster inclusion of new sponsoring undertakings, the proposal supports scalability, reduces operational friction and strengthens the capacity of IORPs to operate in a dynamic and evolving market environment.

Moreover, CBBA Europe welcomes the introduction of Article 9a, which clarifies that IORPs may operate multiple pension schemes and accept sponsorship from several undertakings within the same institutional framework. This provision reflects existing practices in a number of Member States, where open IORPs or multi-employer arrangements already enable the management of multiple schemes, either agreed directly with sponsoring undertakings or established through collective agreements between social partners. In this respect, Article 9a does not impose a new model, but rather removes unnecessary constraints and

recognises organisational flexibility that is already functioning effectively in several jurisdictions.

From a policy perspective, such flexibility should be strongly supported. Allowing IORPs to manage multiple schemes and accommodate multiple sponsors can significantly enhance economies of scale, reduce administrative and operational costs, and improve overall efficiency in investment management. Larger asset pools and more scalable structures can, in turn, strengthen the capacity of IORPs to act as long-term institutional investors, supporting deeper and more diversified investment strategies. This is fully aligned with the broader objectives of the Savings and Investment Union, notably the mobilisation of long-term capital and the strengthening of European capital markets.

At the same time, existing sectoral or profession-based schemes, including those established through collective agreements, will naturally continue to reflect the conditions negotiated between employers and employees. The introduction of greater organisational flexibility at EU level does not alter this reality, nor does it require additional regulatory clarification in this regard. Rather, Article 9a should be understood as expanding the range of operational possibilities available to IORPs, without imposing structural changes on systems that already function effectively. In this sense, flexibility should be seen as an enabler of efficiency, innovation and scale, allowing IORPs that have the operational, administrative and financial capacity to do so to manage multiple schemes and sponsors, to the benefit of members, sponsors and the European economy as a whole.

**Key Recommendation:**

Article 9 and 9a should be supported as it provides IORPs with the flexibility to operate more rapidly and to manage multiple schemes and sponsors, thereby enabling greater economies of scale, improved investment capacity, and enhanced efficiency, while leaving existing national arrangements and collectively agreed structures unaffected.

## 6. Cross-border procedures and transfers (Articles 11–12, plus Articles 8a and 9a)

CBBA Europe strongly welcomes the proposed revisions to the cross-border framework under Articles 11 and 12, which represent a significant and long-awaited step forward in making cross-border IORP activity genuinely operational within the internal market. The clarification between cross-border transfers (Article 12) and domestic transfers (Article 12a) enhances legal certainty and removes previous ambiguities. Most importantly, the introduction of a clear and workable approval mechanism for cross-border transfers—based on a simple majority of members and beneficiaries (or their representatives), calculated on the basis of responses received—constitutes a major improvement compared to the previous framework. Equally important is the provision allowing Member States to set a participation threshold only up to a maximum of 25%, thereby preventing the imposition of excessively high quorum requirements that could effectively obstruct cross-border

operations. This ceiling is a critical safeguard to ensure that procedural rules cannot be used to undermine the functioning of the internal market.

Beyond the approval mechanism, the proposal introduces a broader and highly welcome set of operational improvements. The streamlining of notification procedures, the clarification of timelines for competent authorities, and the requirement that procedures be completed through electronic means all contribute to reducing administrative burdens and eliminating long-standing practical obstacles. The removal of unnecessary re-authorisation requirements—particularly the explicit confirmation that the subsequent acceptance of additional sponsoring undertakings does not trigger a new authorisation process—is especially important in facilitating the scalability of cross-border IORPs. Likewise, the introduction of simplified notification procedures for non-material changes and for the addition of sponsoring undertakings in schemes where members bear the investment risk represents a pragmatic and proportionate approach, enabling IORPs to expand their activities efficiently without undue regulatory friction.

The reinforced framework for cooperation between home and host Member State authorities, together with clearer deadlines and the possibility to involve EIOPA where necessary, further strengthens the supervisory architecture and contributes to a more predictable and coordinated cross-border environment. In addition, Article 18a is particularly welcome, as it explicitly affirms the right of IORPs to provide services throughout the Union and prevents Member States from restricting their establishment, thereby consolidating the internal market logic underpinning the Directive.

CBBA Europe has consistently advocated for the removal of barriers to cross-border activity and, in previous contributions, has emphasised the importance of ensuring that cross-border transfers are not subject to more restrictive conditions than domestic ones. In this context, while the Commission has chosen to go further by also limiting the stringency of domestic approval procedures, CBBA considers that the core objective at EU level should remain the elimination of discrimination against cross-border transfers. The organisation of purely domestic procedures should, in principle, remain within the competence of Member States, provided that such arrangements do not create indirect obstacles to cross-border activity.

Overall, CBBA Europe considers the proposed reforms to be a decisive and positive development towards a more integrated European market for occupational pensions. The combination of clearer rules, reduced administrative complexity, enhanced scalability, and stronger legal certainty addresses many of the practical barriers that have historically hindered cross-border IORPs. CBBA Europe therefore strongly supports the adoption of these provisions and encourages both the Council and the European Parliament to preserve this level of ambition in the legislative process, avoiding amendments that would reintroduce unnecessary constraints or dilute the effectiveness of the proposed framework.

### **Key Recommendation:**

The proposed simplification of cross-border procedures under Articles 11 and 12 should be fully preserved, as it represents a decisive step towards making the internal market for

occupational pensions operational in practice. In particular, the introduction of a simple majority approval mechanism and a capped participation threshold of up to 25% are essential to ensure that cross-border transfers are not hindered by disproportionate procedural barriers. While the alignment of domestic transfer procedures is of secondary importance from an EU internal market perspective, it remains crucial that cross-border transfers are not subject to more restrictive conditions than domestic ones. CBBA Europe therefore calls on the Council and the European Parliament to maintain the current level of ambition of the proposal and to avoid amendments that would reintroduce obstacles or weaken the effectiveness of the cross-border framework.

## 7. Technical provisions (Article 13)

CBBA Europe acknowledges the importance of sound and robust valuation of technical provisions as a cornerstone of the prudential framework for IORPs. In this context, liability cashflow projections can represent a useful analytical tool to support effective Asset–Liability Management (ALM) and, where relevant, Liability-Driven Investment (LDI) strategies, particularly in schemes where long-term guarantees or biometric risks are present. Recognising the role of such projections may therefore contribute to enhancing risk-based decision-making and supervisory assessments. At the same time, it is important that any reference to liability cashflow projections remains strictly principles-based and proportionate, taking into account the diversity of IORP models across Member States. In particular, the relevance and complexity of such techniques may differ significantly depending on the nature of the scheme, notably between defined benefit and defined contribution arrangements. It is therefore essential that this recognition does not translate into prescriptive methodological requirements or disproportionate operational burdens, especially for smaller institutions or schemes where members bear the investment risk. In this respect, CBBA Europe supports a flexible and proportionate approach that preserves the diversity and efficiency of existing frameworks while allowing IORPs to apply appropriate risk management tools where relevant.

### **Key Recommendation:**

Any reference to liability cashflow projections in the assessment of technical provisions should remain principles-based and strictly proportionate, taking into account the nature of the scheme, with particular regard to the distinction between defined benefit and defined contribution arrangements, and should not introduce prescriptive requirements or disproportionate burdens.

## 8. Underfunding and long-term investment (Article 14)

CBBA Europe welcomes the flexibility introduced under Article 14, allowing competent authorities to permit temporary underfunding for a limited period, as defined by national law and not exceeding ten years. This provision represents an important and pragmatic

recognition of the long-term nature of pension liabilities and the need to avoid overly rigid funding requirements that may constrain investment strategies. In particular, allowing for temporary deviations from full funding can enable IORPs to adopt more diversified and forward-looking investment approaches, including greater exposure to long-term and less liquid asset classes, thereby enhancing their capacity to contribute to the financing of the real economy.

At the same time, CBBA Europe agrees that such flexibility should remain embedded within national funding frameworks and applied in a proportionate manner, ensuring that the interests of members and beneficiaries are adequately protected. A balanced approach is essential to avoid pro-cyclical investment behaviour and to allow IORPs to operate effectively as long-term institutional investors, while maintaining appropriate prudential safeguards.

**Key Recommendation:**

The flexibility introduced under Article 14 should be retained, as it enables IORPs to pursue more effective long-term investment strategies without being constrained by overly rigid short-term funding requirements. This approach should be implemented within a sound supervisory framework, ensuring that temporary funding gaps are appropriately managed and do not compromise the protection of members and beneficiaries.

## 9. Regulatory Own Funds (Article 15) and Internal Stress Testing and Solvency Calibration (Articles 17, 18a and related provisions)

CBBA Europe recognises the importance of adequate prudential safeguards for IORPs that underwrite biometric risks or provide financial guarantees, and supports a proportionate approach to the assessment of own funds that reflects the nature and scale of the risks assumed. At the same time, it is essential that any further developments in this area remain consistent with the minimum harmonisation character of the Directive and do not lead to an implicit transposition of insurance-based solvency frameworks to occupational pension institutions.

With regard to stress testing and forward-looking risk assessment, CBBA Europe agrees that IORPs should assess their resilience under adverse conditions, particularly where guarantees or biometric risks are present. Such practices are consistent with sound governance and are already embedded in many national supervisory frameworks. However, the design and implementation of stress testing requirements must remain sufficiently flexible to reflect the diversity of occupational pension systems across Member States. In particular, differences in funding models, liability structures, discount rate methodologies and the role of sponsor support should be fully taken into account.

A rigid or standardised EU-wide approach, including the use of predefined stress scenarios or fixed parameters, would risk undermining well-established national supervisory practices,

creating duplication and imposing additional administrative burdens without clear added value. This is especially relevant for smaller institutions and for defined contribution schemes, where members bear the investment risk and the implications of institutional solvency stress testing are fundamentally different.

At the same time, it is essential that the use of national methodologies does not lead to fragmentation or to a lack of confidence between supervisory authorities. The effective functioning of the internal market requires that IORPs operating under national prudential frameworks be recognised as credible and robust across Member States. In this respect, the principle of mutual recognition should be reaffirmed, ensuring that differences in supervisory approaches do not become a barrier to cross-border activity. Without such mutual trust, pressures for unnecessary harmonisation could emerge, potentially leading to overly rigid and centralised frameworks.

Moreover, excessive rigidity in stress testing and solvency calibration could have unintended consequences on investment behaviour, potentially encouraging de-risking strategies and reducing the capacity of IORPs to invest in higher-yielding long-term assets, thereby limiting their contribution to the financing of the real economy.

CBBA Europe therefore supports a principles-based and proportionate framework, where stress testing requirements are calibrated in a flexible manner, taking into account the specific risk profile of each institution and the characteristics of national systems, while being underpinned by mutual recognition and supervisory trust across the Union.

**Key Recommendation:**

Stress testing and prudential requirements should remain principles-based, proportionate and adaptable to national frameworks, avoiding rigid EU-wide standardisation, while ensuring mutual recognition across Member States so that differences in supervisory approaches do not hinder cross-border activity or undermine trust in the internal market.

## 10. Prudent Person Principle (Article 19)

CBBA Europe strongly welcomes the clarification and modernisation of the prudent person principle under Article 19, which appropriately recognises the role of IORPs as long-term institutional investors and provides greater legal certainty for diversified investment strategies. The explicit acknowledgement that exposure to growth-oriented and less liquid asset classes, including private equity and infrastructure, can be fully consistent with prudent investment is a particularly important development. This clarification supports IORPs in pursuing higher risk-adjusted returns over the long term and aligns closely with the objectives of the Savings and Investment Union, notably the mobilisation of long-term capital towards productive investments in the European economy.

The proposed approach, based on a holistic assessment of the overall risk profile of the institution rather than on asset-by-asset constraints, represents a meaningful evolution towards a more principles-based and risk-sensitive framework. It allows IORPs to design

investment strategies that are better aligned with the long-term nature of their liabilities, including through diversified portfolios and, where appropriate, the use of life-cycle approaches in defined contribution schemes.

CBBA Europe also agrees that the prudent person principle should apply consistently across different types of IORPs, while recognising that its practical implementation will naturally differ depending on the allocation of risks between defined benefit and defined contribution schemes. Maintaining a single, coherent principle while allowing for differentiated application supports both regulatory clarity and proportionality.

CBBA Europe considers that the introduction of additional quantitative investment limits at national level should not be encouraged. Where such limits exist or are maintained, they should remain strictly exceptional and should not in any way constrain diversification or limit the ability of IORPs to invest efficiently in long-term and higher-yielding assets. In particular, national measures should not create barriers to the effective functioning of the internal market. Differences in national approaches should not undermine mutual recognition or lead to situations where IORPs authorised and supervised in one Member State are not regarded as sufficiently robust or credible when operating in another. Ensuring mutual trust between supervisory frameworks is essential to avoid fragmentation and to prevent the reintroduction of obstacles to cross-border activity.

**Key Recommendation:**

The clarified prudent person principle should be fully supported, ensuring that IORPs can pursue diversified and long-term investment strategies without undue constraints. Any remaining national investment limits, where they exist, should be strictly exceptional and must neither restrict diversification nor undermine mutual recognition across Member States, so as to preserve trust and avoid barriers to cross-border activity.

## 11. Sustainability-related amendments (SFDR, remuneration policies art 21, sustainability preferences of members and beneficiaries)

CBBA Europe recognises the growing relevance of sustainability considerations for long-term institutional investors such as IORPs and supports the integration of sustainability risks into investment decision-making, in line with their fiduciary duties and long-term horizon. The proposed clarification of the prudent person principle in this context can contribute to greater legal certainty, allowing IORPs to incorporate sustainability factors as part of a holistic assessment of risks and opportunities.

At the same time, it is important that sustainability-related provisions remain coherent, proportionate and sufficiently flexible. In particular, close alignment with definitions and concepts currently under review in the SFDR framework may create legal uncertainty and reduce the long-term stability of the Directive. A principles-based approach, avoiding rigid

cross-references to evolving legislative definitions, would ensure greater consistency over time.

CBBA Europe takes a more cautious view with regard to the proposed extension of sustainability requirements to remuneration policies. Existing EU legislation already addresses remuneration frameworks across financial services, and it is not evident that additional requirements under IORP II would provide clear added value in this area. Introducing such provisions risks creating overlaps, increasing complexity and imposing additional administrative burdens without a commensurate prudential benefit. For this reason, any sustainability-related remuneration requirements should be carefully reconsidered.

With regard to sustainability preferences of members and beneficiaries, CBBA Europe supports the objective of enhancing member engagement, while recognising that its practical implementation will vary significantly depending on the design of pension schemes.

At the same time, CBBA-Europe considers that sustainability preference frameworks should take into account behavioural finance considerations and the risk of excessive complexity for members and beneficiaries. Requiring individuals to formulate detailed technical sustainability preferences may lead to decision fatigue, inconsistent choices or disengagement, particularly where pension decisions are already perceived as complex.

In this respect, appropriately designed default investment strategies remain essential. Long-term retirement savings frameworks should rely primarily on robust and well-governed default solutions that integrate sustainability considerations in a balanced and prudent manner, while avoiding excessive reliance on repeated individual preference-selection exercises.

In some cases, members may express preferences through available investment options. In many other cases, however, particularly in collective arrangements, investment strategies are determined at institutional level and individual preferences cannot be directly translated into portfolio decisions. A flexible approach is therefore essential, allowing IORPs to take such preferences into account where appropriate, without imposing rigid or burdensome requirements that may have limited practical impact.

Overall, CBBA Europe supports a proportionate and principles-based integration of sustainability considerations, ensuring that ESG-related requirements enhance investment decision-making without creating unnecessary complexity or administrative burden, and while preserving the diversity of occupational pension systems across the Union.

### **Key Recommendation:**

Sustainability considerations should be integrated into the IORP framework in a principles-based and proportionate manner, avoiding rigid reliance on evolving SFDR definitions and ensuring flexibility in reflecting members' preferences across different scheme designs, while avoiding excessive complexity or decision overload for members and beneficiaries. At the same time, additional requirements on remuneration policies should be reconsidered.

as existing EU frameworks already address this area and further provisions risk creating unnecessary overlap and administrative burden without clear added value.

## 12. Governance Requirements and Internal Organisation: internal control system and compliance function; diversity and inclusion policies; actuarial function (Article 21)

CBBA Europe recognises the importance of sound governance frameworks, including effective internal control systems, as a key element in ensuring the proper functioning of IORPs and the protection of members and beneficiaries. In this respect, the objective of strengthening internal control mechanisms is supported in principle.

At the same time, it is essential that governance requirements remain proportionate and adaptable to the diversity of IORPs across Member States. In particular, the introduction of a mandatory standalone compliance function for all IORPs may not be appropriate in all cases. Smaller or less complex institutions may already achieve effective oversight through existing governance arrangements, and imposing a formalised compliance structure could lead to unnecessary administrative costs and duplication without clear added value. A flexible approach should therefore be maintained, allowing IORPs to organise their internal control functions in a manner consistent with their size, structure and risk profile.

CBBA Europe also considers that governance provisions should avoid unnecessary overlap with existing regulatory frameworks, particularly in areas such as remuneration, where horizontal EU legislation already provides relevant requirements. Additional layers of regulation in this area should be carefully assessed to ensure that they do not create disproportionate complexity.

With regard to diversity and inclusion, CBBA Europe acknowledges their importance as elements of good governance. However, their implementation should remain sufficiently flexible and should not introduce rigid requirements that may not be compatible with the different governance structures of IORPs across Member States. In particular, it is important to preserve the ability to appoint members of governing bodies on the basis of appropriate qualifications and expertise, while allowing institutions to reflect diversity objectives in a manner suited to their specific context.

Overall, CBBA Europe supports a proportionate and principles-based approach to governance requirements, ensuring effective oversight while avoiding unnecessary rigidity, duplication and administrative burden.

Finally, regarding the actuarial function, CBBA Europe supports maintaining the actuarial function as a mandatory requirement only for IORPs that underwrite biometric risks or provide guarantees related to investment performance or benefit levels. This approach appropriately reflects the nature of the risks assumed and ensures that actuarial expertise is applied where it is most relevant from a prudential perspective.

For defined contribution schemes, CBBA Europe considers that a mandatory actuarial function would not be justified in most cases. In such schemes, members typically bear the investment risk and existing risk management functions already provide effective oversight of key risks, including those related to investment strategy and expected outcomes. Introducing a formal actuarial function could therefore lead to overlaps, additional costs and unnecessary organisational complexity without clear added value.

At the same time, CBBA Europe recognises that actuarial expertise can play a useful role in specific contexts, particularly in supporting forward-looking assessments of expected retirement outcomes, including the adequacy of projected benefits and replacement ratios. Such analysis may also contribute to a better understanding of the interaction between occupational pensions and other sources of retirement income.

In this respect, a flexible and proportionate approach should be adopted, allowing IORPs to make use of actuarial expertise where appropriate, without imposing a mandatory function. This approach preserves efficiency while ensuring that institutions have access to the necessary analytical tools to support informed decision-making and fulfil their fiduciary responsibilities.

**Key Recommendation:**

Governance requirements should be strengthened in a proportionate and principles-based manner, ensuring effective internal control while allowing flexibility in how compliance functions are organised. Additional obligations should avoid duplicating existing EU frameworks, particularly in areas such as remuneration, and diversity and inclusion measures should remain adaptable, reflecting the specific governance structures of IORPs without imposing rigid requirements. Finally, the actuarial function should remain mandatory only for IORPs that underwrite biometric risks or provide guarantees, while in defined contribution schemes actuarial expertise should be used on a flexible and proportionate basis where it adds value, avoiding mandatory requirements that would create duplication, additional costs or unnecessary organisational complexity.

### 13. Own-Risk Assessment and Economies of scale (Article 28)

CBBA Europe considers that the Own-Risk Assessment (ORA) should remain primarily focused on the identification, assessment and management of material risks, including financial, actuarial, operational and governance risks. In this respect, the ORA is a key prudential tool and should not be transformed into a broader strategic or structural assessment exercise.

CBBA Europe acknowledges that aspects such as efficiency and economies of scale may, in certain circumstances, have an indirect impact on the risk profile of an IORP, for example through cost structures, operational resilience or governance effectiveness. However, such considerations should only be addressed within the ORA where they are clearly relevant from a risk perspective and should not require institutions to perform theoretical analyses of consolidation or restructuring options.

Decisions relating to consolidation, scale or structural changes are typically driven by sponsoring undertakings, market conditions and national frameworks, and are not always within the direct control of the IORP. It is therefore important to avoid any implicit regulatory pressure that would encourage consolidation as a default outcome, irrespective of the specific context of the institution.

CBBA Europe supports a proportionate and risk-based approach, whereby efficiency considerations may be taken into account where appropriate, while ensuring that the ORA remains a focused and effective prudential instrument, rather than an exercise in strategic market analysis.

### **Key Recommendation:**

The ORA should remain focused on material prudential risks, while considerations related to efficiency or economies of scale should be included only where they are directly relevant to the risk profile of the IORP, avoiding any requirement for theoretical assessments of consolidation or structural changes.

## **14. Statement of Investment Policy Principles (Article 30)**

CBBA Europe recognises the importance of transparency and clarity in the Statement of Investment Policy Principles (SIPP), as a key tool for communicating the investment strategy and objectives of IORPs. Clear articulation of investment goals and governance frameworks can support accountability and enhance understanding among stakeholders.

At the same time, the proposed expansion of SIPP requirements should be carefully assessed to ensure that it does not introduce excessive prescriptiveness or administrative burden. In particular, requiring detailed ex ante specifications of performance objectives and the conditions under which deviations from asset allocation strategies may be tolerated risks constraining the flexibility needed for effective long-term investment management.

Investment strategies of IORPs are inherently long-term and must be capable of adapting to changing market conditions. Overly rigid or detailed requirements may inadvertently encourage pro-cyclical behaviour, leading to short-term adjustments that could undermine long-term investment objectives and negatively affect outcomes for members and beneficiaries.

CBBA Europe also considers that requiring separate investment policy statements for each pension scheme may not always be necessary, particularly where similar or aligned investment strategies are applied. A more flexible approach should be allowed, avoiding unnecessary duplication and associated administrative costs.

While the application of the proportionality principle is important, it should not result in differences in the quality, clarity or usefulness of information provided to members and beneficiaries. Regardless of the size or complexity of the IORP, the SIPP should remain a meaningful and accessible document that adequately reflects the investment strategy and supports informed understanding by members.

With regard to performance benchmarks, transparency may be beneficial where such benchmarks are actively used within the investment strategy. However, benchmarks should not be imposed as a universal requirement, particularly in schemes where investment strategies are primarily liability-driven and not benchmark-oriented.

Overall, CBBA Europe supports a proportionate and principles-based approach to SIPP requirements, ensuring transparency while preserving the flexibility necessary for IORPs to implement effective long-term investment strategies in the best interests of their members and beneficiaries.

**Key Recommendation:**

SIPP requirements should enhance transparency without introducing excessive prescriptiveness, ensuring that proportionality does not affect the quality of information provided to members, while preserving the flexibility necessary for IORPs to manage long-term investment strategies and avoid pro-cyclical effects.

## 15. Depositary Requirements (Article 33; and related amendments on safekeeping and oversight)

CBBA Europe supports the objective of ensuring strong safeguards for the safekeeping of assets and effective oversight arrangements within IORPs, as well as the prevention of conflicts of interest. However, it does not consider that a mandatory single-depositary model is appropriate for the occupational pensions sector. The proposed approach appears to draw heavily from regulatory frameworks developed for retail investment products, which operate under fundamentally different conditions from occupational pension institutions. IORPs are long-term institutional investors, characterised by long-duration liabilities, stable contribution patterns and limited liquidity pressures, and their operational framework should reflect these specificities.

In many Member States, existing safekeeping and custody arrangements already provide a high level of asset protection and oversight, consistent with the objectives of the Directive. In this context, imposing a rigid requirement to appoint only one depositary per pension scheme risks disrupting established national frameworks without clear evidence of prudential added value. It may also reduce operational flexibility for large and diversified IORPs, which often rely on multiple custodians or depositaries in order to benefit from specialised expertise, broader market coverage and risk diversification across asset classes and jurisdictions.

CBBA-Europe therefore considers that IORPs should retain the flexibility to appoint one or more depositaries or equivalent safekeeping arrangements, depending on the nature, scale and complexity of their investment activities. Where national frameworks already provide safeguards offering a comparable level of protection, such arrangements should be allowed to continue. A proportionate and principles-based approach would better preserve operational efficiency, avoid unnecessary implementation costs and remain more consistent with the minimum harmonisation character of the Directive.

## Key Recommendation:

Depositary rules should ensure robust asset protection and conflict-of-interest safeguards without imposing a rigid single-depositary requirement. IORPs should retain the flexibility to use one or more depositaries, or equivalent national safekeeping arrangements providing comparable protection, where justified by the nature, scale and complexity of their activities.

## 16. Article 37a – Pension Tracking Systems (PTS)

CBBA-Europe supports the development of national Pension Tracking Systems (PTS) as a key tool to enhance transparency, improve financial literacy and support informed retirement planning. The association also supports the progressive interconnection of national systems through the European Tracking Service on Pensions (ETS), as an important step towards a more integrated European pension landscape.

CBBA-Europe agrees that the establishment, design and governance of PTS should remain primarily within Member States' competence. In particular, the Union should not require Member States to establish PTS where they do not yet exist, nor should Article 37a introduce harmonisation of data formats, transmission structures or technical modalities. National systems must reflect the specificities of domestic pension frameworks and existing administrative and reporting infrastructures.

However, CBBA-Europe considers that, where a national PTS has already been established, a proportionate and well-calibrated obligation should be introduced requiring all relevant providers of occupational pension benefits — including IORPs and insurance-based occupational schemes — to connect to and provide data to that system.

Such an obligation should not entail harmonisation of the underlying data models or technical standards, which should remain defined at national level. Instead, it should focus on ensuring effective participation in existing systems, while allowing Member States to determine implementation timelines, data definitions, reporting frequency and technical modalities, in line with their legal and operational frameworks. Adequate transition periods and proportionality safeguards should be provided to avoid undue administrative or operational burdens.

In the absence of such a framework, there is a material risk that national PTS will remain incomplete and uneven in coverage, thereby limiting their usefulness for members and beneficiaries. This would also undermine the long-term objective of building an effective European Tracking Service, whose value depends on the quality and completeness of the underlying national systems.

CBBA-Europe does not consider that introducing such a targeted obligation would discourage Member States from establishing PTS. Decisions to develop national tracking systems are primarily driven by domestic policy objectives, including improving pension adequacy, transparency and citizen engagement. On the contrary, providing a clear

framework for the progressive integration of providers can strengthen the credibility, effectiveness and policy value of such systems from the outset.

In this context, CBBA-Europe supports a balanced approach under Article 37a: PTS should remain optional for Member States and technically non-harmonised, but, once established, they should progressively evolve towards comprehensive coverage through the proportionate inclusion of all relevant occupational pension providers.

### **Key Recommendation**

CBBA-Europe recommends maintaining the voluntary nature of Pension Tracking Systems (PTS) at Member State level and avoiding any EU-level harmonisation of data formats or technical architectures. However, where a national PTS is already established, the Directive should introduce a proportionate obligation for all relevant occupational pension providers — including IORPs and insurance-based schemes — to connect to and provide data to that system.

Such an obligation should be implemented with full flexibility for Member States in defining timelines, data requirements and technical modalities, and should be accompanied by adequate transition periods. This balanced approach would ensure the progressive completeness and effectiveness of national PTS, while supporting the long-term development of a functional European Tracking Service (ETS).

## **17. EU-Standardised PBS and EIOPA RTS (Article 38), Digital Delivery and Member Preferences, Level of Detail and Risk of Over-Disclosure**

CBBA-Europe supports the objective of enhancing transparency, comparability and member understanding through the Pension Benefit Statement (PBS). Clear, relevant and accessible information is essential to support informed retirement decisions and to strengthen trust in occupational pension systems.

However, occupational pension systems across the European Union differ significantly in their legal structures, benefit designs and social functions. These differences concern, inter alia, the nature of the pension promise (defined benefit, defined contribution and hybrid models), the presence of insurance-based components such as disability or survivor benefits, national tax regimes, decumulation options, and the existence of collective risk-sharing or solidarity mechanisms, often shaped by labour law and, when existing, the role of social partners.

In this context, CBBA-Europe considers that a single, fully standardised Union-level PBS template would not be capable of adequately reflecting these structural differences without oversimplification. A rigid format risks producing information that is formally harmonised but substantively less relevant, thereby reducing its usefulness for members and beneficiaries. Under the minimum harmonisation approach of IORP II, Member States should retain the

flexibility to design PBS frameworks that are aligned with their domestic pension systems, communication practices and consumer expectations.

CBBA-Europe therefore does not support the introduction of detailed Regulatory Technical Standards (RTS) by EIOPA specifying the content and presentation of the PBS. While supervisory convergence is a legitimate objective, overly prescriptive Union-level requirements would risk imposing uniform solutions on highly heterogeneous systems, leading to unnecessary implementation costs and potentially undermining well-functioning national frameworks already in place.

At the same time, CBBA-Europe emphasises that communication requirements should remain principle-based and focused on clarity, relevance and usability. The expansion of detailed disclosure requirements — including granular cost breakdowns, multiple performance scenarios and complex projections — should be carefully assessed against their actual value for members. Evidence across Member States suggests that overly detailed information may reduce intelligibility rather than enhance it.

Behavioural evidence also suggests that excessive disclosure and overly technical communication may lead to information overload, reducing members' ability to engage meaningfully with pension information and potentially leading to disengagement or decision paralysis. In this context, the objective of the PBS should not be the maximisation of technical disclosure, but rather the communication of salient, decision-relevant and actionable information that members can realistically understand and use.

CBBA-Europe therefore considers that communication should focus primarily on clear long-term retirement projections and expected retirement outcomes, rather than excessively granular cost disclosures or highly technical indicators that many members may struggle to interpret. Existing communication models already developed at European level, including certain EIOPA simplified projections and visual approaches, demonstrate that effective pension communication can be both accessible and operational without relying on overly complex templates or extensive technical standardisation.

In particular, cost disclosure in occupational pension schemes with collective features presents inherent methodological challenges. Costs are often incurred and managed at collective level and reflected in net returns, rather than directly attributable to individual members. Requiring artificial allocation of such costs at individual level may increase operational complexity without improving member understanding. Transparency frameworks should therefore prioritise the assessment of overall value for money, including net long-term outcomes and risk-adjusted performance, rather than focusing narrowly on isolated cost metrics.

CBBA-Europe also supports the objective of ensuring accessibility of the PBS. In line with digitalisation and sustainability objectives, electronic delivery should be considered the default option, with members retaining the right to request paper versions. Requiring systematic collection of individual delivery preferences would generate unnecessary

administrative burdens and should be avoided in favour of proportionate, user-friendly solutions.

Importantly, CBBA-Europe highlights the need to address the cross-border dimension of PBS requirements. IORPs operating across Member States may be subject to overlapping or duplicative reporting obligations stemming from both home and host requirements. Such duplication increases administrative costs without delivering additional value to members and may constitute a barrier to cross-border activity.

In this regard, CBBA-Europe considers that preserving national flexibility in PBS design should not lead to fragmentation or duplication for cross-border activities. The Directive should therefore ensure that:

- compliance with PBS requirements in the home Member State is recognised as sufficient for cross-border operations; or
- appropriate coordination or mutual recognition mechanisms are introduced to avoid overlapping obligations.

A balanced framework should combine national flexibility with safeguards ensuring proportionality, efficiency and the proper functioning of the internal market.

Finally, while layered communication approaches and good design principles can enhance usability, their implementation should remain flexible and adapted to the communication channels used (digital platforms, pension dashboards, email or paper). Prescriptive requirements in this area may not be compatible with the diversity of delivery methods and user interfaces.

### **Key Recommendation**

CBBA-Europe recommends maintaining a principle-based approach to the Pension Benefit Statement (PBS), avoiding EU-level standardisation of content, formats or technical specifications while ensuring that communication remains salient, actionable and understandable for members and beneficiaries. However, the Directive should ensure that national flexibility does not result in duplicative or overlapping reporting obligations for cross-border providers. Compliance with home Member State PBS requirements should be deemed sufficient, or appropriate coordination mechanisms should be introduced, to prevent double reporting and support the effective functioning of the internal market.

## **18. Benchmarking and underperformance (Article 41a)**

A regulatory framework that prioritises short-term performance metrics over long-term retirement outcomes risks undermining both pension adequacy and Europe's long-term investment capacity.

CBBA-Europe supports the objective of strengthening transparency and accountability in the management of occupational pension schemes. Members and beneficiaries should

have access to meaningful information that allows them to understand how their pension is evolving over time and how investment outcomes relate to long-term retirement objectives.

However, CBBA-Europe considers that the introduction of a benchmarking framework triggering disclosure and potential supervisory action in case of underperformance must be carefully calibrated to reflect the specific nature of occupational pension institutions.

IORPs operate as long-term institutional investors with liabilities that extend over decades and are often shaped by guarantees, collective risk-sharing mechanisms and sponsor support. Performance assessment must therefore be anchored in the long-term objective of delivering adequate retirement outcomes, rather than in short-term comparisons against external reference indicators.

In this context, CBBA-Europe does not support the use of uniform or externally imposed benchmarks defined at Union level or through overly prescriptive supervisory frameworks. The diversity of pension schemes across Member States — including differences in liability structures, membership profiles, investment strategies, governance models and social objectives — makes the construction of comparable benchmarks inherently complex and potentially misleading.

Where benchmarking is used, it should be strategy-consistent and scheme-specific, reflecting the investment objectives, liability profile and risk tolerance of each IORP. Benchmarks should therefore primarily be defined at scheme level, subject to supervisory review, rather than imposed through standardised methodologies.

CBBA-Europe also considers that performance disclosure should not be limited to situations of underperformance. Focusing exclusively on negative deviations provides an incomplete and potentially distorted picture of long-term performance. Communication frameworks should instead present performance in a balanced and contextualised manner, including long-term trends, risk-adjusted outcomes and the relationship between returns and the scheme's pension objectives.

CBBA-Europe also acknowledges that, across the Union, there are significant differences in investment outcomes between occupational pension systems. In some Member States, pension funds have consistently delivered higher long-term returns than in others, reflecting differences not only in investment expertise, but also in regulatory frameworks, risk appetite, governance models and the expectations of members and social partners. In certain cases, more conservative investment approaches — whether driven by regulatory constraints or stakeholder preferences — may result in outcomes that, net of costs, are only marginally above low-risk savings instruments.

In this context, carefully designed benchmarking tools, strictly for informational and contextual purposes, may play a useful informational role, helping to provide perspective on relative performance and to support informed discussions among members, beneficiaries and policymakers. However, such comparisons should be interpreted with caution and remain contextualised, as differences in performance do not necessarily indicate deficiencies, but may reflect legitimate national choices regarding risk-sharing and

investment strategy. Benchmarking should therefore support transparency and awareness, without becoming a prescriptive or supervisory tool that constrains appropriate long-term investment decisions.

That being said, the proposal to trigger additional obligations after three consecutive years of underperformance raises particular concerns. A three-year horizon is not aligned with the long-term investment nature of pension schemes and risks introducing short-term incentives that could discourage allocations to asset classes whose value materialises over longer periods, such as infrastructure, private equity or other long-duration investments. This would run counter to broader European policy objectives aimed at strengthening long-term investment and supporting economic growth.

From a behavioural finance perspective, the introduction of short-term benchmark-based supervisory triggers may also generate significant unintended incentives. If IORPs or their managers anticipate potential supervisory scrutiny following temporary deviations from benchmark performance, they may become structurally biased towards short-term investment behaviour and benchmark-tracking strategies. This could discourage investment in less liquid but potentially higher-yielding long-term assets, including infrastructure, private equity and other productive investments, whose performance may materialise only over extended periods.

Such an approach risks reinforcing herding behaviour across the pension sector, whereby institutions converge excessively towards similar investment allocations in order to avoid appearing as outliers relative to supervisory benchmarks. Over time, this could reduce diversification, weaken systemic resilience and undermine the role of IORPs as genuine long-term institutional investors capable of supporting the financing needs of the European economy. More broadly, poorly designed benchmarking frameworks may also create wider systemic distortions.

In particular, the risk that benchmarks become de facto performance targets may encourage herding behaviour and pro-cyclical investment strategies, reducing diversification and potentially weakening the resilience of the pension sector as a whole.

CBBA-Europe further notes that linking cost justification directly to benchmarked performance may lead to inappropriate conclusions. Cost structures in occupational pension schemes are often influenced by institutional arrangements, scale, sponsor support and the nature of the investment strategy. Assessing value for money requires a holistic approach that considers net long-term outcomes rather than isolated cost or performance indicators.

From a supervisory perspective, CBBA-Europe considers that intervention should be based on material deficiencies in governance, risk management, funding or solvency, rather than on mechanical deviations from benchmark performance over relatively short periods. A shift towards performance-based supervision risks blurring the distinction between prudential oversight and investment management, with potentially adverse consequences for scheme governance.

For defined benefit schemes, CBBA-Europe emphasises that the most relevant performance reference remains the return required to meet the promised benefit levels. External market benchmarks may provide supplementary context but should not drive supervisory conclusions.

In light of the above, CBBA-Europe supports a framework where benchmarking, if retained, is used primarily for informational purposes and is embedded in a broader, principle-based approach to transparency. Any disclosure requirements should be proportionate, contextualised and aligned with the long-term nature of pension provision.

A balanced approach should ensure that members receive clear and meaningful information, while preserving the capacity of IORPs to pursue diversified, long-horizon investment strategies and to contribute effectively to the development of European capital markets. Such tools should not create expectations of convergence or uniform performance across Member States.

### **Key Recommendation**

CBBA-Europe recommends that any benchmarking framework under Article 41a remain principle-based, strategy-consistent and used for informational purposes only. The Directive should avoid introducing uniform benchmarks, short-term performance triggers or mechanistic links between performance and supervisory action, as these would risk incentivising short-termism, benchmark-tracking behaviour, reduced diversification and suboptimal long-term investment decisions. Supervisory intervention should instead focus on material deficiencies in governance, risk management and funding, while ensuring that performance assessment reflects long-term pension objectives and liability structures.

## **19. Pre-Retirement and Pay-Out Phase Information (Article 42)**

CBBA-Europe supports the objective of ensuring that members and beneficiaries are adequately informed as they approach retirement and enter the pay-out phase. The transition from accumulation to decumulation represents a critical stage in the pension journey, where individuals are required to make complex and often irreversible decisions with long-term financial implications.

In this context, providing clear and meaningful forward-looking information on expected retirement outcomes and available pay-out options is essential to support informed decision-making. However, CBBA-Europe considers that such information should remain proportionate, comprehensible and focused on key elements, rather than attempting to reflect all possible individual circumstances.

The suitability of different pay-out options depends on highly individual factors — including household composition, tax position, health status and other sources of income — which IORPs are generally not in a position to assess. As a result, highly detailed or personalised projections may create a false sense of precision and potentially mislead members.

CBBA-Europe therefore emphasises the need to clearly distinguish between the provision of information and the provision of personalised advice. IORPs should be required to provide clear, standardised and decision-relevant information, but should not be expected to deliver individualised recommendations unless operating within a framework for regulated financial advice.

At the same time, simply increasing the volume or granularity of information does not necessarily improve member understanding. Evidence across Member States shows that effective communication is achieved through clarity, prioritisation of key messages and appropriate presentation, rather than through exhaustive disclosure.

CBBA-Europe also considers that existing national communication tools — including pension tracking systems, dashboards and periodic benefit statements — already play a key role in delivering forward-looking information. The Directive should therefore allow Member States to integrate pre-retirement and pay-out phase communication within these frameworks, avoiding duplication and ensuring consistency across communication channels.

With regard to frequency, CBBA-Europe does not support the introduction of mandatory annual information requirements during the pay-out phase where no material changes have occurred. Such obligations would generate administrative costs without delivering corresponding benefits to members. Communication should instead be event-driven or triggered by relevant changes in benefits, options or underlying conditions.

More broadly, CBBA-Europe supports a principle-based approach to communication requirements under Article 42, allowing Member States to determine the appropriate format, timing and level of detail in light of their national systems, legal frameworks and member expectations.

A balanced framework should ensure that members receive clear, relevant and timely information at key decision points, while preserving flexibility, avoiding unnecessary administrative burdens and respecting the diversity of occupational pension systems across the Union.

### **Key Recommendation**

CBBA-Europe recommends that communication requirements under Article 42 be designed to support effective decision-making at retirement, rather than to expand formal disclosure obligations. The Directive should ensure that members receive clear, decision-relevant information at key transition points, while avoiding overly detailed or standardised EU-level prescriptions that risk reducing clarity.

In particular, the framework should clearly distinguish between the provision of information and the delivery of personalised financial advice, which should not be implicitly required from IORPs. Communication obligations should be proportionate, event-driven rather than mechanically periodic, and integrated with existing national tools to avoid duplication and unnecessary administrative burdens.

## 20. Explicit Duty of Care (Articles 44a and 44b)

CBBA-Europe supports the objective of ensuring that occupational pension institutions act in the best interests of members and beneficiaries. Safeguarding members' interests is a core principle underpinning occupational pension systems across the Union.

However, CBBA-Europe considers that this objective is already deeply embedded in the existing IORP II framework. The prudent person principle, governance and risk-management requirements, as well as existing information obligations, collectively establish a robust and comprehensive framework ensuring that IORPs act honestly, fairly and professionally in the long-term interests of their members.

In this context, the introduction of an additional overarching duty of care risks creating duplication without delivering a substantive enhancement of member protection. More importantly, the proposed formulation, in particular references to the adequacy of returns, risks shifting the regulatory framework towards outcome-based or conduct-style supervision.

CBBA-Europe emphasises that IORPs are prudentially supervised institutions with a fundamentally long-term and collective purpose. Their regulatory framework is designed to ensure sound governance, appropriate risk management and the ability to meet long-term pension commitments. Introducing a broadly framed duty of care that may be interpreted as requiring specific performance outcomes could blur the distinction between prudential supervision and conduct supervision, creating legal uncertainty and potentially conflicting supervisory expectations. In other words, the duty of care is inherent in the institutional design of IORPs and should not be redefined through outcome-based expectations.

Such a shift would also risk unintended behavioural effects. In particular, it may encourage overly conservative investment strategies aimed at avoiding potential breaches of broadly defined duties, thereby reducing risk appetite and limiting exposure to long-term investment opportunities that are essential for delivering adequate retirement outcomes and supporting European economic priorities.

CBBA-Europe is also concerned that an overly broad or insufficiently defined duty of care could expose IORPs and their governing bodies to assessments influenced by hindsight bias. Investment decisions that were prudent, reasonable and appropriately documented at the time they were taken should not subsequently be judged solely on the basis of ex post market developments or unforeseen crises.

In long-term investing, temporary underperformance or adverse outcomes may result from market conditions that could not reasonably have been anticipated ex ante. Supervisory assessments should therefore focus primarily on the quality of the decision-making process, governance framework, risk assessment and fiduciary procedures in place at the time investment decisions were made, rather than on retrospective evaluations based on eventual outcomes.

A framework perceived as allowing ex post reinterpretation of investment decisions could create legal uncertainty and incentivise excessively defensive investment behaviour, ultimately undermining the long-term objectives of occupational pension provision.

CBBA-Europe also underlines the specific nature of occupational pension schemes as collective arrangements, often established within employment-based frameworks and shaped by collective agreements. In many cases, participation is mandatory and members do not individually select providers or investment strategies. Applying regulatory concepts derived from retail investment markets — where individual choice and product comparison are central — would not be appropriate in this context.

Rather than introducing a new overarching duty of care, CBBA-Europe considers that the regulatory framework should continue to focus on process-based obligations, including governance, risk management, internal controls and fiduciary responsibilities, which are better suited to ensuring that IORPs operate in the best interests of members over the long term.

With regard to Article 44b, CBBA-Europe notes the introduction of conduct-of-business requirements at scheme level. While the objective of ensuring that schemes remain appropriate for their target membership is understandable, the proposed obligations to “regularly review” appropriateness and to respond to “material changes” require further clarification. Without clear definitions, these provisions risk creating interpretative uncertainty, overlapping with existing governance and risk-management requirements, and interfering with the long-term design and stability of occupational pension schemes.

CBBA-Europe further highlights that the introduction of an explicit duty of care and related conduct requirements may have significant implications for the legal responsibilities and liability exposure of key governance functions within IORPs, including actuaries, risk managers and members of governing bodies. The calibration of these provisions should therefore carefully consider their practical impact, in order to avoid unintended legal uncertainty or disincentives in the performance of these roles.

In light of the above, CBBA-Europe supports a calibrated approach whereby the existing IORP II framework remains the primary basis for ensuring member protection, while any additional provisions are narrowly scoped, clearly defined and aligned with the prudential nature and long-term objectives of occupational pension institutions.

### **Key Recommendation**

CBBA-Europe recommends that any explicit duty of care under Articles 44a and 44b be carefully framed to reinforce — and not redefine — the existing IORP II framework. The Directive should avoid introducing outcome-based or conduct-style obligations that could shift supervision towards assessing investment results rather than governance and risk processes.

In particular, references to the adequacy of returns or broadly defined conduct requirements risk creating legal uncertainty, discouraging appropriate long-term investment strategies and

blurring the distinction between prudential supervision and retail-style regulation. Any additional provisions should therefore remain narrowly scoped, clearly defined and strictly aligned with the collective, long-term nature of occupational pension schemes.

Compliance with the duty of care should be assessed primarily on the basis of governance quality, decision-making processes and information reasonably available at the time decisions were taken, rather than through retrospective assessments influenced by ex post market outcomes.

## 21. Supervisory Dialogue (Article 49a) and Supervisory Powers / NCA publication (Article 50)

As a preliminary remark, it should be reminded that stronger supervision should enhance trust and resilience without fragmenting the internal market for occupational pensions.

CBBA-Europe supports the objective of strengthening supervisory engagement and enhancing forward-looking oversight of occupational pension institutions. Regular dialogue between national competent authorities (NCAs) and IORPs can contribute to a better understanding of emerging risks, structural challenges and long-term developments affecting pension systems.

However, CBBA-Europe considers that any formalisation of supervisory dialogue under Article 49a should remain firmly grounded in the principles of proportionality and risk-based supervision. A mandatory, uniform three-year dialogue cycle for all IORPs, irrespective of their size, complexity or risk profile, risks diverting supervisory resources away from higher-risk institutions and reducing the effectiveness of supervision overall. Supervisory engagement should instead be calibrated according to risk, allowing NCAs to prioritise areas where vulnerabilities are most significant.

CBBA-Europe also emphasises that the scope of supervisory dialogue should remain aligned with the prudential nature of IORP supervision. Expanding the dialogue to cover broader considerations such as structural challenges, long-term adequacy or system-wide efficiency may risk blurring the boundary between prudential supervision and broader policy or social objectives, which are primarily within the remit of Member States (and/or social partners, when involved).

At the same time, CBBA-Europe highlights the importance of ensuring that strengthened supervisory frameworks do not lead to increased fragmentation across Member States. For IORPs operating on a cross-border basis, divergent supervisory approaches, duplicated dialogue processes and inconsistent expectations between home and host authorities may create significant operational burdens and legal uncertainty. Enhanced supervisory dialogue should therefore be accompanied by appropriate coordination mechanisms between NCAs, ensuring coherence, proportionality and the avoidance of duplicative supervisory interactions.

With regard to Article 50, CBBA-Europe supports effective supervisory oversight of outsourcing arrangements, recognising that outsourcing should not weaken supervisory visibility over critical functions. However, it is essential to maintain clear lines of responsibility: ultimate accountability must remain with the IORP, and supervisory powers should not result in overlapping or conflicting accountability structures between institutions and their service providers.

CBBA-Europe further notes that proposals aimed at enhancing supervisory convergence should be carefully calibrated. While convergence of supervisory outcomes is desirable, this should not translate into rigid harmonisation of supervisory processes, reporting formats or templates at Union level. Supervisory practices should continue to reflect the diversity of national pension systems and institutional arrangements.

The proposal to require NCAs to publish detailed and comparable information on costs, past performance and risk profiles also warrants careful consideration. While transparency is an important objective, the relevance of such disclosures in the context of occupational pension schemes — particularly collective arrangements where members do not actively select providers or investment strategies — may be limited. Moreover, extensive publication requirements risk generating significant administrative burdens without clear added value. Any such obligations should therefore remain proportionate, targeted and adaptable to national contexts.

More broadly, CBBA-Europe considers that strengthening supervisory powers should not lead to a cumulative expansion of regulatory and reporting requirements without clear evidence of prudential necessity. The overall framework should preserve flexibility, ensure efficient allocation of supervisory resources and support the long-term functioning of occupational pension institutions.

In this context, CBBA-Europe emphasises that a more intensive supervisory framework should not result in greater fragmentation of supervisory practices across the Union. Effective supervision and a well-functioning internal market must go hand in hand. A balanced approach should therefore combine risk-based and proportionate supervision with appropriate coordination between authorities, ensuring that cross-border activities are not subject to duplicative or inconsistent supervisory requirements. In conclusion, increased supervisory intensity should not result in parallel supervisory engagements for cross-border IORPs

### **Key Recommendation**

CBBA-Europe recommends that supervisory dialogue and enhanced supervisory powers under Articles 49a and 50 be implemented on a risk-based and proportionate basis, while ensuring that increased supervisory intensity does not lead to fragmentation or duplication across Member States. In particular, the framework should provide for effective coordination between home and host authorities to avoid overlapping supervisory interactions and inconsistent requirements for cross-border IORPs. Strengthening supervision should

enhance coherence and efficiency, not create additional barriers to the development of an integrated internal market for occupational pensions.

**Contacts:**

Francesco Briganti,  
*Secretary General of CBBA-Europe*  
[Francesco.briganti@cbba-europe.eu](mailto:Francesco.briganti@cbba-europe.eu)

Karen de Paoli,  
*President of CBBA-Europe*  
[President@cbba-europe.eu](mailto:President@cbba-europe.eu)

CBBA-Europe Offices:  
Tel +32 2 401 87 92  
[info@cbba-europe.eu](mailto:info@cbba-europe.eu)