



FOCUS

IORP II

Updated in October 2023

Updated in October 2023

REGULATORY EVOLUTION

Directive 2016/2341 (IORPII) concerning the activities and monitoring of the Institutions for Occupational Retirement Provisions (IORP).

It is a review of the first IORP directive (2003/41/EC) on retirement schemes.

<http://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A32016L2341>

27 March 2014 - In response to “*Call for Advice*” from EIOPA the European Commission (EC) adopted a legislative project to **establish new regulations** on IORP with the aim of improving governance and transparency of these institutions in Europe, as well as promoting cross-border activities and long-term investment.

FOCAL POINTS

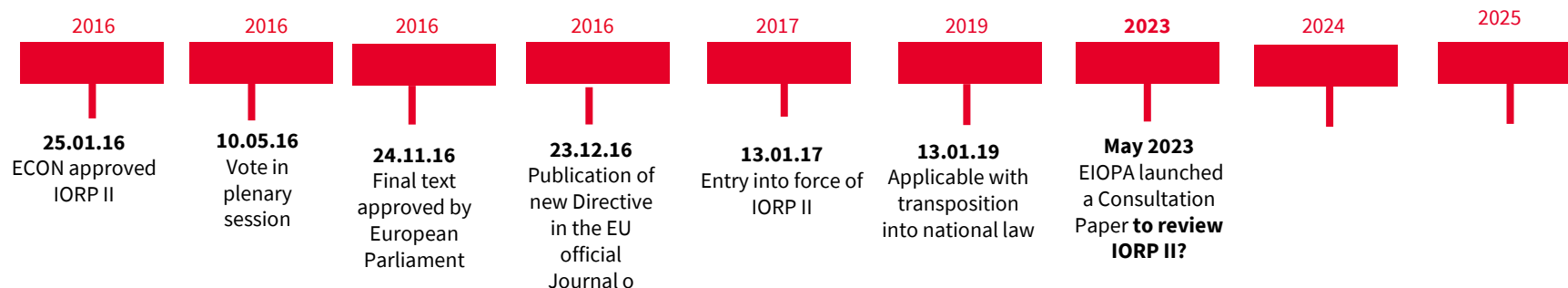
What did this Directive try to do?

Two major reasons for the Commission to have reviewed IORP regime:

- Need for **transparency** about information provided to members and beneficiaries of IORPs.
- Intention to **facilitate cross-border** development of pension schemes and importance of harmonising various European pension systems. This necessity of transparency is expressed by an obligation to provide details of investments and new information reports to members and beneficiaries of the IORPs. And for the IORPs, necessity to develop new monitoring tools and obligation to set up appropriate and detailed risk management.

With this Directive, pension funds should set up controls and issue additional information for the Regulators.

Banks have the expertise as they provide fund administration and depositary custody services within the scope of the AIFM and UCITS Directives.



IORP II amended EU directive 2003/41 on retirement schemes

Retirement schemes in Europe are generally both very complex and varied. They are the result of the history of social dialogue within each country, and are based on three pillars:

1. **The first** is constituted by the public pension schemes linked to revenues.
2. **The second** are private schemes of an occupational nature.
3. **The third** incorporates retirement schemes of an individual nature.

If the first pillar is supposed to remain the most important pension system, the European Commission observes that most member states in the EU have set up reforms to explore alternatives.

IORP II provided that the Commission should review the Directive by 13 January 2023. On 24 May 2023 Insurance Europe responded to EIOPA's consultation on the technical advice for the review of the EU IORP II Directive. EIOPA was requested to provide its technical advice by 1 October 2023 and 28 September 2023 EIOPA published its document for setting out technical advice for the review of IORP II Directive (268 pages). https://www.eiopa.europa.eu/system/files/2023-09/EIOPA-BoS-23-341-Advice_IORPII_review.pdf

FOR YOUR CONSIDERATION

- ☐ When we look at the regulatory text, there is this obligation for a pension fund to appoint a depository which will have a custody and safekeeping role for the Fund assets.
- ☐ This depository bank may be located in a country other than the one where the fund is set up. The pension fund (Anglo-Saxon origin), is an investment fund dedicated to capitalisation pension schemes.

Jean-pierre.gomez@sgss.socgen.com

If you want to know more, refer to
Fiche To Know More

"This document is for informational purposes only. Under no circumstance should it, in whole or in part, be considered as an offer to enter into a transaction. This document is not intended to have an advisory character or intended to represent an investment recommendation or a recommendation regarding a certain strategy, product or service. Although information contained herein is from sources believed to be reliable, Societe Generale makes no representation or warranty regarding the accuracy of any information and is not responsible for errors of any kind. Any reproduction, disclosure or dissemination of these materials is prohibited. The products and services described within this document are not suitable for everyone. This document is not intended for use by or targeted at retail clients. All of the products and/or services described may not be available in all jurisdictions"