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PROPOSAL

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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2025) 842 final
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directives (EU) 2016/2341 and 2016/97 as regards the strengthening of the framework for occupational retirement provision

Delegations will find attached document COM(2025) 842 final.

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2025/0362 (COD)

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directives (EU) 2016/2341 and 2016/97 as regards the strengthening of the framework for occupational retirement provision

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Ensuring that people across the EU can retire with dignity, security and adequate income lies at the heart of the EU's social and economic agenda. As EU citizens live longer, the challenge of maintaining decent living standards in retirement has become more pressing. Citizens expect that after a lifetime of work, they will have access to a stable income that is sufficient to support a decent quality of life. Yet, the sustainability of pension systems and the adequacy of retirement income across the EU are under increasing strain as a result of demographic ageing and new forms of work. The EU's population is living longer, while the working-age population is shrinking. This structural shift implies that fewer workers will be available to finance the pensions of an increasing number of retirees, creating fiscal and social pressures that, if left unaddressed, could erode living standards and intergenerational fairness.

The EU must therefore act to help citizens secure their retirement income and preserve their standard of living in the face of unfavourable demographic developments, subdued productivity growth, and broader transformative challenges linked to climate change, digitalisation, and geopolitical uncertainty. The capacity to address the pension challenge effectively will shape the EU's economic resilience and social cohesion in the decades ahead.

The pension challenge is therefore central to EU's economic and social future. It concerns how a growing share of the population can maintain an adequate standard of living after retirement, while ensuring that the burden on future generations remains sustainable. The European Pillar of Social Rights[1], particularly Principle 15 on "Old age income and pensions", enshrines the right of workers and the self-employed to a pension that is commensurate with their contributions and ensures an adequate income, with equal opportunities for women and men to acquire pension rights.

The promise of an adequate and sustainable pension remains under pressure, despite numerous reforms at national level. Many Member States have reduced public pension replacement rates, increased the statutory pension age, or shifted from defined benefit to defined contribution schemes. Individuals are therefore increasingly expected to complement statutory pensions with occupational or personal savings. This places a "double burden" for the working-age population, who must finance current retirees, while also saving for their own retirement income.

People need to be able to access safe, efficient, transparent and high-performing pension products in order to build up sufficient retirement savings. Reallocating household savings from low-yielding deposits to supplementary pension products that offer long-term investment opportunities can help individuals achieve a higher and more stable retirement income. At the same time, these savings, when channelled through well-governed and efficiently managed pension institutions, represent an important source of long-term capital for the European economy. The supplementary pension sector plays a double role: safeguarding individuals' financial security in retirement and contributing to EU's long-term economic sustainability.

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[1] The European Pillar of Social Rights

Recent high-level analyses have emphasised the importance of strengthening this channel between savings and investment. The reports by Mario Draghi[2] and Enrico Letta[3] highlighted that maintaining EU's living standards in the context of a shrinking workforce will require stronger productivity and increased investment. The Draghi report, in particular, called for a more efficient mobilisation of household savings through long-term saving products such as occupational pensions, pointing to successful national examples that could inspire a broader EU approach.

There is a strong need to strengthen supplementary pensions as part of the EU's broader social contract. The European Council's Conclusions of 17-18 April 2024[4] called for further work on developing pensions and long-term savings products, recognising their contribution to the green and digital transitions and to the growth of EU businesses. The European Council's Conclusions of 20 March 2025[5] reiterated the importance of increasing private capital participation to support investment and competitiveness, and invited the Commission to promote greater retail participation in capital markets, including through pension products.

In 2019, a High-Level Group of Experts on Pensions[6] that involved social partners provided strategic advice on how supplementary pensions can contribute to the adequacy of old-age income and to the development of the EU pension market. The European Court of Auditors concluded in a 2024 report[7] that EU action had so far been limited in its effectiveness and called for more effort to strengthen occupational pensions as a complement to public schemes.

The design of pension systems remains under the competence of the Member States, but EU-level measures can support and complement national efforts to ensure adequate retirement income. The Institutions for Occupational Retirement Provision (IORP) framework has provided the regulatory foundation for occupational pensions in the EU, establishing standards for prudential supervision, governance, and the protection of members and beneficiaries. While not all occupational pension vehicles fall under the IORP II Directive, members and beneficiaries in non-IORP schemes should be subject to sound governance and oversight and could benefit from being covered by the IORP II Directive.

In the Political Guidelines 2024–2029[8], President von der Leyen announced the creation of a European Savings and Investments Union, designed to make EU savings work more effectively for long-term growth and prosperity. In its Communication of 19 March 2025 on the Savings and Investments Union, the Commission recognised the potential of the supplementary pension sector to contribute to this goal by mobilising private savings for productive investment and ensuring that the benefits of such investment are channelled back to citizens in the form of higher and reliable retirement incomes. Furthermore, in the Mission Letter[9] addressed to the then Commissioner-designate for Financial Services and the Savings and Investments Union, President Von der Leyen emphasised the importance of harnessing the potential of private and occupational pensions to support EU citizens in securing their retirement and to facilitate the channelling of savings into the wider economy.

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2 Draghi, M. (2024), 'The future of European competitiveness'
3 Letta, E. (2024), 'Much More Than a Market'
4 Conclusions of the European Council of 17-18 April 2024
5 Conclusions of the European Council of 20 March 2025
6 Final Report of the High-level group of experts on pensions – December 2019;
7 European Court of Auditors, 'Developing supplementary pensions in the EU', Special report 14/2025
8 Political guidelines for the next European Commission 2024 – 2029
9 Mission Letter

The Directive 2008/94/EC[10] on the protection of employees in the event of the insolvency of their employer lays down that Member States are to ensure the protection of employees' pension entitlements in the event of the employer's insolvency.

Directive 2003/41/EC[11] on the activities and supervision of institutions for occupational retirement provision (the first IORP Directive) was introduced with the goal of creating a consistent prudential framework for occupational pension institutions within the internal market. Its primary objectives included enhancing the protection of members and beneficiaries, promoting sound governance and transparency, and addressing the fragmentation caused by varying national supervisory and regulatory regimes. By establishing minimum common standards and enabling cross-border management of occupational pension schemes, the IORP Directive aimed to create an internal market for occupational retirement provision. It encouraged the prudent and efficient investment of pension assets, thereby supporting the long-term sustainability of pension systems and the mobilisation of savings for productive investment within the EU's economy.

Directive 2016/2341[12] (the IORP II Directive), which recast and repealed the first IORP Directive, was driven by the need to enhance the governance, transparency and cross-border operational effectiveness of occupational pension funds within the EU. Insights gained from implementing the first IORP Directive had highlighted significant variances in execution between different Member States and demonstrated inadequacies in the level of protection offered to members and beneficiaries. In response, the IORP II Directive set out more stringent prudential and governance standards, along with improved disclosure and transparency requirements, and included measures to facilitate cross-border pension scheme management. These enhancements were designed to ensure that occupational pensions remained secure, sustainable and efficient in the EU's increasingly mobile and integrated labour market.

The ambition to revise the IORP II Directive responds to continuing economic, demographic and policy challenges, with a renewed focus on citizens' retirement security. It seeks to strengthen occupational pension funds' capacity to deliver adequate retirement income, to act as stable long-term investors supporting sustainable growth, and to contribute to the resilience and deepening of the EU's capital markets. The review of the IORP II Directive therefore aims to strengthen the framework for asset-backed pension provision and to foster better long-term investment outcomes for members and beneficiaries. It seeks to make IORPs more relevant and accessible for Member States where they are currently underdeveloped, while promoting stronger and more sustainable investment performance across the EU. It also aims to enhance transparency regarding both costs and returns, reinforce risk management practices and remove barriers that currently hinder efficient investment. The amended framework will thus support more efficient asset allocation and deliver greater value for members. In doing so, the proposed reform seeks to raise standards across the supplementary pensions landscape, fostering greater value, increased resilience and long-term security for members. It can help

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10 Directive 2008/94/EC of the European Parliament and of the Council of 22 October 2008 on the protection of employees in the event of the insolvency of their employer (OJ L 283, 28.10.2008, p. 36)

11 Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision (OJ L 235, 23.9.2003, p. 10https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003L0041)

12 Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (recast) (OJ L 354, 23.12.2016, p. 37)

address persistent fragmentation, unlock more efficient and productive long-term investment, and ensure that a wider range of pension arrangements operate under sound governance and transparency standards. The amendment will also contribute to the objectives of the Savings and Investments Union by unlocking productive long-term investment, enhancing market integration and supporting sustainable growth within the EU.

- **Consistency with existing policy provisions in the policy area**

The EU has implemented several key initiatives to strengthen the supplementary pension landscape:

- Directive 98/49/EC of 29 June 1998 on safeguarding the supplementary pension rights of employed and self-employed persons moving within the EU[13];
- Directive 2014/50/EU of 16 April 2014 on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights[14];
- Directive (EU) 2016/2341 of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs), known as IORP II, which strengthens governance, information disclosure, and cross-border requirements for occupational pension funds[15];
- Regulation (EU) 2019/1238 of 20 June 2019 on a pan-European personal pension product (PEPP), establishing a voluntary, standardised personal pension framework across the EU[16].

This proposal builds on and strengthens the framework for IORPs set out in the IORP II Directive, as explained in more detail in section 3 below. It is part of a broader pension package that includes the review of Regulation (EU) 2019/1238 (the PEPP Regulation), the Commission Recommendations on Pension Dashboards, Pension Tracking Systems, and Auto-enrolment, as well as the Chapeau Communication on Supplementary Pensions Package. The pension package is one of the main deliverables under the Savings and Investments Union agenda. The proposed changes and recommendations have been drafted to ensure consistency across the various pieces of legislation and with the same general objective in mind.

- **Consistency with other EU policies**

Implementing the Savings and Investments Union requires a comprehensive range of policy measures, affecting various dimensions of the EU's financial system. These policy measures can be grouped under four distinct but inter-related headings: (a) Citizens and Savings, (b)

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13 Directive (EU) 1998/49 of the European Parliament and of the Council on safeguarding the supplementary pension rights of employed and self-employed persons moving within the community (OJ L 209, 25.7.1998, p. 46)

14 Directive (EU) 2014/50 of the European Parliament and of the Council on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights (OJ L 128, 30.4.2014, p. 1)

15 Directive (EU) 2016/2341 of the European Parliament and of the Council on the activities and supervision of institutions for occupational retirement provision (IORPs) (OJ L 354, 23.12.2016, p. 37)

16 Regulation (EU) 2019/1238 of the European Parliament and of the Council on a pan-European personal pension product (PEPP), establishing a voluntary, standardised personal pension framework across the EU (OJ L 198, 25.7.2019, p. 1)

Investments and Financing, (c) Integration and Scale, and (d) Efficient Supervision in the Single Market. Each of these headings is discussed in the following sections.

The Pensions package falls under the 'Citizens and Savings' heading. By strengthening the framework for IORPs, the Commission contributes to the Savings and Investments Union objective of empowering citizens to save and invest for their future through transparent, competitive, and accessible products. Enhancing the IORP framework supports greater scale, consolidation and cross-border efficiencies in the supplementary pensions sector through enhanced supervisory scrutiny and a broader thematic review. By facilitating greater participation of pension savers in capital markets, the Pensions package also contributes to achieving the broader SIU objectives of mobilising household savings for productive investment; enhancing funding opportunities for the EU economy, also by attracting pension fund money into programmes such as InvestEU and helping financial institutions achieve scale, global competitiveness and diversification. It thus supports the EU's capacity to meet its long-term investment needs, notably in the context of the green and digital transitions.

IORPs' development and growth can help channel more long-term capital into the EU's capital markets and, via these to the general economy – at a juncture where the EU's economy urgently needs to deploy investments to shore up its competitiveness. The review of the IORP II Directive is therefore also in line with the Commission's broader strategy of rejuvenating the EU's economy, as outlined in the Competitiveness Compass[17].

The review of the IORP II Directive is consistent with the implementation of the European Pillar of Social Rights (EPSR), specifically its Principle 15 which affirms the "right to adequate old-age income" and "decent living standards" for retirees. While the IORP II Directive is primarily a prudential and governance framework, its core aims—strengthening the capacity of occupational funds to deliver adequate income, protecting the interests of members and beneficiaries, and improving transparency on both costs and return- are all essential for delivering sustainable and adequate supplementary pensions.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The legal bases for amending the IORP II Directive are Articles 53, 62 and 114(1) of the Treaty of the Functioning of the European Union (TFEU). Articles 53 and 62 provide for the coordination of national provisions governing the taking-up and pursuit of activities as self-employed persons and the freedom to provide services. These provisions enable the establishment and cross-border operation of IORPs within the internal market under consistent prudential, governance and supervisory standards. Article 114(1) allows the adoption of measures for the approximation of national provisions that have as their object the establishment and functioning of the internal market.

Providers' ability to use the freedom to provide services is still hampered by the lack of standardisation of existing occupational pension products. The proposal therefore aims to improve key elements of the framework for IORPs to create a more coherent model. This will empower their members and beneficiaries to make full use of the internal market, offering them a greater choice of providers, including in other EU Member States. The proposal harmonises the core features of IORPs: enhanced transparency regarding both costs and returns, risk management practices and efficient investment policies.

[17] Competitiveness compass – European Commission

- **Subsidiarity**

According to the subsidiarity principle, EU action may only be taken if the envisaged aims cannot be achieved by Member States alone. The IORP II Directive has been established at EU level since 2019 because only EU action can set a common regulatory framework for IORPs. In this regard, this proposal, like the IORP II Directive it seeks to amend, is in full compliance with the subsidiarity principle.

- **Proportionality**

Under the proportionality principle, the content and form of EU action should not exceed what is necessary to achieve the objectives of the Treaties.

IORPs can in principle already be established in all Member States, but they have not realised their full potential in terms of channelling enough savings towards capital markets and contributing to the Savings and Investments Union. This is particularly relevant given the demographic pressures and the increasing need to ensure sustainable and adequate retirement income.

The framework established by the IORP II Directive has not achieved sufficient scale which is a key condition for improving long-term outcomes for members and beneficiaries. The staff working document accompanying this proposal therefore examined several policy options.

The 'no EU action' scenario would fail to meet the EU's objectives. However, a full harmonisation of national occupational pension regimes would be disproportionate, given the diversity of national markets and the varying levels of development of pension systems.

In this context, a targeted revision of the IORP framework is a proportionate response. The proposed approach complements existing national regimes, but also ensures a sufficient level of harmonisation to facilitate scale and enhance investment outcomes. The key features – enhanced transparency of costs and returns, reinforced robust risk management practices, and removal of barriers that presently hinder efficient investment – have been designed to ensure sufficient consumer protection without imposing unnecessary regulatory burdens.

The administrative burden of the proposal is expected to remain limited because it merely adjusts the features of existing EU-wide rules for IORPs. These entities are already subject to regulatory oversight by national competent authorities (NCAs) under existing sectoral frameworks. Any new reporting obligations would be proportionate to the risks of a rising cross-border activity and would support effective market monitoring and consumer protection. Overall, the proposal would streamline existing practices across the EU.

- **Choice of the instrument**

Thise proposal is an amendment to the IORP II Directive. The instrument chosen is therefore an amending Directive because no alternative means – legislative or operational – can be used to attain the objectives of this proposal.

3. RESULTS OF-EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

The Commission launched a targeted public consultation from 13 June 2025 until 29 August 2025, seeking feedback on possible revisions to the IORP II Directive. The consultation

received a total of 112 submissions from a diverse group of stakeholders, including business associations, companies, consumer organisations, NGOs, public authorities, and citizens, representing 11 EU Member States and two non-EU countries. Stakeholders indicated that investment flexibility and diversification would, along with strong governance and greater transparency, improve the current framework.

The Commission launched a Call for Evidence on 23 June 2025, with a deadline of 21 July 2025, to collect general comments, opinions, and views on improving the existing framework for supplementary pensions and to share evidence on best practices. The Call received a total of 47 submissions, amounting to 35 unique responses, from various organisations, such as business and employer associations, NGOs, consumer organisations, and citizens, from 12 EU Member States and four non-EU countries. Overall, the vast majority of respondents agreed that improvements to supplementary pensions are necessary in order to unlock their full potential to benefit of EU's citizens and economy.

- **Collection and use of expertise**

On 28 September 2023, EIOPA provided technical advice for the review of the IORP II Directive[18]. It recommended (i) updating the IORP regulatory framework to address the shift from defined benefit to defined contribution pensions and socio-environmental challenges; (ii) enhancing cost transparency, sustainability in investments and proper regulation of defined benefit schemes; and (iii) improving proportionality measures.

On 16 June 2025, the Commission hosted a stakeholder forum[19] to explore emerging trends in retirement provision across the EU. This forum highlighted best practices from Member States and paved the way for sharing successful strategies across the EU. The reality check showcased success stories on second and third pillar pensions and explored how best practices can be used as guideposts for further reforms. Discussions obtained feedback from all stakeholders active in providing retirement products. The participants agreed that a review of the IORP II Directive was necessary to improve outcomes for retirees.

EIOPA submitted technical input[20] requested by the Commission to support the development of supplementary pensions on 5 September 2025 and enhance the supplementary pension system. EIOPA advocated (i) stronger supervision, (ii) the use of a more risk-based approach to foster investment opportunities in alternative assets, and (iii) clarification of the scope of the IORP II Directive in order to further unlock the benefits of long-term savings.

- **Impact assessment**

The proposal is supported by a Staff Working Document that assessed the impact of the proposed amendments.

The Staff Working Document examines four options for the proposed amending Directive:

Option 1 would maintain the current framework of the IORP II Directive unamended and rely on slow, organic growth to deliver scale and improvements over time. This option was discarded because of the need to strengthen EU citizens' supplementary pensions act as described above.

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18 Technical advice for the review of the IORP II Directive, EIOPA

19 Stakeholder forum & reality check on retirement savings

20 Technical input for the reviews of the IORP II Directive and the PEPP Regulation in the context of the Savings and Investments Union, EIOPA

Option 2 would clarify the prudent person principle. This clarification would promote a shift in the focus of IORPs' investment policies away from simplistic conservative asset allocations neglecting the return-leg of pension funds objectives toward more balanced risk-return investment strategies that (i) pursue long-term value for pension scheme members by diversifying risks, including across asset classes, and (ii) are guided by sound governance, and the knowledge and ability to manage the risks undertaken. It should be stressed that achieving adequate scale enhances the ability of IORPs to diversify effectively, manage risks holistically, and access a broader set of investment opportunities, while also maintaining sound governance and risk management standards.

Option 3 would amend the IORP II Directive to strengthen supervisory oversight, governance standards and transparency, while relying primarily on supervisory dialogue and moral suasion to encourage improvements in scale, efficiency and scheme quality. Under this approach, NCAs use supervisory measures and would carry out regular thematic reviews of key performance areas such as investment results, cost efficiency, indexation fulfilment, and any curtailment of benefits. These reviews would also assess the alignment of investment strategies with pension fund obligations and the competence of trustees or boards overseeing the schemes. Once plans to remedy shortcomings have to be agreed and acted upon, that process could – where necessary – include consideration of potential means to scale up. Transfer rules would be simplified in order to make the IORP II framework more accessible, particularly in Member States where the occupational pension sector remains underdeveloped.

Beyond moral suasion, this option would implement the main elements of EIOPA's technical recommendations with the aim of progressively improving investment practices, transparency and governance across supplementary pension schemes. The focus would be on strengthening risk management frameworks, improving disclosure of costs and returns, and supporting more sustainable and balanced investment strategies. The reform would also seek to address structural barriers that limit efficiency and scale, such as fragmentation, limited cooperation between schemes, and uneven supervisory capacity. These measures would not radically transform the system in the short term, but they would gradually improve the performance, sustainability and efficiency of IORPs. Over time, the framework would support more effective cross-border operation, better investment outcomes and a higher level of protection for members and beneficiaries.

Option 4 would retain all the elements of Option 3, including thematic reviews, nudges, improved supervisory practices, and the implementation of most of EIOPA's recommendations. However, it would go further by introducing binding regulatory requirements and specific supervisory interventions to address persistent structural inefficiencies. One key measure would be the establishment of a mandatory minimum efficient scale for IORPs. This could include providing templates for winding up or merging schemes in cases where the minimum efficiency scale and performance are not achieved. It could also involve the mandatory appointment of scheme trustees if existing vacancies are not promptly filled or if current officeholders lack the necessary skills required for effectively managing an investment portfolio strategy. However, this approach places significant demands on supervisory capacities and may expose supervisors to liability risks if pension providers seek judicial review. In addition, the establishment of a mandatory minimum efficient scale for IORPs would require significant time and resources, while the optimal scale could still vary from one IORP to another. Such a measure would also run counter to a

market-driven approach by mandating 'top-down' consolidation that is not compatible with current IORP governance structures[21].

Option 3 is the selected option.

- **Fundamental rights**

The proposal respects the fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union, in particular the right to the protection of personal data, the right to property, the freedom to conduct a business and the principle of equality between men and women. It contributes to the objectives of Article 38 of the Charter which provides for a high level of consumer protection.

4. BUDGETARY IMPLICATIONS

The proposal has no material implications for the EU's budget. EIOPA should be able to accommodate the additional coordination and supervisory convergence tasks, including the establishment of collaboration platforms, within its existing resources.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The Member States would be required to transpose the Directive within one year of the date of entry into force of the amendments to the IORP II Directive. The Member States would then communicate texts of the main adopted provisions of national law to the Commission.

- **Explanatory documents**

The proposed Directive would make specific amendments to an existing Directive. Member States should therefore either communicate to the Commission the text of the corresponding amendments to their national provisions or, if they consider that no such amendments are necessary, explain which specific provisions of national law already implement the amendments set out in the proposal.

- **Detailed explanation of the specific provisions of the proposal**

Article 1 of the proposal amends Directive (EU) 2016/2341. The specific provisions that are amended are the following:

– Article 4 allows Member States to apply Directive (EU) 2016/2341 to funded institutions providing retirement benefits that are not otherwise covered by Union prudential legislation.

– Article 9 requires that IORPs undergo an authorisation procedure by the competent authority, which shall include a prudential assessment and the preparation of a business plan.

– Article 9a ensures that IORPs are allowed to operate different pension schemes, including those with different investment policies, and to accept sponsorship from multiple sponsoring undertakings within the same pension scheme.

[21] Even if such a 'top-down' approach were possible, the mandatory consolidation could still be subject to the approval of the national competition authority whose decision would not be bound by the rules of this proposal.

- Articles 11 and 11a streamline the cross-border procedures for IORPs by introducing clearer timelines, improved coordination between competent authorities, as well as a simplified notification process for extending existing cross-border activities within the same host Member State.
- Article 12 simplifies the rules governing transfers of pension schemes, reducing undue obstacles to consolidation and scale while ensuring adequate protection of members and beneficiaries.
- Article 14 provides that competent authorities shall have the power to allow underfunding for a limited period, determined under national law, which in any case should not exceed ten years, and removes additional requirements for cross-border IORPs.
- Article 17 empowers the Commission to adopt a delegated act to amend the numbers and percentage values of the required solvency margin in order to adapt to market developments.
- Article 18a requires IORPs which are not subject to risk-based regulatory own funds requirements and which underwrite biometric risks or provide guarantees to carry out a stress test at least every three years, assessing their capacity to meet obligations under adverse market and demographic scenarios. Competent authorities may require more frequent testing where vulnerabilities are identified. The provision specifies standard stress scenarios and allows Member States to impose longer projection horizons or more severe assumptions. The article also provides that where stress test results indicate insufficient assets or available solvency margins, IORPs shall submit a convergence plan outlining corrective measures. Ultimately, competent authorities may require higher solvency margins if the plan is not credible or not submitted.
- Article 19 introduces a more principles-based prudent person principle and restricts the ability to set out more detailed rules to schemes where members and beneficiaries bear the investment risk, with no possibility to restrict the types of assets in which an IORP may invest. This does not impinge on the possibility of competent authorities to require restrictions where risks are borne by the members and beneficiaries and as long as such restrictions do not amount to blank prohibitions.
- Article 21 provides that the system of governance must comprise an effective mechanism for managing conflicts of interest and include a compliance function.
- Article 22 strengthens the fit and proper requirements. The qualifications, knowledge and experience of the members of the administrative, management or supervisory body shall continue to be collectively sufficient to enable them to perform their duties effectively. By contrast, the requirements are reinforced for the persons who effectively run the IORP, who shall individually meet the required standards of fitness and propriety.
- Article 26 provides that the findings and recommendations of the internal audit shall be reported to the administrative, management or supervisory body, which shall determine the appropriate actions to be taken in respect of each finding and recommendation and shall ensure their effective implementation.
- Article 28 ensures that IORPs establish a written policy for own-risk assessment containing the processes and procedures for carrying out the assessment, the frequency of the assessment and the methods.
- Article 30 requires that the statement of investment policy principles clearly set out investment objectives consistent with each scheme's retirement income goals and define

tolerances for deviations from the asset allocation and performance objectives, in line with the OECD Core Principles of Private Pension Regulation and its Implementing Guidelines.

- Article 33 ensures that, in the case of a pension scheme where members and beneficiaries fully bear the investment risk, safe-keeping of assets and oversight duties are reinforced.
- Articles 36 to 44 reinforce the information to members and beneficiaries during the accumulation and decumulation phases. In particular, Article 37a requires IORPs to share relevant information with pension tracking systems to enhance transparency and facilitate member and beneficiaries' awareness of their entitlements.
- Article 44a introduces an explicit duty of care for IORPs, requiring them to act honestly, fairly and professionally in the best interests of members and beneficiaries.
- Articles 44c and 44d require IORPs to establish effective complaints-handling procedures and Member States to ensure the availability of adequate, independent and impartial dispute resolution bodies, including for cross-border cases.
- Articles 45 to 51 strengthen supervision and enhance the powers of competent authorities. In particular, Article 49a introduces a regular supervisory dialogue aimed at encouraging strategic reflection on the long-term adequacy, efficiency and sustainability of the IORP.
- Articles 6, 7, 13, 16, 36, 47, 50 and 51 recognise that in some Member States, IORPs are allowed to provide personal pension products, including the pan-European Personal Pension Product (PEPP), and ensure that the prudential framework reflects this possibility to promote coherence, sound organisation and effective supervision across all forms of retirement provision.
- Articles 19, 21, 23 to 26, 28, 47 and 49 are amended so that references to 'size, nature, scale and complexity' are replaced by 'nature, scale and complexity', as 'size' is not an appropriate criterion for IORPs, whose prudential and governance requirements should reflect their risk profile rather than their absolute size, in line with the principle of risk-based supervision.

Other provisions are modified for updates and fixes.

Article 2 of the proposal amends Directive (EU) 2016/97. It ensures that members and beneficiaries of occupational pension arrangements operated by insurance undertakings have, at least, access to the same information as members and beneficiaries as in the case of arrangements operated by IORPs, and that insurance undertakings and insurance intermediaries have an appropriate legal basis to share information with pension tracking systems.

Article 3 of the proposal introduces grandfathering arrangements, so that IORPs registered or authorised under Directive (EU) 2016/2341 prior to the change in authorisation rules do not need to seek a new authorisation.

2025/0362 (COD)

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directives (EU) 2016/2341 and 2016/97 as regards the strengthening of the framework for occupational retirement provision

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 53, Article 62 and Article 114(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

After consulting the European Data Protection Supervisor,

Acting in accordance with the ordinary legislative procedure[2],

Whereas:

(1) In view of the ageing population of the European Union and the rising dependency ratio, strengthening complementary sources of retirement income has become indispensable to preserve intergenerational solidarity, social cohesion and the long-term stability of pension systems across the Union.

(2) While the organisation of pension systems remains a national competence, the adequacy and financial sustainability of pensions are of common concern for the stability and cohesion of the Union. Ensuring that citizens have access to well-designed personal pension products contributes both to individual financial security and to the resilience of the Union's economy.

(3) Despite being among the world's highest savers, Union households still hold a large share of their financial wealth in short-term bank deposits with limited returns. Developing attractive occupational and personal pension products can help mobilise those savings for long-term investment, generating higher returns for savers and channelling capital towards productive uses that support growth, innovation and the green and digital transitions.

(4) Appropriate regulation and supervision at Union and national level remain important for the development of safe and secure occupational retirement provision across all Member States. Directive (EU) 2016/2341 of the European Parliament and of the

[1] OJ C […], […], p. […].

[2] Position of the European Parliament of ..... and decision of the Council of .....

Council[3] has contributed to a more harmonised prudential framework for institutions for occupational retirement provision (IORPs). However, the supplementary pension sector remains underdeveloped in many Member States, which could jeopardise the financial security of citizens, in particular in light of ongoing demographic trends within the Union. As part of strong multi-pillar pension systems, developed in dialogue with social partners, it is essential to support the further uptake of supplementary pensions such as IORPs and to help deliver better outcomes for long-term savers. This requires policy action both at national and at Union level.

(5) The Savings and Investments Union (SIU) announced by the Commission in its Communication of 19 March 2015[4] aims to enable citizens to save and invest for their future, channel investments towards the priorities of the Union, deepen integration and scale in the Union's capital markets, and ensure effective supervision across the single market. Among those four strands, helping citizens save and invest for their future is at the heart of the SIU's ambition. Ensuring that Union citizens can build adequate retirement income is one of the most concrete ways in which the Union can make a difference in people's lives. The work on supplementary pensions, and in particular on occupational pensions, embodies this citizen-centred approach.

(6) With approximately three trillion euros in assets under management, institutions for occupational retirement provision ('IORPs') play an essential role in the Union's financial system but tend to be less active in listed equity, private equity, venture capital and infrastructure markets. Provided that investments in equity and alternative asset classes are prudently managed, such investments can be a valuable component of their portfolios, offering diversification, higher long-term returns for pension savers and protection against inflation, while also providing crucial funding for the real economy. It is therefore important to ensure that there are no undue regulatory barriers to such investments.

(7) The review of Directive (EU) 2016/2341 builds on the European Insurance and Occupational Pensions Authority (EIOPA)'s 2023 technical advice for the review of the IORP II Directive[5] and its 2025 'technical input on the review of the IORP II Directive and the PEPP Regulation in the context of the Savings and Investments Union'[6]. It also takes into account recent findings and recommendations from the Special Report 14/2025 of the European Court of Auditors concerning the development of supplementary pensions in the Union[7], as well as the OECD Core Principles of Private Pension Regulation[8], which set out internationally recognised standards for the governance, transparency and supervision of occupational pensions.

(8) Achieving sufficient scale is often a prerequisite for the efficient and sustainable functioning of IORPs. Smaller IORPs may face higher administrative and investment costs, limited diversification, and difficulties in attracting or retaining the necessary

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3 Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (recast) (OJ L 354, 23.12.2016, p. 37, ELI: http://data.europa.eu/eli/dir/2016/2341/oj).

4 Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions of 19 March 2025, COM(2025) 124 final.

5 See EIOPA's Technical advice for the review of the IORP II Directive

6 See EIOPA's Technical input for the reviews of the IORP II Directive and the PEPP Regulation in the context of the Savings and Investments Union.

7 See the Special report 14/2025 of the European Court of Auditors

8 See OECD Core Principles of Private Pension Regulation

professional expertise. Greater scale can help mitigate those constraints by improving risk pooling, governance capacity, and access to a broader range of investment opportunities, thereby contributing to more stable and cost-effective outcomes for members and beneficiaries.

(9) Directive (EU) 2016/2341, however, has not been sufficiently effective in fostering economies of scale, resulting in pension providers that are often too small to benefit from diversification or efficiency gains, and therefore expose members and beneficiaries to higher costs and lower net returns. It is therefore necessary to facilitate such economies of scale.

(10) Directive (EU) 2016/2341 should apply to all IORPs, unless they are expressly excluded pursuant to Article 2(2). Its application should reflect the objectives pursued by that Directive and the diversity of arrangements within Member States, and should be implemented in a manner that recognises the full spectrum of existing occupational pension provision.

(11) In some Member States, national law provides that IORPs, despite having legal personality, are to be operated by authorised entities responsible for acting on their behalf. It is therefore appropriate that Article 2(1) of Directive (EU) 2016/2341 refers explicitly not only to situations where IORPs do not have legal personality, which should continue to be covered, but also to those cases where IORPs have legal personality yet, in accordance with national law, are to be operated by such authorised entities.

(12) In certain Member States, responsibility for the operation of an IORP may be shared between the IORP itself and the authorised entity acting on its behalf, each performing distinct but complementary functions. The application of Directive (EU) 2016/2341 should be coherent with that allocation of responsibilities under national law and ensure that all those responsible are fully subject to its requirements, irrespective of the legal form of the IORP. This situation should however be distinguished from outsourcing as referred to in Article 31 of that Directive, since the shared exercise of responsibilities in these instances stems from the institutional structure of the IORP as defined under national law and not from a contractual outsourcing of functions. Member States should also ensure that the assets of IORPs are legally separate from those of the authorised entities operating them.

(13) The determination of whether an institution qualifies as an IORP should depend on the activities carried out, irrespective of its legal form or designation under national law. In several Member States, employment-related retirement provision is provided by funded institutions which are excluded from the scope of Directive (EU) 2016/2341 pursuant to its Article 2(2), or are otherwise not covered by that Directive without being subject to any other Union prudential legislation. Some of those institutions are already covered by Regulation (EU) 2018/231 of the European Central Bank[9] on statistical reporting requirements for pension funds, reflecting their economic importance and the need for comprehensive and consistent information across all types of pension institutions. Taken together, such institutions excluded from the scope of Directive (EU) 2016/2341 hold very substantial assets and constitute an important component of the overall employment-related retirement landscape alongside IORPs.

[9] Regulation (EU) 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds (ECB/2018/2) (OJ L 45, 17.2.2018, p. 3, ELI: http://data.europa.eu/eli/reg/2018/231/oj).

In view of their scale and their relevance for financial stability and pension adequacy, it is important for Member States to ensure that all institutions managing retirement savings, whether occupational or personal, are subject to sound governance, effective supervision and prudential requirements commensurate with the nature and magnitude of the risks they bear. In light of the solid framework provided by Directive (EU) 2016/2341 and to promote consistency in supervisory practices, ensure a level playing field and high standards of governance and risk management across all forms of retirement provision, while respecting the diversity of national pension systems and existing institutional arrangements, Member States should have the option to apply that Directive to institutions otherwise excluded from its scope and not covered by any other Union prudential framework. This is particularly relevant where the level of benefits offered to members and beneficiaries depends on the performance of the institution in managing assets and is not guaranteed by a public authority. Member States should notify the Commission and the European Insurance and Occupational Pensions Authority of their use of this option.

(14) In some Member States, IORPs may also be allowed to provide personal pension products, including the pan-European Personal Pension Product, as reflected in Regulation (EU) 2019/1238 of the European Parliament and of the Council[10]. To ensure a clear and sound organisation of such activities, and coherent and effective supervision across different forms of retirement provision, it is therefore appropriate to reflect this within Directive (EU) 2016/2341.

(15) The organisation of occupational retirement provision may benefit from greater flexibility in how IORPs structure and manage pension schemes and sponsorship arrangements. Therefore, Member States should ensure that IORPs are allowed to operate different pension schemes, including those with distinct investment policies, and to accept sponsorship from multiple sponsoring undertakings, including within the same pension scheme. That flexibility can facilitate the achievement of greater scale, thereby enhancing cost efficiency, risk diversification and governance capacity, to the benefit of members and beneficiaries.

(16) Directive (EU) 2016/2341 distinguishes between the authorisation and registration of IORPs but does not define either concept, while requiring Member States to maintain a national register of IORPs. This has resulted in divergent supervisory practices, including cases where competent authorities do not conduct an *ex ante* prudential assessment, or, in certain cases, where no prudential assessment is carried out at all. The absence of a prudential assessment as part of the registration or authorisation process may undermine the proper functioning of the internal market and the protection of the rights of members and beneficiaries. To avoid regulatory arbitrage and safeguard the interests of pension savers, all IORPs should be subject to an authorisation procedure that includes an appropriate prudential assessment by the competent authority. In line with EIOPA's technical advice on the review of the IORP II Directive and with the Implementing Guidelines of the OECD Recommendation on Core Principles of Private Pension Regulation, the authorisation process should also require IORPs to establish and maintain a business plan for all planned activities.

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[10] Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) (OJ L 198, 25.7.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/1238/oj).

(17) To enhance effective and adaptable occupational retirement provision, as well as economies of scale, IORPs should be allowed to operate several pension schemes, including those with distinct investment approaches, and to accept sponsorship from several undertakings within the same scheme, while ensuring proper management and the protection of members and beneficiaries.

(18) Experience with the functioning of Directive (EU) 2016/2341 has shown that the procedures governing the authorisation and supervision of IORPs, in particular in the context of cross-border activities, can give rise to delays and inconsistencies across Member States, which may discourage IORPs from engaging in or expanding their cross-border activities. To improve the functioning and supervision of cross-border activities of IORPs, the procedural steps for authorisation and cross-border activities should therefore be elaborated and streamlined. The timelines should be made clearer and exchanges of information between home and host competent authorities should be made faster, allowing closer coordination including, where appropriate, through the involvement of the European Insurance and Occupational Pensions Authority ('EIOPA').

(19) It is unnecessarily burdensome to impose on an IORP that is carrying out cross-border activities in a host Member State full initial cross-border procedures where such IORP wishes to extend those activities to additional sponsoring undertakings or schemes in the same host Member State. Such an approach could lead to duplication of procedures, increased administrative costs and delays, without improving the protection of members and beneficiaries. To facilitate proportionate and efficient supervision and ensure effective cooperation between the competent authorities of the home and host Member States, such extensions should be made subject to a simplified notification procedure to be completed within one month. That timeline ensures that competent authorities can carry out the necessary coordination and oversight without creating undue delays or burdens for IORPs.

(20) The rules governing collective transfers of all or part of a pension scheme's liabilities, technical provisions, and other obligations and rights play a key role in supporting consolidation and the achievement of scale in occupational retirement provision. Where such rules are overly strict, they create undue obstacles to achieving scale and facilitating consolidation, which can be detrimental to the long-term interests of savers. At the same time, it is important that members and beneficiaries, or their representatives, can effectively express their views on proposed cross-border transfers. To facilitate such transfers, it is therefore appropriate to clarify and simplify the applicable Union rules, ensuring that procedures remain transparent, proportionate and consistent with the protection of members and beneficiaries, while enabling greater efficiency and integration in the internal market. This should include provisions for timely notification, approval by the sponsoring undertaking where applicable, and the possibility for members and beneficiaries to formally express opposition.

(21) For domestic collective transfers from one IORP to another, Member States should ensure that simple, transparent and operationally efficient procedures are in place to enable consolidation and restructuring of pension schemes within their territories. Such procedures should facilitate the attainment of scale and cost efficiency and should not be more restrictive than the procedures applicable to cross-border transfers.

(22) Member States have the option to allow temporary underfunding of occupational pension schemes. Different Member States have implemented that option in varying ways, while others have chosen not to use it, resulting in inconsistencies that may

affect the protection of members and beneficiaries. While preventing underfunding is important, an absolute prohibition could, in some cases, force abrupt reductions in pension promises, which may be detrimental to members and beneficiaries. To ensure a balanced and proportionate approach and an adequate protection of members and beneficiaries, Member States should allow temporary underfunding for a limited period, determined by national law, which in any case should not exceed ten years.

(23) Certain technical parameters in Directive (EU) 2016/2341 stem from Council Directive 79/267/EEC[11], the first Life Insurance Directive, and have remained unchanged since their introduction. It is therefore appropriate to provide for the possibility of their adjustment through delegated acts, should this be considered necessary to ensure that they remain appropriate in light of market developments and supervisory practices.

(24) Directive (EU) 2016/2341 requires IORPs to hold an adequate available solvency margin. That solvency margin does not fully capture exposures to market and longevity risks, including where the IORP underwrites biometric risk or guarantees a given investment performance or level of benefits. Some Member States require IORPs to hold additional risk-based regulatory own funds above the required solvency margin. In Member States where such risk-based requirements do not exist, comparable protection for savers and beneficiaries should be ensured. In particular, IORPs covering biometric risk or offering guarantees and which are not subject to risk-based capital requirements, should carry out regular stress tests to assess their ability to remain funded over a long-term horizon, including under adverse market and demographic scenarios, and competent authorities should have the power to require remedial actions where an underfunding is identified.

(25) Private assets, including private equity, private debt and venture capital, can improve the risk-return characteristics of investment portfolios by enhancing diversification and potentially delivering higher long-term returns. However, such assets are often more complex to value and to assess in terms of risk, hence requiring substantial professional expertise. Pursuant to Article 19 of Directive (EU) 2016/2341, IORPs should invest in the best long-term interests of members and beneficiaries and in accordance with the prudent person rule. That rule, however, is not sufficiently specified, and several Member States have introduced, in line with that Article, detailed and sometimes restrictive investment limits. Such across-the-board constraints may prevent well-governed institutions with adequate risk-management capacity from investing efficiently in alternative assets. It should therefore be laid down that the key investment framework is a risk-based prudent person principle, allowing institutions to invest in any type of asset, provided that they can properly identify, measure, monitor, manage and report the associated risks. Accordingly, as a safeguard for members and beneficiaries, the possibility for Member States to apply investment restrictions should be limited to cases where the investment risk is borne by members and beneficiaries, and, those restrictions should not result in a blanket prohibition on investing in certain asset classes.The chapeau communication of 19 November 2025[12] provides further

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[11] First Council Directive 79/267/EEC of 5 March 1979 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance (OJ L 63, 13.3.1979, p. 1, ELI: http://data.europa.eu/eli/dir/1979/267/oj)

[12] Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Commitee and the Committee of the Regions – Enhancing the capacity of the EU supplementary pension sector to improve retirement

non-binding guidance on the application of the prudent person principle, including on how it should support the efficient allocation of long-term savings.

(26) Experience has shown that the governance requirements set out in Directive (EU) 2016/2341 do not always ensure consistent standards of sound management and effective oversight across IORPs. In particular, differences in internal control functions, the handling of conflicts of interest, and the composition and effectiveness of administrative, management or supervisory bodies may weaken the protection of members and beneficiaries and the integrity of pension scheme management. To enhance the resilience, transparency and accountability of IORPs, the system of governance should therefore be further specified, and competent authorities should be equipped with the powers necessary to assess and, where appropriate, strengthen IORPs' governance systems.

(27) The effective and prudent management of an IORP depends on the fitness and propriety of the persons who effectively run the IORP, its administrative, management or supervisory bodies, and key function holders, including those to whom functions have been outsourced. Directive (EU) 2016/2341 refers to the concept of collective fitness for those who effectively run the IORP. Further clarification is needed to ensure that this concept is applied in a manner consistent with the diversity of governance structures across Member States. In particular, collective fitness should apply where the administrative, management or supervisory body operates as a collegiate body whose members jointly perform strategic or oversight functions. Where functions are distinct or exercised individually, the assessment of fitness should relate to each person's specific role, responsibilities and decision-making powers. Furthermore, the current provisions do not explicitly provide for ongoing monitoring or timely notification of changes, which may also result in gaps in governance, insufficient oversight of risks, or unaddressed conflicts of interest. To ensure adequate protection of members and beneficiaries and effective supervision by competent authorities, the requirements for fitness and propriety should be laid down, competent authorities should be given the responsibility to assess suitability on an ongoing basis, and they should have the power to require the removal of individuals who no longer meet those requirements.

(28) Effective risk management is essential to ensure the sound and prudent operation of IORPs and to protect members and beneficiaries. Operational and structural choices of IORPs, including participation in pooled investment structures, shared services, or transfers, can affect their overall risk profile. To ensure sound and prudent management, IORPs should assess the risks they are or could be exposed to against the risk tolerance limits approved by their management or supervisory body, taking into account the capacity and appetite for risk of members and beneficiaries. Economies of scale and efficiency options can reduce operational and investment risks for members and beneficiaries and should therefore be considered in the own-risk assessment.

(29) In line with the OECD Core Principles of Private Pension Regulation and their Implementing Guidelines, it is appropriate to further strengthen the requirements of the statement of investment policy principles by ensuring that it sets out clear investment objectives consistent with each scheme's retirement income goal, liabilities and risk tolerance, defines performance objectives and monitoring methods, and

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income and supply long-term capital to the EU economy. [PO = please include the number of the document and the internet link].

addresses the use of complex or alternative asset classes and related counterparty risk. Where members may choose investments, the statement should also provide for an appropriate range of options, including a default one.

(30) The pooling of assets can deliver economies of scale, improve investment performance and reduce costs for members and beneficiaries. However, Article 31 of Directive (EU) 2016/2341 allows Member States to prohibit the outsourcing of activities by IORPs, including the outsourcing of investment management. The use of that option has resulted in regulatory barriers to efficiency gains and economies of scale. A more risk-based approach would ensure that outsourcing is generally permitted or required, provided that it does not impair the quality of governance, unduly increase operational risk, undermine the continuous and satisfactory service to members and beneficiaries, or hinder effective supervisory oversight. It should therefore be laid down that that Member States should allow, or where appropriate require, outsourcing by such institutions, without prejudice to opposing specific outsourcing arrangements on a case-by-case basis on duly justified prudential grounds.

(31) Depositaries provide a convenient remedy for safeguarding assets and overseeing the management of occupational pension schemes, particularly in defined contribution schemes where members and beneficiaries fully bear the investment risk. Under Directive (EU) 2016/2341, Member States have discretion to require, as a general rule, a depositary or to allow IORPs to perform these functions themselves. That discretion has led to inconsistencies and supervisory challenges in cross-border activities. Differences in national rules on the types of entities that may act as depositaries and the scope of their responsibilities may undermine effective prudential oversight, reduce transparency, and increase the risk of conflicts of interest or operational failures. In recent years, the rules on depositaries laid down in Directive 2009/65/EC of the European Parliament and of the Council[13] have been updated and strengthened to ensure a high level of investor protection. Members and beneficiaries of IORPs, who similarly entrust their retirement savings to professional managers, should benefit from no less protection than investors covered by Directive 2009/65/EC. Therefore, to ensure consistent protection of members and beneficiaries, enhance trust in the pension system, and facilitate cross-border activities, Directive (EU) 2016/2341 should require the appointment of a professional depositary for occupational pension schemes where members and beneficiaries fully bear the investment risk. The amendments should set out clear rules for such depository on the safekeeping of assets and oversight duties for depositaries, while allowing greater flexibility for other schemes and ensuring that competent authorities may not unduly restrict the choice of depositaries established in another Member State. However, to avoid unnecessary burden for IORPs, Member States may maintain existing safe-keeping measures providing a level of protection comparable with depositaries.

(32) Fragmented and incomplete information on accrued and projected pension entitlements makes it difficult for members and beneficiaries to obtain a clear overview of their future retirement income, particularly when they participate in several supplementary pension schemes. That lack of transparency can undermine engagement with retirement planning and trust in the pension system. To ensure that

[13] Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, p. 32, ELI: http://data.europa.eu/eli/dir/2009/65/oj)

savers receive comprehensive, reliable and up-to-date information, Member States should require IORPs to provide data to national pension tracking systems, where such systems exist, in a standardised and interoperable format. Such systems should allow members and beneficiaries to access, in a coherent and comparable manner, information on their accrued rights, accumulated capital and projected benefits, while ensuring that IORPs remain responsible for the accuracy and completeness of the data transmitted. To avoid duplication of reporting requirements for IORPs, the format and structure of information should be consistent with the information included in the pension benefit statements.

(33) The Pension Benefit Statement (PBS) is an essential instrument enabling members and beneficiaries to understand their pension entitlements over time and across different schemes. It should provide clear, comprehensive, and relevant information that enables members and beneficiaries to assess their financial situation and take any necessary action to secure an adequate pension. Currently, the absence of a uniform approach at Member State level, together with the fact that most members accrue pensions with multiple IORPs during their careers, results in PBSs that vary in format and presentation, thereby limiting comparability and aggregation. Current rules also do not require the inclusion of information on the costs, the performance of investments or on any investment options available and their corresponding risks. To enhance transparency and support informed decision-making, it is necessary to introduce requirements for the design of the PBS and on the provision of information on costs, investment returns and investment options. For the same reason, it is necessary to ensure greater standardisation and, where possible, alignment with the PEPP Benefit Statement referred to in Article 36 of Regulation (EU) 2019/1238, while taking into account the defined benefit or defined contribution characteristics of the pension schemes, and the specificities of occupational pension provision.

(34) Persistent underperformance of IORPs may reduce the value of members' and beneficiaries' accrued rights and undermine trust in supplementary pensions. In line with the Implementing Guidelines of the OECD Recommendation on Core Principles of Private Pension Regulation, performance should be comparably disclosed and assessed against clear and objective benchmarks reflecting the investment policy. There is currently no harmonised framework to inform members and beneficiaries of underperformance. To address that, IORPs should be required to promptly inform their competent authority and provide evidence that the scheme's costs and charges are justified and proportionate, and that the scheme is in line with the risk tolerance of its members and beneficiaries. Where the competent authority is not satisfied with such justification or underperformance persists for at least three years, IORPs should communicate clearly to members and beneficiaries about such underperformance, explain its causes, and outline measures to remedy the situation. Member States should ensure the establishment of objective benchmarks for assessing underperformance.

(35) With increasing life expectancy, members and beneficiaries may face greater need to manage longevity risk, and retirement savings need to be managed effectively to provide adequate income during the decumulation phase. Directive (EU) 2016/2341 requires IORPs to provide general information during the pre-retirement and pay-out phases but does not specify the type of information needed to support members and beneficiaries in making informed choices during decumulation. To enhance transparency, comparability, and informed decision-making, IORPs should therefore be subject to minimum disclosure requirements for the decumulation phase. Such disclosures should be clear, accessible, and proportionate, taking into account national

specificities, and should cover pay-out options, associated costs and charges, applicable taxes, risks, and projections, including for variable annuities.

(36) The shift from defined benefit pension schemes to defined contribution pension schemes places greater financial risk on members and beneficiaries, as variable benefits replace previously guaranteed benefits. Members and beneficiaries are often faced with complex choices regarding benefits or investments, and their ability to make appropriate decisions can be impaired by information asymmetries, limited knowledge or understanding, behavioural biases, or complex and inadequate choice environments. Combining multiple choices further increases the difficulty for members and beneficiaries to assess the potential effects of their decisions. IORPs play a key role in safeguarding the long-term interests of members and beneficiaries through prudent management of assets and sound governance. To strengthen confidence in the system and ensure that investment decisions remain aligned with members' best interests, fiduciary duties relating to risk management and investment policy should be reinforced. To enhance protection and ensure that pension schemes deliver outcomes that members and beneficiaries might reasonably expect, IORPs should be subject to a general duty of care. Such duty should require institutions to act honestly, fairly, and professionally in the best interests of members and beneficiaries, to seek adequate, risk-adjusted and cost-efficient returns over the long term, and to provide guidance and safeguards to support informed and suitable decision-making, taking into account the nature of the pension scheme, the risks borne by members and beneficiaries, the responsibilities of the institution, and, where relevant, the role of social partners and sponsors.

(37) Occupational pensions are long-term arrangements on which workers rely to secure an adequate retirement income. Members in defined contribution schemes face specific risks, including retirement income risk, investment risk, costs and charges, administrative and governance risks, and gaps in knowledge. To design appropriate investment strategies and offer suitable investment options that align with members' capacity to bear losses and their risk-return preferences, IORPs have a central role in assessing these risks from the perspective of members and beneficiaries. To support informed decision-making and safeguard members' interests, IORPs should conduct long-term risk assessments, provide relevant investment choices, and deliver key information, including all costs and charges and projections, taking into account national specificities.

(38) To ensure that members and beneficiaries can effectively exercise their rights and have access to fair and timely redress, IORPs should establish effective complaints-handling procedures and provide information on available alternative dispute resolution mechanisms. For the same reason, Member States should have in place adequate, independent and impartial alternative dispute resolution bodies, including for cross-border cases, and ensure that competent authorities can receive and respond to complaints alleging infringements of Directive (EU) 2016/2341.

(39) Differences in the powers, tools, and practices available to competent authorities across Member States may hinder effective supervision of IORPs and the timely prevention or correction of infringements. Without the powers to obtain necessary information, to require compliance with applicable laws and regulations, to review and evaluate IORPs' strategies, processes, and reporting procedures, or to impose sanctions, competent authorities may be unable to ensure that IORPs maintain sufficient financial resources, comply with governance and risk management requirements, or can withstand adverse events or changes in economic conditions. To

address those risks, Member States should ensure that competent authorities have all necessary powers to obtain information, conduct systematic and risk-based reviews and assessments, monitor deteriorating financial conditions, engage in regular supervisory dialogue, take preventive and corrective measures in a timely manner, and impose effective, proportionate, and dissuasive administrative sanctions.

(40) IORPs vary significantly in terms of scale, operational efficiency, and organisational structure. Smaller or fragmented IORPs may face difficulties in achieving economies of scale, engaging in effective asset pooling, or optimising operational and investment efficiency. Early identification of structural challenges and vulnerabilities is therefore essential to ensure that IORPs can deliver value for members and beneficiaries over the long term. Competent authorities play an important role in fostering strategic reflection by IORPs on their long-term sustainability, including on aspects such as scale, organisational configuration, and potential for consolidation or cooperation where those are ways to address identified shortcomings. Competent authorities should therefore conduct regular structured supervisory dialogues with IORPs, during which IORPs can identify potential weaknesses and consider strategic options, including measures to enhance efficiency, scale, and resource sharing, while retaining primary responsibility for ensuring that members and beneficiaries receive adequate retirement benefits.

(41) Without timely, complete, and comparable information, competent authorities may be unable to assess compliance, monitor risks, or take preventive and corrective measures effectively. To address that issue, Member States should ensure that competent authorities have the powers to require IORPs to submit all information necessary for supervision, to carry out on-site inspections, and to obtain detailed reporting on costs, charges, and investment returns.

(42) The outsourcing of key functions or other activities by IORPs can generate economies of scale and bring value or lower costs to members and beneficiaries. However, it may also create additional risks and hinder effective supervision. Without access to relevant information and business premises, and without cooperation from service providers, competent authorities may be unable to monitor outsourced activities or ensure compliance. To address those risks, Member States should ensure that IORPs enable competent authorities to access data and premises of service providers and to carry out on-site inspections directly or through delegated authorities. IORPS should also fully cooperate during supervision. To ensure effective cross-border supervision of outsourced functions, EIOPA should be able to assist competent authorities in joint on-site inspections.

(43) Transparent, comparable, and easily accessible information on the total annual costs, past performance, and risk profiles of pension schemes operated by IORPs is essential for members and beneficiaries to make informed decisions about their retirement savings. Such disclosure could foster efficiency, cost-effectiveness, and the potential to achieve economies of scale, ultimately benefiting members and beneficiaries. To ensure comparability and accessibility, competent authorities should publish that information on a single public website for all relevant pension schemes or investment options, covering at least the previous ten years.

(44) Where cross-border activities are significant with respect to the market of the host Member State and require close collaboration between the competent authorities of the home Member State and the host Member State, especially where an IORP might risk being in financial difficulties to the detriment of members and beneficiaries, EIOPA

should be able to set up and coordinate collaboration platforms, in a similar manner as under Directive 2009/138/EC of the European Parliament and of the Council[14].

(45) Insurance undertakings and insurance intermediaries can also distribute occupational pension products. To ensure that all prospective members, members and beneficiaries receive equivalent information and protection, such undertakings and intermediaries should be subject to rules related to information consistent with those applicable to IORPs, including obligations relating to the transmission of information to pension tracking systems.

(46) In order to attain the objectives set out in Directive (EU) 2016/2341 and this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of certain technical parameters in Directive (EU) 2016/2341 stemming from Council Directive 79/267/EEC, which have remained unchanged since their introduction, as well as on the Pension Benefit Statement. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

(47) In order to ensure uniform conditions for the implementation of the provisions on reporting of investment returns, net of investment costs, and all costs and charges incurred in connection with the IORPs' activities, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 180/2011 of the European Parliament and of the Council[15].

(48) Directives (EU) 2016/97 and (EU) 2016/2341 should therefore be amended accordingly.

(49) Amendments to Directive (EU) 2016/2341 regarding the authorisation of IORPs should replace the current regime of registration or authorisation in order to ensure consistent supervisory standards across the Union. However, it would be too burdensome to require all IORPs to apply for a new authorisation. IORPs already registered or authorised under that Directive should be given Therefore, Member States should provide for automatic recognition of IORPs which were already registered or authorised under that Directive.

(50) Regulation (EU) 2016/679 of the European Parliament and of the Council applies to the processing of personal data for the purposes of this Directive. Member States should ensure that processing of data carried out in application of this Directive fully respects Directive 2002/58/EC of the European Parliament and of the Council[16] where that Directive is applicable.

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[14] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1, ELI: http://data.europa.eu/eli/dir/2009/138/oj).

[15] Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13, ELI: http://data.europa.eu/eli/reg/2011/182/oj).

[16] Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector

HAVE ADOPTED THIS DIRECTIVE:

Article 1

Amendments to Directive (EU) 2016/2341

Directive (EU) 2016/2341 is amended as follows:

(1) the words 'registered or authorised' are replaced by 'authorised' throughout the Directive;

(2) the words 'size, nature, scale and complexity' are replaced by 'nature, scale and complexity' throughout the Directive;

(3) the words 'their size and internal organisation, as well as to the size, nature, scale and complexity of their activities' are replaced by 'the nature, scale and complexity of their activities' throughout the Directive;

(4) Article 2 is amended as follows:

(a) in paragraph 1, the second sentence is replaced by the following:

'Where, in accordance with national law, IORPs are constituted in a form under which authorised entities are responsible for operating them and acting on their behalf, Member States shall apply this Directive either to those IORPs or, subject to paragraph 2, to such authorised entities, or to both, as appropriate.';

(b) the following paragraph 3 is added:

'3. Where, pursuant to paragraph 1, authorised entities are responsible for operating IORPs and acting on their behalf, Member States shall ensure that the assets of the IORPs are legally separate from those of the authorised entities.

For the purposes of the first subparagraph, where the authorised entities referred to in paragraph 2, point (b), operate IORPs and act on their behalf, Member States shall not restrict such authorised entities established in another Member State from carrying out those activities.';

(5) Articles 3 and 4 are replaced by the following:

'Article 3

Application to IORPs operating social security schemes

IORPs which also operate pension schemes that are considered to be social security schemes covered by Regulations (EC) No 883/2004 and (EC) No 987/2009 shall be covered by this Directive in respect of their retirement provision business not covered by those Regulations. In that case, the liabilities and corresponding assets shall be ring-fenced, and it shall not be possible to transfer those liabilities and corresponding assets to the pension schemes which are considered to be social security schemes, or vice versa.

(Directive on privacy and electronic communications) (OJ L 201, p. 37, ELI: http://data.europa.eu/eli/dir/2002/58/oj)

Article 4

Optional application

Member States may apply some or all of the provisions of this Directive to institutions, irrespective of their legal form, operating on a funded basis for the purpose of providing retirement benefits:

(a) that are excluded from the scope of this Directive pursuant to Article 2(2), points (a) and (d); or

(b) that are not covered by this Directive or by Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU and 2014/65/EU.

In the case of institutions referred to in Article 2(2), point (a), Member States may decide on the application of provisions of this Directive only insofar as that application is compatible with Regulations (EC) No 883/2004 and (EC) No 987/2009.

Where, in accordance with national law, the institutions referred to in the first paragraph are operated by authorised entities responsible for acting on their behalf, Member States may decide to apply this Directive either to those institutions or to the authorised entities responsible for operating them and acting on their behalf, or to both, as appropriate.

Member States may decide to apply Articles 11 and 11a under this Article only if all the provisions of this Directive apply.

Member States shall notify the Commission and EIOPA where they make use of the options referred to in in the first and second paragraphs, indicating the types of institutions or, where applicable, authorised entities covered by the use of those options and the provisions of this Directive that apply to them.

The Commission shall make that information publicly available.';

(6) Article 5 is amended as follows:

(a) the title is replaced by the following:

'Small IORPs'*;*

(b) the second paragraph is deleted;

(7) Article 6 is amended as follows:

(a) in point (1), the wording 'and which carries out activities directly arising therefrom;' is replaced by 'and which carries out activities directly arising therefrom, and, where permitted under national law, personal retirement provision;';

(b) point (3) is replaced by the following:

'(3) 'sponsoring undertaking' means any undertaking or other body, regardless of whether it includes or consists of one or more legal or natural persons, which acts as an employer, a professional association or body, or in a self-employed capacity or any combination thereof and which offers a pension scheme or pays contributions to an IORP;';

(c) point (5) is replaced by the following:

‘(5) ‘member’ means a person, other than a beneficiary or a prospective member, whose past or current occupational activities entitle or will entitle him/her to retirement benefits in accordance with the provisions of a pension scheme, except that for the purposes of Titles I, II, III, V and VI, ‘member’ also means personal pension saver where personal pension provision by IORPs is permitted under national law;’

(d) the following points (20), (21) and (22) are added:

‘(20) ‘service provider’ means an undertaking to which an IORP has outsourced activities covered by this Directive;

(21) ‘personal pension product’ means a personal pension product as defined in Article 2, point (1), of Regulation (EU) 2019/1238 of the European Parliament and of the Council*.

(22) ‘pension tracking system’ means a digital tool, typically a secure web portal or mobile application, that provides individuals with an overview of their individual accrued pension entitlements, and projections of future benefits, across the pension schemes of which the individual is a member or beneficiary.

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* Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) (OJ L 198, 25.7.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/1238/oj).’;

(8) in Article 7, the second paragraph is replaced by the following:

‘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.’;

(9) the following Article 8a is inserted:

‘Article 8a

Right of establishment and freedom to provide services

1. IORPs shall be allowed to provide services throughout the Union in accordance with Articles 11 and 11a.

2. Member States shall not restrict IORPs from establishing in their territory.’;

(10) Article 9 is amended as follows:

(a) the title is replaced by the following:

‘Authorisation’;

(b) paragraph 1 is replaced by the following:

‘1. Member States shall in respect of every IORP the main administration of which is located in their territory ensure that the IORP is authorised by the competent authority and included in a national register.

The location of the main administration shall be the place where the main strategic decisions of an IORP are made.

Member States shall require competent authorities to perform a prudential assessment as part of the authorisation of IORPs. The assessment shall take into account the nature, scale and complexity of the activities of the IORP concerned.

IORPs seeking authorisation shall prepare and submit to the competent authority a business plan for all their planned activities, detailing the financial resources available to cover current and future operating costs. The business plan shall contain projections of at least three years of the IORP's income and expenses and a breakdown of the IORP's operational costs, including where relevant, the distribution and acquisition costs and any other elements to assist the competent authorities to assess compliance with the operating requirements.

The subsequent acceptance of one or more sponsoring undertakings shall not require the IORP to undergo a new authorisation procedure.';

(c) the following paragraph 1a is inserted:

'1a. Any decision to refuse an authorisation shall state full reasons and shall be notified to the IORP concerned.

Without prejudice to Article 48(9), each Member State shall make provision for a right of appeal to the courts where its competent authorities have not dealt with an application for an authorisation within six months of the date of its receipt.';

(11) the following Article 9a is added:

'Article 9a
Multi-sponsor IORPs

Member States shall ensure that IORPs are allowed to operate different pension schemes, including those with different investment policies, and to accept sponsorship from multiple sponsoring undertakings within the same pension scheme.

The first paragraph shall be without prejudice to a decision by a Member State to require that schemes with multiple sponsoring undertakings be operated under Directive 2009/138/EC.';

(12) Article 10 is amended as follows:

(a) in paragraph 1, the following point (c) is added:

'(c) the IORP has sufficient financial resources to cover its current and future operating costs.';

(b) the following paragraph 3 is added:

'3. EIOPA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1094/2010, on the prudential assessment to be carried out as part of the authorisation of IORPs, as well as on the requirements laid down in Titles II and III.';

(13) Article 11 is amended as follows:

(a) paragraph 2 is deleted;

(b) paragraphs 3 and 4 are replaced by the following:

'3. Home Member States shall ensure than an IORP notifies its intention to carry out cross-border activity to its competent authority.

Member States shall require IORPs to provide the following information in effecting the notification:

(a) the name of the host Member State(s), which shall, where applicable, be identified by the sponsoring undertaking or undertakings;

(b) the name and the location of the main administration of the sponsoring undertaking(s);

(c) the main characteristics of the pension scheme or schemes to be operated for the sponsoring undertaking(s).

4. Member States shall ensure that a competent authority of the home Member State that is notified under paragraph 3 and has not issued a reasoned decision that the administrative structure or the financial situation of the IORP or the good repute or professional qualifications or experience of the persons running the IORP are not compatible with the proposed cross-border activities, communicates the information referred to in paragraph 3 to the competent authority of the host Member State within two months of receiving that information. Member States shall ensure that the competent authority of the host Member State acknowledges receipt of that information without delay. Member States shall ensure that the competent authority of the home Member State informs the IORP in writing that the information has been received by the competent authority of the host Member State.

Member States shall ensure that the competent authority of the home Member State issues the reasoned decision referred to in the first subparagraph within one month of receiving all the information referred to in paragraph 3.';

(c) paragraphs 6 and 7 are replaced by the following:

'6. IORPs carrying out cross-border activity shall be subject to the information requirements referred to in Title IV imposed by the host Member State in respect of the prospective members, members and beneficiaries which that cross-border activity concerns, with the exception of the Pension Benefit Statement referred to in Article 38, which shall be subject to harmonised Union rules in accordance with paragraph 6 of that Article.

7. Before the IORP starts to carry out a cross-border activity, the competent authority of the host Member State shall, within one month after having received the information referred to in paragraph 3, prepare for the supervision of the relevant cross-border activities. That preparation shall relate to the requirements of social and labour law that are relevant to the field of occupational pension schemes under which the pension scheme sponsored by an undertaking in the host Member State must be operated and of the information requirements of the host Member State referred to in Title IV which shall apply to the cross-border activity. In addition, the competent authority of the host Member State shall through the means referred to in Article 59(3) and (4), communicate to the competent authority of the home Member State the legal provisions referred to in Article 59(1) which are applicable in its territory. The competent authority of the home Member State shall immediately communicate that information to the IORP.';

(d) the following paragraph 9a is inserted:

'9a. Member States shall ensure that all procedures and formalities relating to cross-border activities and procedures can be easily completed through electronic means.';

(e) paragraph 10 is replaced by the following:

‘10. The competent authority of the host Member State that has reasons to consider that an IORP which conducts activities in its territory is not complying with the host Member State’s requirements of social and labour law relevant to the field of occupational pension schemes shall inform the competent authority of the home Member State thereof immediately.

The competent authority of the home Member State shall, in coordination with the competent authority of the host Member State, take the necessary measures to ensure that the IORP ends the detected breach.’;

(f) in paragraph 11, the following subparagraphs are added:

‘Member States shall ensure that in their territories it is possible to serve the legal documents necessary for such measures on IORPs.

In addition, the competent authority of the home or the host Member State may refer the matter to EIOPA and request its assistance in accordance with Article 19 of Regulation (EU) No 1094/2010. In that case, EIOPA may act in accordance with the powers conferred on it by that Article.’;

(g) the following paragraphs 12 and 13 are added:

‘12. Paragraphs 10 and 11 are without prejudice to the power of host Member States to take appropriate and non-discriminatory emergency measures to prevent or penalise irregularities within their territory, in situations where immediate action is strictly necessary in order to prevent the rights of members and beneficiaries, and where equivalent measures of the home Member States are inadequate or lacking. That power shall include the possibility of preventing IORPs, insofar as is strictly necessary, from operating in the host Member State for the sponsoring undertaking.

13. Any measure adopted under paragraphs 10 to 13 involving restrictions on the activities of IORPs shall be properly reasoned and communicated to the IORP concerned without undue delay. The competent authority of the host Member State that adopts such measure shall also communicate the measure to the competent authority of the home Member State, and in the context of paragraph 11, third subparagraph, to EIOPA.’;

(14) the following Article 11a is inserted:

‘Article 11a

Changes in the information notified

1. Member States shall ensure that in the event of a change in any of the particulars communicated under Article 11(3), points (b) or (c), an IORP gives written notice of the change to the competent authorities of the home and the host Member States at least one month before making the change in order to enable the competent authorities of the home and the host Member States to fulfil their respective obligations under Article 11.

2. Member States shall ensure that where members and beneficiaries fully bear the investment risk, the notification of one or more additional sponsoring undertakings to a previously notified pension scheme, or of non-material amendments to the characteristics of that scheme, is subject to a simplified notification procedure.’;

(15) Article 12 is amended as follows:

(a) the following paragraph 2a is inserted:

'2a. Member States shall ensure that the transferring IORP makes available to the members and beneficiaries concerned and, where applicable, to their representatives, the information on the conditions of the transfer in a timely manner and before the application referred to in paragraph 4 is submitted.';

(b) paragraph 3 is replaced by the following:

'3. The cross-border transfer shall be subject to prior approval by:

(a) a simple majority of the members and beneficiaries concerned, or where applicable, a simple majority of their representatives; and

(b) the sponsoring undertaking, where applicable.

For the purposes of the first subparagraph, point (a), the simple majority shall be calculated based on the received responses.

Member States may provide that, for a transfer to be approved, a participation threshold of up to 25 % of the members and beneficiaries concerned shall be reached.';

(c) in paragraph 11, the second subparagraph is replaced by the following:

'Where the transfer results in a cross-border activity, the competent authority of the home Member State of the transferring IORP shall also inform the competent authority of the home Member State of the receiving IORP of the requirements of social and labour law relevant to the field of occupational pension schemes under which the pension scheme must be operated and of the information requirements of the host Member State referred to in Title IV which shall apply to the cross-border activity. This shall be communicated within a further four weeks.';

(16) the following Article 12a is inserted:

'Article 12a

Domestic transfers

Member States shall ensure that transfers between IORPs authorised within the same Member State of all or a part of a pension scheme's liabilities, technical provisions, and other obligations and rights, and corresponding assets or cash equivalent thereof, are governed by simple and transparent procedures that ensure the protection of members and beneficiaries and the continued sound management of the pension schemes concerned.

Such transfers shall be subject to prior approval by the competent authority, which shall verify at least all of the following:

(a) that the information submitted is complete and accurate;

(b) that the administrative structure, financial situation, and the good repute or professional qualifications and experience of the persons who effectively run the IORPs concerned are compatible with the proposed transfer;

(c) that the long-term interests of members and beneficiaries are adequately protected;

(d) that the assets to be transferred are sufficient and appropriate to cover the related liabilities, technical provisions, and other obligations and rights.

Where a Member State makes domestic transfers subject to the prior approval of the members and beneficiaries concerned, the approval procedure shall not be more stringent than the procedure set out in Article 12(3).';

(17) in Article 13, paragraphs 1 and 2 are replaced by the following:

'1. The home Member State shall ensure that IORPs operating pension schemes establish at all times in respect of the total range of their occupational pension schemes and, where permitted under national law, of personal pension schemes distributed through IORPs, an adequate amount of liabilities corresponding to the financial commitments which arise out of their portfolio of existing pension contracts.

2. The home Member State shall ensure that IORPs operating pension schemes, where they provide cover against biometric risks or guarantee either an investment performance or a given level of benefits, establish sufficient technical provisions in respect of the total range of such schemes.';

(18) Article 14 is amended as follows:

(a) paragraph 2 is amended as follows:

(i) in the first subparagraph, the introductory wording is replaced by the following:

'Home Member States shall ensure that their competent authorities have the necessary powers to allow an IORP, for a limited period of time, to have insufficient assets to cover the technical provisions. In this case, the competent authorities shall require the IORP to adopt a concrete and realisable recovery plan with a timeline in order to ensure that the requirements of paragraph 1 are met again. The plan shall be subject to the following conditions:';

(ii) the following subparagraph is added:

'The limited period of time referred to in the introductory wording of the first subparagraph shall be determined by national law and shall in any case not exceed ten years.';

(b) paragraph 3 is deleted;

(19) Article 16 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. Member States shall require that every IORP referred to in Article 15(1) which is authorised in their territory maintains at all times an adequate available solvency margin in respect of its entire business which is at least equal to the requirements in this Directive in order to ensure long-term sustainability of occupational retirement provision, and, where permitted under national law, of personal retirement vision.';

(b) in paragraph 4, the second subparagraph is replaced by the following:

'The figure referred to in point (a) of the first subparagraph shall not exceed 3,5 % of the sum of the differences between, on the one hand, the relevant capital sums of life insurance, occupational retirement provision, and where permitted under national law, personal retirement provision activities and, on the other hand, the mathematical

provisions for all policies for which Zillmerising is possible. The difference shall be reduced by the amount of any undepreciated acquisition costs entered as an asset.';

(20) in Article 17, the following paragraph 7 is added:

'7. The Commission is empowered to adopt delegated acts in accordance with Article 64a to amend the numbers and percentage values referred to in this Article and in Article 18.';

(21) the following Article 18a is inserted:

'Article 18a

Internal stress testing

1. The competent authorities of the home Member States shall require that IORPs operating pension schemes, where the IORP itself, and not the sponsoring undertaking, underwrites the liability to cover against biometric risk, or guarantees a given investment performance or a given level of benefits, carry out a stress test at least every three years to assess their ability to meet their obligations towards members and beneficiaries, including under scenarios representing adverse market and demographic developments.

Notwithstanding the first subparagraph, the competent authority of the home Member State shall have the power to require an IORP to carry out the stress test exercise more frequently, at least where the results of the stress tests of previous years identify a risk of not having sufficient and appropriate assets to cover the technical provisions within the next ten years.

Member States may also require the IORP to assess whether its projected available solvency margin exceeds its required solvency margin, or, where applicable, any higher level of regulatory own funds required under national law pursuant to Article 15.

2. For the purposes of paragraph 1, IORPs shall make projections, over the next ten financial years from the date of the most recent financial statements, of assets and liabilities under each of the following scenarios:

(a) a baseline scenario extending the economic conditions prevailing at the date of the most recent financial statements;

(b) an adverse scenario of permanent relative decrease in interest rates of 40 % or absolute decrease of 0,75 percentage points, whichever is more severe, without interest rates falling below 0 % or exceeding 3,5 %;

(c) an adverse scenario of decline in investment returns on non-depreciable assets by 30 %;

(d) a decrease in the mortality rates of members and beneficiaries at all ages by 10 %.

By way of derogation from the first subparagraph, Member States may require IORPs to:

(a) make projections over more than ten financial years;

(b) carry out projections under adverse scenarios that are more severe than the scenarios set out in the first subparagraph, points (b), (c) or (d);

(c) carry out projections under additional stressed scenarios.

3 Where the results of the stress test referred to in paragraph 1 indicate that, under any of the scenarios referred to in paragraph 2, an IORP would either have insufficient assets to cover the technical provisions or, where applicable, have an insufficient available solvency margin to meet the required solvency margin or any higher level of regulatory own funds required under national law pursuant to Article 15 for any projected year, Member States shall ensure that the competent authority requires the IORP to submit a convergence plan.

That convergence plan shall set out the measures that the IORP intends to take to restore, over the projection horizon, its ability to maintain sufficient assets to cover the technical provisions, or where applicable, to have an available solvency margin exceeding the required solvency margin, under all the scenarios referred to in paragraph 2.

Member States shall ensure that the IORP submits the convergence plan to the competent authority within three months from the date of carrying out the stress test.

Where no convergence plan is submitted within three months, or where the convergence plan does not contain credible actions to address the underfunding identified or, where applicable, the insufficient level of available solvency margin in the stress test, Member States shall ensure that competent authorities have the power to require the IORP to hold a higher available solvency margin.

4. Paragraph 3 shall not apply where an IORP is permitted, pursuant to Article 14(2), to have insufficient assets to cover the technical provisions for a limited period of time. In that case, Member States shall ensure that the recovery plan adopted under Article 14(2) reflects the outcome of the stress test referred to in paragraph 1 of this Article and, where necessary, is updated accordingly, in particular when determining the measures and the period for restoring full funding.

5. Member States may decide not to apply paragraphs 1 to 3 where they require IORPs located in their territory to hold regulatory own funds, in excess of the required solvency margin referred to in Article 17, provided that such regulatory own funds requirements are risk-based, at least in relation to market and longevity risks.';

(22) Article 19 is amended as follows:

(a) paragraph 1 is amended as follows:

(a) the introductory wording is replaced by the following:

'1. Member States shall require IORPs authorised in their territory to invest in accordance with the prudent person principle and in particular in accordance with the following rules:';

(b) point (b) is replaced by the following:

'(b) within the prudent person principle, IORPs shall take into account sustainability risks, as defined in Article 2, point (22), of Regulation (EU) 2019/2088 of the European Parliament and of the Council* in their investment decisions and for that purpose, IORPs shall take into account the potential long-term impact of their investment strategy and decisions on sustainability factors, as defined in Article 2, point (24), of Regulation (EU) 2019/2088. That shall be done in a proportionate manner, taking into account the nature, scale and complexity of the activities of IORPs.';

(c) point (d) is replaced by the following:

‘(d) the assets shall be predominantly invested on regulated markets, MTFs or OTFs;’;

(b) the following paragraphs 1a to 1d are inserted:

‘1a. Member States shall require that, with respect to the whole portfolio of assets, IORPs only invest in assets and instruments whose risks the IORP concerned is able to properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall funding needs and the assessment of the risks to members and beneficiaries relating to the paying out of their retirement benefits in accordance with Article 28.

1b. Member States shall require that assets held to cover the technical provisions are also invested in a manner appropriate to the nature and duration of the liabilities entered into by the IORP.

1c. Member States shall require that investment decisions of IORPs reflect the sustainability preferences of members and beneficiaries, where IORPs are able to gauge those membership preferences and to the extent those preferences are consistent with the investment principles set out in paragraph 1.

1d. For the purposes of paragraph 1c, sustainability preferences shall mean a member’s, beneficiary’s, or prospective member’s choice as to whether and, if so, to what extent, one or more of the following financial instruments are to be integrated into his or her investment:

(a) a financial instrument for which the customer or potential customer determines that a minimum proportion is to be invested in environmentally sustainable investments as defined in Article 2, point (1), of Regulation (EU) 2020/852 of the European Parliament and of the Council**;

(b) a financial instrument for which the customer or potential customer determines that a minimum proportion shall be invested in sustainable investments as defined in Article 2, point (17), of Regulation (EU) 2019/2088;

(c) a financial instrument that considers principal adverse impacts on sustainability factors, as defined in Article 2, point (24), of Regulation (EU) 2019/2088, where qualitative or quantitative elements demonstrating that consideration are determined by the customer or potential customer.’;

(c) paragraph 6 is replaced by the following:

‘In accordance with the provisions of paragraphs 1 to 5, Member States may empower the competent authority, for IORPs authorised in their territories, to lay down more detailed rules, provided they are prudentially justified.

Any such rules shall be applied only where the investment risk is borne by the members and beneficiaries. However, in such cases, IORPs shall not be prevented from:

(a) investing up to 70 % of the assets covering the technical provisions or of the whole portfolio for schemes in which the members bear the investment risks in shares, negotiable securities treated as shares and corporate bonds admitted to trading on regulated markets, or through MTFs or OTFs, and deciding on the relative weight of those securities in their investment portfolio;

(b) investing up to 30 % of the assets covering technical provisions in assets denominated in currencies other than those in which the liabilities are expressed;

(c) investing in instruments that have a long-term investment horizon and are not traded on regulated markets, MTFs or OTFs;

(d) investing in instruments that are issued or guaranteed by the EIB provided in the framework of the European Fund for Strategic Investments, European Long-term Investment Funds, European Social Entrepreneurship Funds and European Venture Capital Funds.';

(d) paragraphs 7 and 8 are deleted;

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* Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/2088/oj).;

** Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13, ELI: http://data.europa.eu/eli/reg/2020/852/oj).

(23) Article 21 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. Member States shall require all IORPs to have in place an effective system of governance which provides for the sound and prudent management of their activities. That system shall at least have:

(a) an adequate and transparent organisational structure with a clear allocation and appropriate segregation of responsibilities;

(b) an effective system for ensuring the transmission of information and management of conflicts of interest.

That system of governance shall ensure that environmental, social and governance factors related to investment assets are considered in investment decisions and shall be subject to regular internal reviews.

Such internal reviews shall assess the adequacy of the composition, effectiveness and internal governance of the administrative, management or supervisory body, taking into account the nature, scale and complexity of the risks inherent in the activities of the IORP.';

(b) paragraphs 3 and 4 are replaced by the following:

'3. Member States shall ensure that IORPs establish and apply written policies in relation to risk management, internal control, internal audit, remuneration and, where relevant, actuarial and outsourced activities, and that those policies are implemented. Those written policies shall be subject to prior approval by the management or supervisory body of the IORP and shall be reviewed at least every three years and adapted in view of any significant change in the system or area concerned.

4. Member States shall ensure that IORPs have in place an effective internal control system. That system shall have administrative and accounting procedures, an internal control framework, and appropriate reporting arrangements at all levels of the IORP and a compliance function.';

(c) the following paragraph 4a is inserted:

‘4a. The compliance function shall include advising the administrative, management or supervisory body on compliance with the laws, regulations and administrative provisions adopted pursuant to this Directive. It shall also assess the possible impact of any changes in the legal environment on the operations of the IORP concerned and shall identify and assess compliance risk.’

(d) in paragraph 6, the second and third sentences are deleted;

(e) the following paragraphs 7 to 10 are added:

‘7. Where there is potential or actual conflict of interest arising from the relationship between the IORP and a service provider of the IORP, Member States shall require that the persons who effectively run the IORP take independent decisions in the sole interest of members and beneficiaries.

8. Member States shall require IORPs and, where applicable, their respective nomination committees to engage a broad set of qualities and competencies when selecting members to the management or supervisory body, ensuring a balanced representation of women and men.

Member States shall require that IORPs and, where applicable, their respective nomination committees, put in place a policy that promotes diversity and inclusion in the management or supervisory body. That policy shall, where relevant, take into account that the administrative, management or supervisory body includes representatives of social partners, and be applied in a manner that is proportionate to the nature, scale and complexity of the activities of IORPs.

Member States shall also require that the policy sets individual quantitative objectives related to gender-balance in a manner that is proportionate to the nature, scale and complexity of the activities of the IORPs. The target shall consider the members of the management or supervisory body that are selected by the sponsor of the IORP and shall not apply to IORPs where the number of members of the management or supervisory body that are selected by the sponsor of the IORPs is three or fewer.

9. Member States shall require IORPs to publicly disclose the target for the gender-balanced representation of the underrepresented gender in the management or supervisory body, the policy on how to increase the number of the underrepresented gender in the management or supervisory body and its implementation in the annual reports.

10. Member States shall ensure that the competent authorities have appropriate means, methods and powers for verifying the system of governance of the IORPs and for evaluating emerging risks identified by those IORPs which may affect their financial soundness.

Member States shall ensure that their competent authorities have the powers necessary to require that the system of governance be improved and strengthened to ensure compliance with the requirements set out in Articles 20 to 32.’;

(24) Article 22 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Member States shall require IORPs to ensure that persons who effectively run the IORP, the administrative, management or supervisory bodies, persons who carry

out key functions and, where applicable, persons or entities to which a key function has been outsourced in accordance with Article 31 fulfil the following requirements when carrying out their tasks:

(a) the requirement to be fit:

(i) for persons who effectively run the IORP, this means their qualifications, knowledge and experience are adequate to enable them to ensure a sound and prudent management of the IORP, which shall include the knowledge and competencies enabling them to address the different levels of risk that members and beneficiaries are exposed to, depending on the nature of the schemes they are part of;

(ii) for persons who carry out the actuarial or internal audit key functions this means their professional qualifications, knowledge and experience are adequate to properly carry out their key functions;

(iii) for persons who carry out other key functions this means their qualifications, knowledge and experience are adequate to properly carry out their key functions;

(iv) for the administrative, management or supervisory bodies, this means that the qualifications, knowledge and experience of their members are collectively adequate to enable them to perform their duties;

(b) the requirement to be proper: they are of good repute and integrity.';

(b) the following paragraphs 1a and 1b are inserted:

'1a. Member States shall require that IORPs notify their competent authorities of any changes to the identity of the persons referred to in paragraph 1, along with the reasons for the changes and all information needed to assess whether the new persons appointed are fit and proper.

1b. Member States shall require that IORPs notify their competent authorities where any of the persons referred to in paragraph 1 no longer fulfil the requirements laid down in that paragraph or have been replaced for that reason.';

(c) paragraph 2 is replaced by the following:

'2. Member States shall ensure that the competent authorities are able to assess whether the persons referred to in paragraph 1 the requirements laid down in paragraph 1 on an ongoing basis, and whether there are any actual or potential conflicts of interest and how these are prevented or managed.';

(d) the following paragraph 2a is inserted:

'2a. Where a person who effectively runs the IORP or has other key functions does not fulfil the requirements set out in paragraph 1, the competent authorities shall have the power to require the IORP to remove such person from that position.';

(25) in Article 23(3), the following points (h) and (i) are added:

'(h) the remuneration policy shall specify how the IORP takes into account the integration of sustainability risks, as defined in Article 2, point (22), of Regulation (EU) 2019/2088 of the European Parliament and of the Council, in the risk management system;

(i) remuneration policies and practices shall be objective and non-discriminatory, and shall be based on the principle of equal pay for male and female employees for equal work or work of equal value for women and men.';

(26) in Article 25(2), the introductory wording is replaced by the following:

'The risk-management system shall cover, in a manner that is proportionate to the nature, scale and complexity of the IORPs' activities, risks which can occur in IORPs or in undertakings to which tasks or activities of an IORP have been outsourced, at least in the following areas, where applicable:';

(27) Article 26 is replaced by the following:

'Article 26

Internal audit function

1. Member States shall require IORPs in a manner that is proportionate to the nature, scale and complexity of their activities to provide for an effective internal audit function.

The internal audit function shall include an evaluation of the adequacy and effectiveness of the internal control system and other elements of the system of governance, including, where applicable, outsourced activities.

2. Any findings and recommendations of the internal audit shall be reported to the administrative, management or supervisory body which shall determine what actions are to be taken with respect to each of the internal audit findings and recommendations and shall ensure that those actions are carried out.';

(28) Article 28 is amended as follows:

(a) in paragraph 1, the following subparagraph is added:

'Member States shall ensure that IORPs establish a written policy for own-risk assessment containing the processes and procedures for carrying out the assessment, the frequency of the assessment and the methods.';

(b) paragraph 2 is amended as follows:

(i) the introductory wording is replaced by the following:

'Member States shall ensure that the risk assessment referred to in paragraph 1, having regard to the nature, scale and complexity of the IORP's activities, includes the following:';

(ii) the following points (i), (j) and (k) are added:

'(i) an assessment of how the risks to which the IORP is or could be exposed compare to the risk tolerance limits approved by the administrative, management or supervisory body of the IORP;

(j) the assessment referred to in Article 44b(2);

(k) an assessment of the economies of scale and efficiency options, including the participation in pooled investment structures, shared services or transfers, and of their impact on members and beneficiaries.';

(iii) the following subparagraph is added:

‘For the purposes of the first subparagraph, point (i), Member States shall require that where, in accordance with the conditions of the pension scheme, members and beneficiaries bear risks, the risks and risk tolerance limits from the perspective of members and beneficiaries shall be considered, taking into account their capacity to bear risk and their risk appetite.’;

(29) in Article 30, the following paragraphs are added:

‘Member States shall require that the statement identifies clear investment objectives for each pension scheme that are consistent with its retirement income objective, the overall performance objectives for the scheme and the means of monitoring performance. The statement shall also identify when deviations from the asset allocation strategy and performance objectives may be tolerated and to what extent. The investment policy shall also include any overarching decisions regarding tactical asset allocation, security selection and trade execution.

The statement shall also address whether, why, to what extent and how more complex classes of assets, including alternative asset classes, will be used, and shall specify the appropriate extent of exposure to counterparty risk.

Member States shall ensure that the IORP establishes procedures and criteria for reviewing the effectiveness of the investment policy and for determining whether amendments are required to the policy, its implementation procedures or the decision-making structure.

The statement shall be adopted by the administrative, management or supervisory body of the IORP. Where an IORP manages different pension schemes, separate statements of investment policy shall be prepared for each.

Member States shall ensure that, for pension schemes in which members are entitled to make investment choices, the statement provides for an appropriate range of investment options, including a default option, classifies those options according to the nature and extent of the investment risk borne by members, and ensures that sufficient information is made available to enable informed investment decisions.’;

(30) Article 31 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Member States shall permit or require IORPs authorised in their territory to entrust any activities including key functions and the management of those IORPs, in whole or in part, to service providers operating on behalf of those IORPs, provided that the outsourcing arrangements comply with paragraphs 2 to 7.’;

(b) paragraph 5 is replaced by the following:

‘5. Member States shall ensure that IORPs outsourcing key functions, the management of those IORPs, or other activities covered by this Directive enter into a legally enforceable written agreement with the service provider. Such agreement shall include a breakdown of direct and indirect costs and shall clearly define the rights and obligations of the IORP and the service provider. In case of a potential conflict of interest with the service provider, IORPs shall document and implement procedures to prevent or manage conflicts of interest.’;

(c) paragraph 7 is deleted;

(31) Article 33 is amended as follows:

(a) paragraphs 1, 2 and 3 are replaced by the following:

'1. In the case of a pension scheme where members and beneficiaries fully bear the investment risk, the competent authority of the home Member State shall require the IORP to appoint one depositary per pension scheme for the safe-keeping of assets and oversight duties in accordance with Articles 34 and 35 or, if the IORP itself keeps the assets in accordance with Article 34(2), require the IORP to have a trustee who performs the oversight duties in accordance with Article 35 and is notified to the competent authority.

For the purposes of the first subparagraph, the IORP or, where applicable, the authorised entity referred to in Article 2(1), shall not act as depositary for that scheme.

2. For pension schemes in which the members and beneficiaries do not fully bear the investment risk, the home Member State may require the IORP to appoint one depositary per pension scheme for safe-keeping of assets or for safe-keeping of assets and oversight duties in accordance with Articles 34 and 35.

3. Unless otherwise provided for in this Chapter, for the appointment of the depositary, Chapter IV of Directive 2009/65/EC shall apply accordingly.

Member States shall not restrict IORPs from appointing depositaries established in another Member State.';

(32) Article 34 is replaced by the following:

'Article 34

Safekeeping of assets and depositary liability

1. Unless otherwise provided for in this Chapter, for the execution of the tasks of the depositaries in relation to the safe-keeping of assets and the depositary liability, Chapter IV of Directive 2009/65/EC shall apply accordingly.

2. Where no depositary is appointed for the safe-keeping of assets, IORPs shall, at least be required to:

(a) ensure that financial instruments are subject to due care and protection;

(b) keep records that enable the IORP to identify all assets at all times and without delay;

(c) take the necessary measures to avoid conflicts of interest in relation to the safe-keeping of assets;

(d) inform the competent authorities, upon request, about the manner in which assets are kept.';

(33) in Article 35, paragraph 1 is replaced by the following:

'1. Unless otherwise provided for in this Chapter, for the oversight duties of the depositary, Chapter IV of Directive 2009/65/EC shall apply accordingly.';

(34) the heading of Title IV is replaced by the following:

‘TITLE IV
INFORMATION TO BE GIVEN TO PROSPECTIVE MEMBERS, MEMBERS AND BENEFICIARIES AND BUSINESS CONDUCT RULES’;

(35) Article 36 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Taking into account the nature of the pension scheme established, Member States shall ensure that every IORP authorised in their territory operating occupational pension schemes provides to:

(a) prospective members: at least the information set out in Article 41;

(b) members: at least the information set out in Article 37 to 40, 41a, 42 and 44; and

(c) beneficiaries: at least the information set out in Article 37, 41a, 43 and 44.

Where, pursuant to national law, IORPs are authorised to provide personal pension products, Member States shall ensure that every IORP authorised in their territory, which provides those products other than the pan-European Personal Pension Product as defined in Article 2, point (1), of Regulation (EU) 2019/1238, provides to prospective savers and personal pension savers and beneficiaries information that is clear, fair, not misleading, and appropriate to the nature of the product, the distribution channel and the characteristics of the saver or beneficiary. That information shall ensure a level of transparency and protection equivalent to that required under national law for the distribution of personal pension products by other entities or institutions, at least in respect of the following elements:

(a) the identity, legal form and authorisation status of the IORP;

(b) the main characteristics, costs and risks of the personal pension product offered;

(c) the existence and nature of any advice or recommendation provided;

(d) the nature of any remuneration received in relation to the product;

(e) the procedures for complaints and redress.

Member States may adapt those requirements to reflect the specific features of IORPs and the diversity of personal pension distribution channels.’;

(b) the following paragraph 4 is added:

‘4. EIOPA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1094/2010, on the information that is to be provided in accordance with Articles 41, 42 and 43.’;

(36) in Article 37(1), point (g) is replaced by the following:

‘(g) where members bear investment risk or can take investment decisions, information on the past performance of investments related to the pension scheme for a minimum of ten years, or for all the years that the scheme has been operating where this is less than ten years;’;

(37) the following Article 37a is inserted:

'Article 37a

Pension tracking systems

1. Member States shall ensure that, where pension tracking systems are in place, they cover the pension entitlements administered by IORPs.

2. For the purposes of paragraph 1, Member States shall ensure that IORPs transmit to pension tracking systems, where such systems have been established, all information necessary to provide members and beneficiaries with a comprehensive, reliable and up-to-date overview of their occupational and personal pension entitlements, insofar as those entitlements are administered by the IORP.

3. Member States shall ensure that the information referred to in paragraph 2 is transmitted in a standardised, machine-readable and interoperable format enabling pension tracking systems to aggregate data on accrued rights, accumulated capital and projected benefits in a coherent and comparable manner.

4. Member States shall ensure that IORPs remain fully responsible for the completeness and accuracy of the data transmitted and for the fulfilment of all communication obligations provided for in this Article.

5. Member States shall ensure that competent authorities monitor and enforce compliance with this Article and take corrective measures where IORPs fail to provide complete, accurate or timely information.

6. The format and structure of the information to be transmitted to pension tracking systems shall be consistent with the format and structure laid down in the Delegated Regulation adopted pursuant to Article 38.';

(38) Article 38 is amended as follows:

(a) paragraphs 1, 2 and 3 are replaced by the following:

'1. Member States shall require IORPs to draw up a concise document containing key information for each member. That document shall provide information on the level of risk borne by the member and take into consideration the specific nature of national pension systems and of relevant national social, labour and tax law ('Pension Benefit Statement'). The title of the document shall contain the words 'Pension Benefit Statement'.

2. The exact date and period to which the information in the Pension Benefit Statement refers to shall be stated prominently.

3. Members States shall require that the information contained in the Pension Benefit Statement is accurate, up to date, consistent with the choices made and complete. To facilitate understanding, the information presented shall be layered and follow principles of good design. The Pension Benefit Statement shall be made available to each member free of charge on paper or through electronic means, including on a durable medium or by means of a website, at least annually, in accordance with the member's preference. Preference shall be obtained at least at the beginning of membership.';

(b) the following paragraph 6 is added:

'6. The format and structure of the Pension Benefit Statement shall be provided to members and beneficiaries using a Union standardised format, while also taking into account the characteristics of different types of pension schemes.

EIOPA shall, after conducting consumer testing and industry testing, develop draft regulatory technical standards specifying the details of the presentation of the information referred to in Articles 38 to 40. In relation to the presentation of the information on past performance as referred to in Article 39(1), point (i), EIOPA shall take into account the characteristics of different types of schemes when drafting those regulatory technical standards, in particular if members and beneficiaries bear investment risk or where the investment strategy is age-dependent or includes duration matching.

In order to minimise duplication of reporting requirements, when developing the draft regulatory standards, EIOPA shall, to the maximum extent possible, ensure alignment with Commission Delegated Regulation (EU) 2021/473[*], and aim at facilitating the insert of the information of the Pension Benefit Statement into pension tracking systems and at ensuring usability for members and beneficiaries.

EIOPA shall submit those draft regulatory technical standards to the Commission by [PO = please insert date 18 months after the date of entry into force].

Power is delegated to the Commission to supplement this Directive by adopting the regulatory technical standards referred to in the third subparagraph in accordance with Article 10 of Regulation (EU) No 1094/2010.

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[*] Commission Delegated Regulation (EU) 2021/473 of 18 December 2020 supplementing Regulation (EU) 2019/1238 of the European Parliament and of the Council with regard to regulatory technical standards specifying the requirements on information documents, on the costs and fees included in the cost cap and on risk-mitigation techniques for the pan-European Personal Pension Product (OJ L 99, 22.3.2021, p. 1, ELI: http://data.europa.eu/eli/reg_del/2021/473/oj).';

(39) in Article 39, paragraph 1 is amended as follows:

(a) the following point (ba) is inserted:

'(ba) the Member State in which the IORP is authorised and the names of the competent authorities of that Member State';

(b) point (d) is replaced by the following:

'(d) information on pension benefit projections based on the retirement age as specified in point (a), and a disclaimer that those projections may differ from the final value of the benefits received, including, where applicable, that the retirement benefit may be variable;';

(c) point (g) is replaced by the following:

'(g) where members bear investment risk or can take investment decisions, information on the costs imposed and their impact, including:

(i) a breakdown of all costs incurred, directly and indirectly, by members and beneficiaries over the previous 12 months and on compounded basis since the member joined the scheme concerned, indicating at least the costs of administration, the costs of safekeeping the assets, and the investment costs incurred in connection with the management of assets and portfolio transactions;

(ii) an estimation of the impact of the costs on the final capital accumulated;';

(d) the following points (i) and (j) are added:

‘(i) where members bear investment risk, information on the past performance of the pension scheme or, where applicable, the investment selection made, covering performance of a minimum of 10 years or, in cases where the scheme or the relevant investment option have been provided for less than 10 years, covering all the years for which the pension scheme or the relevant investment option have been provided;’;

(j) where members bear investment risk and are able to select between investment options, a brief indication of the investment selection made, including the number of options selected, the proportion of assets invested in each option and an indication of the risk level of the selection made in summary form.’;

(e) the following subparagraphs are added:

‘For the purposes of point (d), where the pension benefit projections are based on economic scenarios, that information shall include at least a best estimate scenario, a favourable scenario and an unfavourable scenario. The estimated future value of retirement benefits shall be shown in real terms together with a short narrative explanation.

For the purposes of point (g)(ii), the costs shall be shown at least in monetary terms and as a percentage of contributions over the previous 12 months and since the member joined the scheme, respectively.

For the purposes of point (i), information on past performance shall be accompanied by the statement ‘past performance is not indicative of future performance’.’;

(40) in Article 40(1), point (c) is replaced by the following:

‘(c) information about the assumptions used for the pension benefit projections, and where applicable, information about the assumptions used for amounts expressed in annuities, in particular with respect to the annuity rate, the type of provider and the duration of the annuity;’

(41) Article 41 is amended as follows:

(a) in paragraph 1, point (a) is replaced by the following:

‘(a) any relevant options available to them including investment options, and their risks;’;

(b) paragraph 2 is replaced by the following:

‘2. Prospective members as referred to in paragraphs 1 and 3 shall be provided with the following:

(a) information on the past performance of investments related to the pension scheme for a minimum of ten years, or for all the years that the scheme has been operating where that is less than ten years;

(b) information on all direct and indirect costs that members and beneficiaries have borne over the previous 12 months, including the costs of each investment option separately, presented at least in monetary terms, and an estimation of the impact of the costs on the final capital accumulated;

(c) information on the investment options available and their risks.’;

(c) in paragraph 3, point (a) is replaced by the following:

‘(a) any relevant options available to them including investment options, and their risks and costs;’;

(42) the following Article 41a is inserted:

‘Article 41a

Information to be given to members and beneficiaries in the case of underperformance

1. Member States shall ensure that IORPs regularly monitor their performance against benchmarks established by their competent authority in accordance with paragraph 4. Member States shall ensure that, where an IORP identifies that its performance materially deviates from the applicable benchmark, it promptly informs its competent authority and provides evidence that the costs and charges of the scheme are justified and proportionate and that the scheme is in line with the risk tolerance of its members and beneficiaries.

Where the competent authority concludes that the evidence that the costs and charges of the scheme are not justified and proportionate or that the scheme is not in line with the risk tolerance of its members and beneficiaries, or where the underperformance persists for at least three years, Member States shall ensure that the IORP promptly informs its members and beneficiaries of that situation in a clear, fair and understandable manner.

2. Member States shall ensure that the information referred to in paragraph 1, second subparagraph, enables members and beneficiaries to understand how the scheme is performing in relation to comparable IORPs. Member States shall ensure that the information provided explains in a simple manner the reasons for the underperformance, how the costs and charges are proportionate and justified, and the actions being taken to improve results and to protect the value of members’ accrued rights. Member States shall ensure that the information remains easily accessible until the IORP demonstrates sustained improvement.

3. Member States shall require that IORPs ensure that the information referred to in paragraph 1, second subparagraph, is made available through the same channels normally used for providing the Pension Benefit Statement and other regular communications, and that members and beneficiaries are informed of how to obtain further details if they so wish.

4. Member States shall ensure that clear, objective and transparent benchmarks are developed by their competent authority for assessing underperformance, including with respect to administrative, investment and transaction costs, gross and net investment returns and funding outcomes over specified periods.

5. For the purposes of this Article, EIOPA shall adopt guidelines, in accordance with Article 16 of Regulation (EU) No 1094/2010, on methodologies for determining underperformance across Member States.’;

(43) Article 42 is replaced by the following:

‘Article 42

Information to be given to members during the pre-retirement phase

In addition to the Pension Benefit Statement, IORPs shall provide each member, in due time before the retirement age as specified in Article 39(1), point (a), or at the request of the member, with information about the upcoming start of the pay-out

phase and the benefit pay-out options available in taking their retirement benefits, including the costs and charges associated with each option and the applicable tax treatment.

Member States shall ensure that the information referred to in the first subparagraph is accompanied by a concise explanatory package that includes all of the following information:

(a) the main features, implications and potential effects of each benefit pay-out option available on the member and, where applicable, on the beneficiaries;

(b) the risks and factors that could adversely affect the level, stability or duration of retirement income;

(c) the circumstances and criteria for members to take into account when assessing the suitability of the different benefit pay-out options for their individual situation.

Member States shall ensure that where one of the benefit pay-out options offered by the IORP is a variable annuity, the IORP provides each member, in due time before the retirement age as specified in Article 39(1), point (a), with projections to illustrate the potential variation in the amount of the pay-out over time.';

(44) Article 43 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. Member States shall require IORPs to annually provide beneficiaries with information about the benefits due, the corresponding pay-out options, and a breakdown of all costs incurred and information on the past performance as referred to in Article 39, points (g) and (i).

The information shall also describe the main factors that could affect the level or duration of retirement income, including investment and life-expectancy risks, and shall indicate, where relevant, the right to change the pay-out option.';

(b) paragraph 3 is replaced by the following:

'3. Where beneficiaries continue to make contributions or to bear investment risk during the pay-out phase, Member States shall ensure that IORPs continue to provide the Pension Benefit Statement, which shall also contain the information referred to in paragraph 1.';

(45) in Title IV, the following chapter is added:

'CHAPTER 4
Business conduct rules

Article 44a
Duty of care

1. Member States shall, taking into account the nature of the pension scheme, ensure that every IORP authorised in their territory always acts honestly, fairly and professionally, and in accordance with the best interests of their members and beneficiaries. Those interests shall include the objective of providing adequate, risk-adjusted and cost-efficient returns over the long term, consistent with the long-term nature of pension obligations.

2. Member States shall ensure that IORPs put in place safeguards, including guidance to support prospective members, members and beneficiaries when they are deciding on the options available to them, and inform them about the potential consequences of their decisions.

Article 44b

Appropriate structure and implementation of the pension schemes

1. Without prejudice to national social and labour law on the organisation of pension systems, including compulsory membership and the outcomes of collective bargaining agreements, Member States shall require that:

(a) IORPs ensure that the structure, design and implementation of pension schemes are appropriate in view of the identified needs, characteristics and risk profile of the members and beneficiaries, in a manner that is proportionate to the nature, scale and complexity of the scheme.

(b) IORPs regularly review and, where necessary, adapt the structure, design and implementation of the pension scheme, taking into account any material developments, in order to ensure that the scheme remains appropriate and consistent with the needs, characteristics and risk profile of members and beneficiaries, in a manner that is proportionate to the nature, scale and complexity of the scheme.

The IORP shall document the assessment of whether the structure, design and implementation of pension schemes are appropriate as referred to in the first subparagraph, point (a).

2. Member States shall ensure that, where members bear investment risk, IORPs assess the long-term risk from the perspective of members and beneficiaries, including:

(a) the determination of the risk tolerance of members and beneficiaries bearing risks;

(b) the introduction of the use of pension projections in the risk assessment from the perspective of members and beneficiaries;

(c) where the IORP offers multiple investment options, the periodical review of the suitability of the investment options for the members according to their risk tolerance, and where there is a default option, the review of the suitability of that default option;

(d) where IORPs do not offer multiple investment options, the periodical review of the investment strategy to consider the long-term risk assessment from the perspective of the members and beneficiaries.

Article 44c

Complaints

1. Member States shall require that IORPs put in place and apply effective procedures and arrangements that are appropriate for the settlement of complaints lodged by members and beneficiaries concerning their rights and obligations laid down in this Directive.

2. The procedures and arrangements referred to in paragraph 1 shall be available in the official languages of the Member State concerned, or in another language accepted by the competent authorities of that Member State, or agreed between the IORP and its members and beneficiaries.

3. Member States shall require that IORPs reply, either electronically or on another durable medium, to the complaints of members and beneficiaries. The reply shall address all points raised within maximum 40 working days.

4. Member States shall ensure that IORPs inform members and beneficiaries who lodge a complaint about at least one alternative dispute resolution (ADR) body which is competent to deal with disputes concerning the rights and obligations of members and beneficiaries laid down in this Directive.

5. Member States shall ensure that the information on the procedures referred to in paragraph 1 is available free of charge to members and beneficiaries in a clear, comprehensive and easily accessible manner through electronic means, including on a durable medium or by means of a website, or on paper. That information shall specify how further information on the ADR body concerned and on the conditions for using it can be accessed.

6. Member States shall ensure that the competent authorities set up procedures which allow members, beneficiaries and other interested parties, including consumer associations, to submit complaints to the competent authorities with regard to alleged infringements of this Directive by IORPs. Member States shall ensure that in all cases, complainants receive replies.

7. Member States shall ensure that were a case that concerns more than one Member State, the complainant may choose to lodge his or her complaint through the competent authorities of his or her Member State of residence, regardless of where the infringement occurred.

Article 44d

Out-of-court redress

1. Member States shall establish adequate, independent, impartial, transparent and effective ADR procedures for the settlement of disputes between IORPs and their members and beneficiaries concerning the rights and obligations laid down in this Directive. Where appropriate, those procedures shall be applied by existing competent bodies. Member States shall ensure that such ADR procedures are applicable, and the relevant ADR body's competence shall effectively extend, to IORPs against whom the procedures are initiated.

2. The bodies referred to in paragraph 1 shall cooperate effectively for the resolution of cross-border disputes concerning rights and obligations arising under this Directive.';

(46) the heading of Title V is replaced by the following:

‘TITLE V
SUPERVISION’

(47) in Title V, the heading of Chapter 1 is replaced by the following:

‘CHAPTER 1
General rules on supervision’

(48) Article 45 is replaced by the following:

‘Article 45

Powers, resources and main objective of supervision by competent authorities

Member States shall ensure that their competent authorities possess all the necessary means and powers for the performance of their duties under this Directive, and have the relevant expertise, capacity, and mandate to achieve the main objective of supervision, namely the protection of the rights of members and beneficiaries and ensuring the stability and soundness of IORPs.’;

(49) the following Article 45a is inserted:

‘Article 45a

Competent authorities

1. Member States shall designate the competent authorities empowered to ensure the implementation of this Directive. They shall inform the Commission thereof, indicating any division of those duties.

2. Where there is more than one competent authority in its territory, a Member State shall ensure that those authorities collaborate closely so that they can discharge their respective duties effectively.

3. Member States shall ensure that competent authorities have a sufficient number of qualified staff and resources that are necessary for the effective performance of their duties.’;

(50) Article 46 is amended as follows:

(a) the title is replaced by the following:

‘**Scope of supervision’**;

(b) the introductory wording is replaced by the following:

‘Member States shall ensure that IORPs are subject to prudential supervision, including the supervision of the following where applicable:’;

(c) the following second paragraph is added:

‘Member States shall also ensure supervision of the compliance with all other provisions of this Directive.’;

(51) Article 47 is amended as follows:

(a) the title is replaced by the following:

'General principles of supervision'

(b) in paragraph 2, the following sentence is added:

'It shall include the verification on a continuous basis of the proper operation of the IORPs' activities and of the compliance with supervisory provisions by IORPs.';

(c) paragraph 4 is replaced by the following:

'4. Supervisory powers shall cover the entire retirement provision business of the IORP, including, where pursuant to national law IORPs are allowed to provide personal pension products, their personal pension provision business. Member States shall ensure that those powers are applied in a manner which is timely and which is proportionate to the nature, scale and complexity of the activities of the IORP.';

(d) the following paragraph 6 is added:

'6. Member States shall ensure that competent authorities monitor market developments relating to the scale of IORPs.';

(52) Article 48 is amended as follows:

(a) the following paragraphs 1a and 1b are inserted:

'1a. Member States shall ensure that their competent authorities have the power to require all information necessary to conduct supervision in accordance with Article 50.

1b. Member States shall ensure that their competent authorities apply supervisory powers in a timely and proportionate manner.';

(b) paragraph 2 is replaced by the following:

'2. Member States shall ensure that their competent authorities have the power:

(a) to take preventive and corrective measures to ensure that IORPs comply with the laws, regulations and administrative provisions with which they have to comply in each Member State;

(b) to take any necessary measures, including where appropriate, those of an administrative or financial nature, with regard to IORPs, and the members of their administrative, management or supervisory body.

Without prejudice to the supervisory powers of competent authorities and the right of Member States to provide for and impose criminal sanctions, Member States shall ensure that their competent authorities may impose administrative sanctions and other measures applicable to all infringements of the national provisions implementing this Directive, and shall take all measures necessary to ensure that those sanctions and other measures are implemented. Member States shall ensure that their administrative sanctions and other measures are effective, proportionate and dissuasive.';

(53) Article 49 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) the first subparagraph is replaced by the following:

'Member States shall ensure that competent authorities review and evaluate the strategies, processes and reporting procedures which are established by IORPs to comply with the laws, regulations and administrative provisions adopted pursuant to

this Directive, taking into account the nature, scale and complexity of the activities of the IORP.';

(ii) the following subparagraph is added:

'The assessments referred to in the second subparagraph, points (b) and (c), shall take into account the risk of the IORP not having sufficient financial resources to cover its current and future operating costs.';

(b) the following paragraphs 1a and 1b are inserted:

'1a. Member States shall ensure that competent authorities in particular review and evaluate compliance with all elements referred to in Article 46.

1b. As part of the review process, the competent authority and each IORP shall conduct, at least every three years, a regular supervisory dialogue.';

(c) paragraph 2 is replaced by the following:

'2. Member States shall ensure that IORPs have procedures in place to identify deteriorating financial conditions and immediately notify the competent authorities when such deterioration occurs.

Member States shall ensure that competent authorities have in place appropriate monitoring tools, including stress-tests, that enable them to identify deteriorating financial conditions in an IORP and to monitor how that deterioration is remedied.';

(d) the following paragraph 2a is inserted:

'2a. The competent authorities shall assess the adequacy of the methods and practices of the IORP designed to identify possible events or future changes in economic conditions that could have adverse effects on the overall financial standing of the IORP concerned.

The supervisory authorities shall assess the ability of the IORP to withstand those possible events or future changes in economic conditions.';

(e) paragraph 4 is replaced by the following:

'4. The reviews, evaluations and assessments referred to in paragraphs 1 and 1a shall be conducted regularly.

The competent authorities shall establish the minimum frequency and the scope of the reviews, evaluations and assessments having regard to the nature, scale and complexity of the activities of the IORP concerned.'

(54) the following Articles 49a and 49b are inserted:

'Article 49a

Regular supervisory dialogue

1. The regular supervisory dialogue referred to in Article 49(1b) shall cover the early identification of vulnerabilities, inefficiencies and structural challenges, and to encourage strategic reflection on the long-term adequacy, efficiency and sustainability of the IORP, including the adequacy of its scale, its capacity for consolidation, cooperation or asset pooling, and the appropriateness of its organisational configuration to operate efficiently and deliver value for members and beneficiaries.

2. Member States shall ensure that the regular supervisory dialogue referred to in Article 49(1b) is based on a set of early warning parameters, including at least all of the following:

(a) the level and evolution of administrative, transaction and investment costs of the IORP;

(b) the net and risk-adjusted rate of return on assets of the IORP;

(c) any shortfall or deviation from promised or targeted benefit levels;

(d) the number and evolution of active members and beneficiaries;

(e) indicators of operational efficiency, risk concentration and institutional resilience.

3. Member States shall ensure that, where the outcome of the regular supervisory dialogue indicates potential weaknesses or deficiencies, their competent authorities invite the IORP concerned to consider strategic options that are appropriate at strengthen its long-term viability and the effective delivery of retirement benefits to members and beneficiaries, including measures that enhance operational scale, consolidation, cooperation, asset pooling or resource-sharing arrangements.

4. Member States shall ensure that the, where material deficiencies are identified, or where there is an underperformance as referred to in Article 41a(1), their competent authority shall require the IORP to draw up a plan for remedial action that sets out the measures, timelines and governance arrangements to address the identified material deficiencies or that underperformance. Such a plan shall consider structural measures to improve efficiency and sound management, including, where appropriate, possible consolidation, cooperation, asset pooling or resource-sharing arrangements.

Member States shall ensure that the IORP's administrative, management or supervisory body adopts the plan referred to in the first subparagraph and submits that plan to the competent authority for review and approval.

Member States shall ensure that the IORP reports periodically on the implementation of the plan referred to in the first subparagraph and on any progress achieved in implementing that plan when requested to do so by the competent authority.

5. Member States shall ensure that the competent authority:

(a) documents the outcome of each regular supervisory dialogue;

(b) may issue recommendations to the IORP concerned.

The recommendations referred to in point (b) of the first subparagraph shall be without prejudice to the powers of the competent authority to adopt binding supervisory measures.

Article 49b

Withdrawal of authorisation

1. The competent authority of the home Member State may withdraw an authorisation granted to an IORP in the following cases:

(a) the IORP concerned does not use its authorisation within 12 months, expressly renounces that authorisation or ceases to pursue activities for more than six

consecutive months, unless the Member State concerned has made provision for authorisation to lapse in such cases;

(b) the IORP concerned no longer fulfils the conditions for authorisation;

(c) the IORP concerned fails seriously in its obligations under the regulations to which it is subject.

2. In the event of the withdrawal or lapse of authorisation, the competent authority of the home Member State shall notify the competent authorities of the other Member States accordingly, and those authorities shall take appropriate measures to prevent the IORP from commencing new operations within their territories.

The competent authority of the home Member State shall, together with those authorities, take all measures necessary to safeguard the interests of members and beneficiaries and, in particular, shall restrict the free disposal of the assets of the IORP.

3. Any decision to withdraw authorisation shall state the full reasons and shall be communicated to the IORP concerned. Every withdrawal of authorisation shall be notified to EIOPA.';

(55) Article 50 is amended as follows:

(a) the following paragraphs are inserted after the title:

'Member States shall require IORPs to submit to the competent authorities the quantitative and qualitative information which is necessary for the purposes of supervision, taking into account the objectives of supervision laid down in Article 45, the scope of supervision laid down in Article 46, and the general principles of supervision laid down in Article 47, in particular the principle of proportionality.

Member States shall ensure that the competent authorities have the following powers:

(a) to determine the nature, the scope and the format of the information referred to in the first subparagraph, which they require IORPs to submit on a regular or ad hoc basis;

(b) to obtain any information regarding contracts which are entered into with third parties; and

(c) to require information from external experts, such as auditors and actuaries.';

(b) the third subparagraph is amended as follows:

(i) in point (d), the following point is added:

'(vii) business plans referred to in Article 9;';

(ii) the following point (g) is added:

'(g) require IORPs to submit regularly quantitative templates specifying in greater detail and supplementing the information contained in the reports referred to in points (c) and (d), including information requested in accordance with Article 35 of Regulation (EU) No 1094/2010 necessary for the performance of duties entrusted to EIOPA under that Regulation and under this Directive';

(iii) the following paragraphs are added:

‘Member States shall ensure that IORPs report on annual basis to the competent authorities information on investment returns, net of investment costs, and all costs and charges incurred in connection with their activities.

Member States shall ensure that competent authorities require IORPs to apply a look-through approach, ensuring that all costs and charges incurred at the level of investment funds, asset managers and transactions are included, and that the no-netting principle is applied.

In order to ensure uniform conditions of application of this Article, EIOPA shall develop draft implementing technical standards on the procedures, formats and templates, which shall, where applicable, distinguish between occupational and personal pensions.

Power is conferred to the Commission to adopt the implementing technical standards referred to in the fourth subparagraph in accordance with Article 15 of Regulation (EU) 1094/2010.’;

(56) the following Article 50a is inserted:

Article 50a

Supervision of outsourced functions and activities

1. Member States shall ensure that IORPs which outsource a function or an activity take the necessary steps to ensure that the following conditions are satisfied:

(a) the service provider cooperates with the supervisory authorities of the IORP to ensure supervision of the outsourced function or activity;

(b) the IORP, its auditors and the competent authorities have effective access to data related to the outsourced functions or activities, including the power to request information from IORPs and from service providers about outsourced key functions or any other activities at any time;

(c) the competent authorities have effective access to the business premises of the service provider and must be able to exercise those rights of access.

2. The Member State where the service provider is located shall permit the competent authorities of the IORP to carry out themselves, or through the intermediary of persons they appoint for that purpose, on-site inspections at the premises of the service provider. The competent authorities of the IORP shall inform the appropriate authority of the Member State of the service provider prior to conducting the on-site inspection. In the case of a non-supervised entity the appropriate authority shall be the competent authority.

The competent authorities of the Member State of the IORP may delegate such on-site inspections to the competent authorities of the Member State where the service provider is located.

3. Where a competent authority has informed the appropriate authority of the Member State of the service provider that it intends to carry out an on-site inspection in accordance with this paragraph, or where it carries out an on-site inspection in accordance with the first subparagraph where that competent authority is unable in practice to exercise its right to carry out that on-site inspection, the competent authority may refer the matter to EIOPA and request its assistance in accordance

with Article 19 of Regulation (EU) No 1094/2010. In that case, EIOPA may act in accordance with the powers conferred on it by that Article.

In accordance with Article 21 of Regulation (EU) No 1094/2010, EIOPA shall be entitled to participate in on-site examination where they are carried out jointly by two or more supervisory authorities.';

(57) Article 51 is amended as follows:

(a) paragraph 2 is amended as follows:

(a) points (a) and (b) are replaced by the following:

'(a) the texts of laws, regulations, administrative rules and general guidance in the field of occupational pension schemes, and, where applicable, personal pension products, and information about whether the Member State chooses to apply this Directive in accordance with Articles 4 and 5;'

(b) the general criteria and methods used in the supervisory review process as set out in Article 49, including, in particular, an overview of their risk assessment framework.';

(b) point (d) is replaced by the following:

'(d) the main objective of supervision, information on the main functions and an annual report on the activities of their competent authorities;';

(c) the following subparagraphs are added:

'The disclosure provided for in the first subparagraph shall be sufficient to enable a comparison of the supervisory approaches adopted by the competent authorities of the different Member States.

The information referred to in the first subparagraph, points (a) to (e), shall be accessible at a single electronic location in each Member State.';

(b) in paragraph 3, the following subparagraph is added:

'The members of the governing and managing bodies of the competent authorities shall have the qualifications, experience and skills required to perform their duties and exercise their powers and shall not be dismissed for reasons related to the proper performance of their duties or to the proper exercise of their powers. They may be dismissed only if they no longer fulfil the conditions required for the performance of their duties or if they have been found guilty of serious misconduct under national law. The conditions required for the performance of their duties, and what constitutes serious misconduct, shall be laid down in advance in national law.';

(c) the following paragraph 4 is added:

'4. Member States shall ensure that competent authorities publish, on a single public website, clear, comparable and easily accessible information on the total annual costs, past performance and risk profile for all pension schemes operated by IORPs.

For each pension scheme and, where applicable investment option, the published information shall include at least:

(a) the classification of the scheme by risk profile;

(b) total costs and charges reported to national competent authorities in accordance with Article 50(7), expressed as a single annual percentage of total contributions of the previous twelve months; and

(c) past performance for completed financial years, including the most recent year.

The information referred to in the second subparagraph, points (b) and (c), shall be provided for at least the previous 10 years or, in cases where the scheme has been provided for less than 10 years, covering all years for which the scheme has been provided.

Competent authorities shall verify the accuracy and timeliness of the information, and ensure its publication without delays once such verification has been completed.

(58) the following Article 55a is inserted:

'Article 55a

Collaboration platforms

1. EIOPA may, in the case of justified concerns about negative effects on members and beneficiaries, on its own initiative or at the request of one or more of the relevant competent authorities, set up and coordinate a collaboration platform to strengthen the exchange of information and to enhance collaboration between the relevant competent authorities where an IORP carries out, or intends to carry out, cross-border activities, where such activities are of relevance with respect to the host Member State's market.

2. Paragraph 1 shall be without prejudice to the right of the relevant competent authorities to set up a collaboration platform where they all agree to do so.

3. The setting up of a collaboration platform pursuant to paragraphs 1 and 2 is without prejudice to the supervisory mandate of the competent authorities of the home Member State and host Member State provided for in this Directive.

4. Without prejudice to Article 35 of Regulation (EU) No 1094/2010, at the request of EIOPA, the relevant competent authorities shall provide all necessary information in a timely manner.

5. Where two or more competent authorities of a collaboration platform disagree about the procedure or content of an action to be taken, or inaction, EIOPA may, at the request of any relevant competent authority or on its own initiative, assist the competent authorities in reaching an agreement in accordance with Article 19(1) of Regulation (EU) No 1094/2010.

6. In the event of disagreement within the platform and where there are serious concerns about negative effects on members and beneficiaries or about the content of an action or inaction to be taken in relation to an IORP, EIOPA may call for the competent authority of the home Member State to launch an on-site inspection of the IORP. The competent authority of the home Member State shall launch the on-site inspection without delay and shall invite EIOPA and other competent authorities concerned to participate in it.';

(59) Article 59 is replaced by the following:

'Article 59

Publication of national rules

1. Member States shall ensure appropriate publication by their competent authorities of requirements of social and labour law relevant to the field of occupational pension schemes under which a pension scheme sponsored by an undertaking in the host Member State must be operated which shall apply to cross-border activities of IORPs as referred to in Article 11(1).

2. EIOPA shall include on its website the hyperlinks to the websites of competent authorities where information on such rules is published. Such information shall be up-to-date and EIOPA shall make the information available on its website, with all such rules categorised into different relevant areas of law.

3. Member States shall establish a single point of contact responsible for providing information on the requirements of social and labour law relevant to the field of occupational pension schemes under which the pension scheme sponsored by an undertaking in the host Member State must be operated which shall apply to cross-border activities of IORPs in their respective Member State. Such a point of contact should be an appropriate competent authority.

4. EIOPA shall examine in a report, and inform the Commission about the rules published by Member States as referred to in this Article in the context of the proper functioning of this Directive and of the internal market before [PO = *please insert 6 months after the application date of this directive]*.;

(60) Articles 61 and 62 are replaced by the following:

'Article 61

Processing of personal data

With regard to the processing of personal data within the framework of this Directive, IORPs and competent authorities shall carry out their tasks in accordance with Regulation (EU) 2016/679. With regard to the processing of personal data by EIOPA within the framework of this Directive, EIOPA shall comply with Regulation (EU) 2018/1725.

Article 62

Evaluation

By [PO please insert date = four years after the date of application of this Directive], EIOPA shall submit a report to the Commission, the European Parliament and the Council on the implementation of this Directive, in particular regarding the following aspects:

(a) the extent to which this Directive contributes to the integration, efficiency and scale-up of occupational retirement provision within the internal market, including trends in consolidation and cooperation between IORPs;

(b) the experience acquired in applying this Directive, including its impact on the size, cost-efficiency, consolidation and professionalisation of IORPs, and its role in fostering trust, transparency and sound risk management in the interests of members and beneficiaries;

(c) the optional extension of the scope of application of this Directive in accordance with Article 4, and its effect on the market for supplementary pensions.';

(61) the following Article 64a is inserted:

'Article 64a
Exercise of delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Articles 17(7) and 38(6) shall be conferred on the Commission for an indeterminate period of time from [PO = please insert date of entry into force].

3. The delegation of powers referred to in Articles 17(7) and 38(6) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to Articles 17(7) and 38(6) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.'.

Article 2
Amendments to Directive (EU) 2016/97

Directive (EU) 2016/97 is amended as follows:

(1) in Article 2(1), the following points 19 and 20 are added:

'(19) 'personal pension product' means a personal pension product as defined in point 1 of Article 2 of Regulation (EU) 2019/1238 of the European Parliament and of the Council*.'

(20) 'pension tracking system' means a digital tool, typically a secure web portal or mobile application, that provides individuals with an overview of their individual accrued pension entitlements, and projections of future benefits, across the pension schemes of which the individual is a member or beneficiary.

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* Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) (OJ L 198, 25.7.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/1238/oj).';

(2) Article 22 is amended as follows:

(a) in paragraph 5, the word ‘mandatory’ is deleted;

(b) the following paragraph is added:

‘6. Member States shall ensure that, where the insurance distributor is responsible for the provision of occupational pension arrangements, prospective members, members and beneficiaries of such arrangements receive, at least, the information referred to in Articles 36 to 44 of Directive (EU) 2016/2341.’;

(3) the following Article 22a is inserted:

‘Article 22a
Pension tracking systems

1. Member States shall ensure that, where pension tracking systems are in place, they cover the pension entitlements administered by insurance undertakings and insurance intermediaries.

2. For the purposes of paragraph 1, Member States shall ensure that insurance undertakings and insurance intermediaries transmit to pension tracking systems, where such system have been established, all information necessary to provide customers with a comprehensive, reliable and up-to-date overview of their personal and occupational entitlements, insofar as those entitlements arise from occupational pension arrangements or personal pension products provided or distributed by insurance undertakings or insurance intermediaries.

3. Member States shall ensure that the information referred to in paragraph 2 is transmitted in standardised and interoperable format enabling pension tracking systems to aggregate data on accumulated value, accrued rights and projected benefits in a coherent and comparable manner.

4. Member States shall ensure that insurance undertakings and insurance intermediaries remain fully responsible for the completeness and accuracy of the data transmitted and for the fulfilment of all communication obligations provided for in this Article.

5. Member States shall ensure that competent authorities monitor and enforce compliance with this Article and take corrective measures where insurance undertakings or insurance intermediaries fail to provide complete, accurate or timely information.

6. The format and structure of the information to be transmitted to pension tracking systems shall be consistent with Article 29.’.

Article 3
Grandfathering

IORPs which were registered or authorised under Directive (EU) 2016/2341 before [PO = please insert 1 day before application date of this Directive] are automatically recognised as IORPs authorised under national provisions transposing this Directive.

Article 4
Transposition

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [PO = 2 years after entry into

force] at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

Article 5
Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 6
Addressees

This Directive is addressed to the Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Directive amending Directive (EU) 2016/2341 as regards the strengthening of the framework for occupational retirement provision, and amending Directive (EU) 2016/97aaa1.2. Policy area(s) concerned

Capital Markets Union, Savings and Investments Union, Supplementary Pensions

1.3. Objective(s)

1.3.1. General objective(s)

The primary objectives pursued by this legislative proposal amending Directive (EU) 2016/2341 (IORP II Directive) are to promote stronger and more sustainable retirement savings outcomes for beneficiaries, enhance transparency regarding both costs and returns, and strengthen risk management practices across supplementary pension schemes. In addition, the review aims to remove barriers that hinder efficient investment in the real economy and to facilitate the scaling up of pension providers, enabling them to benefit from economies of scale, improve asset allocation, and deliver greater value to members and beneficiaries. In doing so, the reform seeks to raise standards across the supplementary pensions landscape, fostering greater value, increased resilience and enhanced long-term security for members.

1.3.2. Specific objective(s)

The specific objectives of the proposed amendments to Directive (EU) 2016/2341 are the following:

- Streamlining investment rules to remove undue regulatory constraints that limit the ability of private pension providers to invest efficiently, even where members and beneficiaries do not bear investment risks.

- Promoting economies of scale, which determine IORPs' capacity to invest in sophisticated, riskier and illiquid financial instrument.

- Providing Member States with an option to extend the application of Directive (EU) 2016/2341 to institutions otherwise excluded from its scope, where such institutions are not covered by any other Union prudential framework.

- Fostering more professional and efficient management of retirement savings and strengthening supervision. While retirement savers are not in the position to monitor pension providers' activity and request corrective measures, supervisors can, and their mandate should encompass stronger supervision of the system of governance and investment performance.

1.3.3. Expected result(s) and impact

- More efficient management of retirement savings and supervision thereof

- Promotion of scale and prudent access to higher long term capital market investment by improving the regulatory environment in which IORPs operate

- Greater scale and cross-border efficiencies in the supplementary pensions sector

- Clearer implementation of the prudent person principle which can nudge IORPs towards investment policies that efficiently and effectively combine risk mitigation with long-term return objectives.

1.3.4. Indicators of performance

Through this proposal, the Commission aims to enable – and will monitor – the following: - Further consolidation and scaling-up of pension institutions - Higher long term investments in capital markets and the real economy - Lower costs and better performance on pension savings, as disclosed by competent authorities

1.4. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project / preparatory action

[1]

☑ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

With this proposal, the Commission proposes a Directive amending Directive (EU) 2016/2341. Member States will have 12 months to transpose the amendments introduced by this Directive from the entry into force.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

The Directive on the activities and supervision of institutions for occupational retirement provision (IORPs) has been established at EU level since 2016, because only Union action can set a common regulatory framework for IORP providers. In this regard, in order to revise rules, including in relation to cross-border activities, action at EU level through an amending Directive is required.

1.5.3. Lessons learned from similar experiences in the past

Not applicable

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

Not applicable

1.5.5. Assessment of the different available financing options, including scope for redeployment

The proposal further clarifies EIOPA's role in supervisory coordination, which already forms an integral part of its mandate. The explicit introduction of the possibility to establish collaboration platform does not alter EIOPA's mandate and is not expected to affect its ability to deliver on its mandate within existing resources.

[1] As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

1.6. Duration of the proposal/initiative and of its financial impact

☐ **limited duration**

– ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☐ **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned

☐ **Direct management** by the Commission

– ☐ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated

– ☐ international organisations and their agencies (to be specified)

– ☐ the European Investment Bank and the European Investment Fund

– ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation

– ☐ public law bodies

– ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees

– ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act

– ☐·bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

Not applicable

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Not applicable

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

Not applicable

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

Not applicable

2.*2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)*

Not applicable

2.3. Measures to prevent fraud and irregularities

Not applicable

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[39]	from EFTA countries[40]	from candidate countries and potential candidates[41]	From other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

39 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
40 EFTA: European Free Trade Association.
41 Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☐ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	

DG: <…….>			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**

Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes	(6)		0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING <….>	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	Number	

DG: <…….>	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations					

Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b +3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b +3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**

TOTAL appropriations of an administrative nature financed from the envelope for specific programmes	(6)		0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING <….> of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	**7**	'Administrative expenditure'

DG: <…….>		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

EUR million (to three decimal places)

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	

DG: <…….>		Year	Year	Year	Year	TOTAL MFF 2021-2027	
		2024	**2025**	**2026**	**2027**		
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**

Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>		Year	Year	Year	Year	**TOTAL MFF 2021-2027**		
		2024	**2025**	**2026**	**2027**			
Operational appropriations								
Budget line	Commitments	(1a)						**0.000**
	Payments	(2a)						**0.000**
Budget line	Commitments	(1b)						**0.000**
	Payments	(2b)						**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes								
Budget line		(3)						**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**

TOTAL appropriations of an administrative nature financed from the envelope for specific programmes	(6)		0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING <….>	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	Number	

DG: <…….>			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>		Year	Year	Year	Year	**TOTAL MFF 2021-2027**	
		2024	**2025**	**2026**	**2027**		
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**

	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes	(6)		0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING <….>	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**

• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under Headings 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	**7**	'Administrative expenditure'

EUR million (to three decimal places)

DG: <…….>		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

EUR million (to three decimal places)

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **2024**		Year **2025**		Year **2026**		Year **2027**		Enter as many years as necessary to show the duration of the impact (see Section1.6)						**TOTAL**	
	OUTPUTS																	
	Type[42]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1[43]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		

42 Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

43 As described in Section 1.3.2. 'Specific objective(s)'

- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

3.2.3. *Summary of estimated impact on administrative appropriations*

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.3.2. Appropriations from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.3.3. Total appropriations

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**

Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources

– ☐ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)

VOTED APPROPRIATIONS		Year **2024**	Year **2025**	Year **2026**	Year **2027**
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (inFTEs)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

3.2.4.2. Financed from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year **2024**	Year **2025**	Year **2026**	Year **2027**
• Establishment plan posts (officials and temporary staff)				
20 01 02 01 (Headquarters and Commission's Representation Offices)	0	0	0	0
20 01 02 03 (EU Delegations)	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0

Other budget lines (specify)		0	0	0	0
• External staff (in full time equivalent units)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

3.2.4.3. Total requirements of human resources

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES		Year **2024**	Year **2025**	Year **2026**	Year **2027**
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (in full time equivalent units)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	**Exceptional additional staff***		
		To be financed under Heading 7 or Research	**To be financed from BA line**	**To be financed from fees**
Establishment plan posts			N/A	

External staff (CA, SNEs, INT)

Description of tasks to be carried out by:

Officials and temporary staff	
External staff	

3.2.5. Overview of estimated impact on digital technology-related investments

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as "Policy IT expenditure on operational programmes". This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 "Digital dimensions".

TOTAL Digital and IT appropriations	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021 - 2027**
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

– ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

– ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

– ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

– ☐ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2024**	Year **2025**	Year **2026**	Year **2027**	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. Estimated impact on revenue

– ☐ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

  – ☐ on own resources

  – ☐ on other revenue

  – ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[44]			
		Year **2024**	Year **2025**	Year **2026**	Year **2027**
Article …….					

For assigned revenue, specify the budget expenditure line(s) affected.

Not applicable

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[44] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

4. DIGITAL DIMENSIONS

4.1. Requirements of digital relevance

List of requirements of digital relevance

Reference to the requirement	Requirement description	Actors affected or concerned by the requirement	High-level processes	Category
Article 11	Exchanges of information between home and host competent authorities should be made faster, allowing closer coordination including, where appropriate, through the involvement of the European Insurance and Occupational Pensions Authority ('EIOPA'). Member States shall ensure that all procedures and formalities relating to cross-border activities and procedures can be easily completed through electronic means	NCAs, EIOPA	Exchange of information	Data; Process automation; Digital Solution; Digital public service
Article 22a	Where pension tracking systems are in place, Member States shall ensure that insurance undertakings and insurance intermediaries transmit to pension tracking systems, where such system have been established, all information necessary to provide customers with a comprehensive, reliable and up-to-date overview of their personal and occupational entitlements	Member States; Insurance undertakings and insurance intermediaries	Transmission of information	Data; Digital Solution; Digital public service
Article 37a	Member States shall ensure that IORPs transmit to pension tracking systems, where such system have been established, all information necessary to provide members and beneficiaries with a comprehensive, reliable and up-to-date overview of their occupational and personal pension entitlements. IORPs remain fully responsible for the completeness and accuracy of the data transmitted and for the fulfilment of all communication obligations. The format	Member States, IORPs	Transmission of information	Data; Digital Solution; Digital public service

	and structure of the information to be transmitted to pension tracking systems shall, to the maximum extent possible, ensure alignment with Commission Delegated Regulation (EU) 2021/473			
Article 55a	EIOPA may, on its own initiative or at the request of one or more of the relevant competent authorities, set up and coordinate a collaboration platform to strengthen the exchange of information and to enhance collaboration between the relevant competent authorities where an IORP carries out, or intends to carry out, cross-border activities. The relevant competent authorities shall provide all necessary information in a timely manner	NCAs, EIOPA	Publish; Monitor; Manage registry	Data, Digital Public Service

4.2. Data

High-level description of the data in scope and any related standards/specifications

Type of data	Reference to the requirement	Standard and/or specification (if applicable)
Information necessary to provide members and beneficiaries with a comprehensive, reliable and up-to-date overview of their occupational and personal pension entitlements	Article 22a; Article 37a	To be defined by the NCAs
Information related to cross-border activities and procedures; Collaborative platforms	Article 11; Article 55a	To be defined by EIOPA

Data flows

Type of data	Reference to the requirement	Actor who provides the data	Actor who receives the data	Trigger for the data exchange	Frequency (if applicable)

Information necessary to provide members and beneficiaries with a comprehensive, reliable and up-to-date overview of their occupational and personal pension entitlements	Article 22a; Article 37a	IORPs, Insurance undertakings and insurance intermediaries	Pension tracking system provider	//	//
Information related to cross-border activities and procedures; Collaborative platforms	Article 11; Article 55a	NCAs	NCAs, EIOPA	//	//

4.3. Digital solutions

See section above

Digital solution	Reference(s) to the requirement(s)	Main mandated functionalities	Responsible body	How is accessibility catered for?	How is reusability considered?	Use of AI technologies (if applicable)
Updating of existing pension tracking systems	Article 22a; Article 37a	IORPs, insurance undertakings and insurance intermediaries and distributors could transmit to pension tracking systems, where these exist, all information necessary to provide customers with a comprehensive, reliable and up-to-date overview of their personal and occupational entitlements	Pension tracking system provider, NCAs	To be defined by NCAs	To be defined by NCAs	No

Collaborative platforms	Article 11; Article 55	Provide information related to cross-border activities and procedures	NCAs	To be defined by EIOPA	To be defined by EIOPA	No

Pension tracking systems

Digital and/or sectorial policy (when these are applicable)	Explanation on how it aligns
AI Act	Not applicable
EU Cybersecurity framework	Without prejudice to Regulation (EU) 2016/679, Member States shall ensure the security, integrity, authenticity and confidentiality of the data collected and stored for the purpose of this Directive. To be further detailed by NCAs
eIDAS	Not applicable
Others	//

Collaborative platforms

Digital and/or sectorial policy (when these are applicable)	Explanation on how it aligns
AI Act	Not applicable
EU Cybersecurity framework	Without prejudice to Regulation (EU) 2016/679, Member States shall ensure the security, integrity, authenticity and confidentiality of the data collected and stored for the purpose of this Directive. To be further detailed by EIOPA
eIDAS	To be further detailed by EIOPA
Others	//

4.4. Interoperability assessment

Digital public service or category of digital public services	Description	Reference to the requirement	Other interoperability solution
Collaborative platform	Information related to cross-border activities; information exchange and enhance collaboration between the relevant competent authorities where an IORP carries out, or intends to carry out, cross-border activities	Article 11; Article 55a	//
Pension tracking systems	Up-to-date information on members' and beneficiaries' entitlements	Article 22a; Article 37a	//

4.5. Measures to support digital implementation

Not applicable