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Gabriel Bernardino  
President  
European Insurance and  
Occupational Pensions Authority  
(EIOPA)

**Subject: Technical advice to develop an EU Single Market for personal pension schemes**

Dear Gabriel,

I refer to EIOPA's advice of 15 February 2012 in relation to the review of Directive 2003/41/EC concerning the activities and supervision of institutions for occupational retirement provision (IORP Directive).

I refer in particular to CfA1 providing advice on the scope of the IORP Directive. You will recall that the EIOPA work done in this context concludes that the defined contribution (DC) schemes that fall outside the scope of the IORP Directive are not occupational in the meaning that an employer has no role in the establishment or funding of these schemes. The DC schemes in question are supplied by private financial institutions such as insurance undertakings or asset management companies in a retail market, although and in some Member States, and not only in those that acceded to the EU after 2004, they often constitute the funded tier of the statutory pension scheme. EIOPA's advice also mentions that many of the national regulations applicable to personal pension schemes have been inspired by the UCITS Directive.

Against this background, EIOPA advises that the introduction of an EU prudential regime for personal pension schemes would be more effective if done outside the IORP Directive.

Building on that, I would like to invite EIOPA to continue the work done so far on non-occupational (i.e. personal) pension schemes, including those operating on a defined benefit basis.

I understand that EIOPA's Occupational Pensions Committee (OPC) is in the process of completing a comprehensive stock taking exercise that maps out in a systematic manner the occupational and personal pension schemes that exist in each Member State. The mapping is stored in a common database so that the OPC can regularly check the accurateness of the information. I think it is very important that personal pension

schemes are considered in close connection with occupational pension schemes because the borderline between personal and occupational pensions is often blurred.

After completion of a first version of the database of pension plans/products scheduled for this November, I invite EIOPA to engage in a second phase with a view to providing technical advice on the prudential regulation and consumer protection measures required to develop an EU-wide framework for the activities and supervision of personal pension funds. EIOPA's advice should consider at least two approaches: (i) develop common rules to enable cross-border activity of personal pension schemes (similar to the IORP Directive); and (ii) develop a 28<sup>th</sup> regime, whereby EU rules do not replace national rules but are an optional alternative to them. This latter approach is also important in the context of the White Paper on pensions, where we announce that we will present an initiative aimed at raising the quality of third-pillar retirement products possibly through an EU certification scheme.

I am aware that we have to carefully consider the timing of the second phase. The QIS for IORPs will certainly keep resources scarce until June 2013. I would like to invite you and your colleagues to develop a realistic timeframe in close collaboration with my colleagues from the Insurance and Pensions Unit. Please be informed in this respect that the work envisaged might form part of a more general action plan from the Commission to further strengthen the Single Market for financial services in the coming years.

I look forward to receiving your reply.

Yours sincerely,

Jonathan Faull

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