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**Dear Paul,**

## REVIEW OF PENSIONS INSTITUTIONS

First of all I would like to congratulate to your mandate to undertake a Review of Pensions Institutions in the UK. I am grateful to you for the opportunity to comment the proposals, as well.

As you know very well the following major developments impact the European private pension market in the near future:

- The review of the IORP Directive conducted by the Commission next year in the light of the implementations,
- The political decision next year on Level II in the applicability of Solvency II for of occupational pensions,
- The preparation and approval of the Portability Directive.

CEIOPS has been preparing a report on the implementation of the IORP Directive which is expected to be published by the end of this year. We have been analyzing the market developments indicated by the IORP Directive. Based on this experience I confirm that the current UK supervisory structure (FSA and The Pensions Regulator) works very efficiently in the case of cross border pensions. The current separation of the two agencies does not cause any problems in the fulfillment of the responsibilities of a competent authority regulated by the IORP Directive. This is an essential observation taking into account that in the majority of the cases UK serves as a home Member State. Moreover, the existence of a supervisory authority working on private pensions significantly supports my work as the OPC chair.

CEIOPS has not developed its official view on Solvency II and pensions. There are many cons and pros in this regard. My personal view in this field that one may not forget that there is a high variety of private pension arrangements within the EU. Therefore, this question appears differently

in the different regimes. In a country with insurance type private pension solutions other arguments may arise in comparison with a country with more investment type of pension arrangements, however, an EU wide framework is needed. Furthermore, I believe that at the analyses one may consider Solvency II as a general framework consisting of 3 pillars rather than only one, on capital requirements.

As you may know CEIOPS is not entitled to address social and labor aspects therefore the Portability Directive falls out of its scope.

I hope that these comments may support your work to which I wish you a great success.