

**Consultation Paper of the EBA, EIOPA and ESMA on its
proposed response to the European Commission’s Call for
Advice on the Fundamental Review of the Financial
Conglomerates Directive**

**Reply of the European Federation of Financial Services Users
(EuroFinuse)**

13 August 2012

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We would like to answer specifically to the following questions raised by ESMA:

- What should be the parameter of supervision, where a financial conglomerate is supervised on a group wide basis? Should Institutions for Occupational Retirement Provision (IORPs) be included as part of a financial conglomerate?

We support the First Recommendation of the European Supervisory Authorities to the Call for Advice from the European Commission regarding the inclusion of the Institutions for Occupational Retirement Provision (IORPs) into the scope of the Financial Conglomerates Directive.

We believe IORPs should be considered as financial conglomerates, whenever they in conjunction with their parent undertakings reached a relevant size. In terms of systemic stability, there are no significant differences in banking, investment or insurance firms. That is why IORPs fall, in our opinion, within the definition of “financial sector”. As a matter of fact, it is necessary to consider the expected increase of the IORP’s role in the economy, due to the shrinkage of welfare state-related benefits and the necessity to increase the Pillar II and Pillar III-type pension benefits that citizens receive.

We accept that risks can be differently assessed depending on the type of business (banking, insurance, pensions), and that IORPs’ influence on systemic stability may not be as high as for banking business. However, such risks when combined in institutions dealing with many kinds of businesses are more difficult to assess. That would in practice multiply the risk associated with such activities, either for banking, insurance or pensions. Other institutions providing insurance ancillary services undertakings and all special purpose vehicles or entities, and mixed financial holding companies (MFHCs) should also be taken into account in deciding on the scope of the FICOD II.

Finally, we understand that due to the current revision of the IORP Directive, there is no certainty about its future scope (whether it will consider large, systemically important institutions). However, in our view, it is important to ensure that large conglomerates containing at least one IORP will be effectively regulated for the next years. This is the right moment to do it as the two related pieces of legislation at the EU level are currently being reviewed.