

MEP Brian Hayes
European Parliament
60 rue Wiertz
B-1047 - Bruxelles

Re: 1st December ECON Committee vote on the IORP II Directive (recast): Key and comparable information to EU pension savers eliminated

C/C: Commissioner for Financial Stability, Financial Services and Capital Markets Union Jonathan Hill, Pensions and Insurance Head of Unit Nathalie Berger, Paul Tang MEP, Ashley Fox MEP, Sophia In't Veld MEP, Miguel Urban Crespo MEP, Bas Eickhout MEP, Marco Valli MEP, ECON Chair Roberto Gualtieri MEP

Dear MEP Hayes,

We write to you in your capacity as Rapporteur for the Revision of the IORP Directive (Institutions for Occupational Retirement Provision).

Better Finance, the European Federation of Investors and Financial Services Users, is the representative at EU level of EU citizens as individual shareholders, retail investors, pension savers and financial services consumers. We represent about 50 member associations throughout the EU, which in turn count with over 4 million citizens as their members.

As a qualified representative at EU level of the participants to IORP schemes, we have closely followed the developments in the European Parliament in relation to the proposal for revision of the Directive from the European Commission.

We are deeply concerned by the proposed Amendments in the ECON draft report on the IORP Directive that would constitute a very significant step backwards in the protection of EU pension savers, by a severe watering down of the information that IORP participants would receive through the so-called "Pension Benefit Statement" (PBS).

As you probably know, European institutions in the recent years have been trying to improve and align transparency requirements for retail savings products through the PRIIPS Directive amongst other initiatives. Better Finance has supported these moves, as an avid advocate for transparency for retail investors and financial services users - especially in the areas of performances and fees - urging European institutions to properly align the levels of pre-contractual and ongoing disclosure in retail investment products. We deem transparency in IORPs to be a key factor in the promotion of competition and efficiency between these, in line with the objectives and the Action Plan of the Capital Markets Union initiative, and to the direct benefit of IORP beneficiaries. Therefore, and contrary to the proposed Amendments in the ECON draft report, the 'PBS' should include clear and

standardised (comparable) information about costs and past performance. Better Finance's annual research report on "Pension Savings: The Real Returns"¹ has proven that too many pension saving schemes in the EU destroy pension savings in real terms, which is mainly due to excessive fees and poor disclosure on the returns over the long-term. In addition, the recent Capital Markets Union Action Plan expressly asks the European Supervisory Authorities to promote the transparency of long term retail and pension products and to analyse the actual net performance and fees². The ECON Committee amendments are clearly in direct contradiction with the CMU Action Plan.

Finally, the ECON draft report includes proposals to delete the Commission's requirement for IORPs to disclose the funding levels to IORP participants. We deem this as crucial information as unfunded IORPs pose a threat to citizens participating to them. Hiding this information from pension funds participants is simply outrageous, as millions of European pension savers have already been defrauded on that basis.

We would very much appreciate to have the opportunity to meet with you at your earliest convenience to discuss this dramatic issue affecting the protection of EU savers.

I thank you for your attention.

Yours faithfully,



Guillaume Prache
Managing Director
Better Finance

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http://betterfinance.eu/fileadmin/user_upload/documents/Research_Reports/en/Pension_Report_2015_Edition_For_Web.pdf

²European Commission's Action Plan on Building a Capital Markets Union, September 2015, page 18
http://ec.europa.eu/finance/capital-markets-union/docs/building-cmu-action-plan_en.pdf