

2012 Report on Market Developments

This report provides a general overview on the developments in cross-border arrangements of Institutions for Occupational Retirement Provision (IORPs), following the implementation by Member States of Directive 2003/41/EC¹.

This is the sixth report in a series on Market Developments² and shows the growth in the number of cross-border IORPs³, as formally notified to Member States during the course of a twelve month period from June 2011 until June 2012.

1. The process adopted

Member States were invited to update on cross-border activity for this one year period of June 2011 to June 2012, from the perspective of the **home state**.

The update asked for a report on new cross-border IORPs homed in their territory, including descriptive data such as benefit type (Defined Benefit or Defined Contribution) and the number of members and beneficiaries involved in the cross-border arrangement. Respondents also reported on any new **host state** activity of existing cross-border IORPs, since it is possible for an existing institution to expand its activity into another Member State.

Following on from the three most recent reports, we repeated the question whether or not any established IORP had withdrawn from previously reported cross-border activity. The cessation of activity was a new category introduced in 2009 to capture the situation where arrangements had been set up and notified in previous reports, but for a variety of reasons, they were then formally withdrawn.

In 2010 and 2011, an additional question was asked as to whether any existing IORPs have never had any members in the host state in relation to the cross-border activity. This was designed to find out about dormant or inactive IORPs that had not formally withdrawn but were not operating as active IORPs. This additional question was repeated this year.

¹ Directive 2003/41/EC is on the Activities and Supervision of Institutions for Occupational Retirement Provision

² For 2011 report see EIOPA-BoS-11/023.

³ The IORP Directive requires all new cross-border arrangements to be taken into the notification process, including the situation where an IORP, which already operates cross-border, wants to extend this arrangement into another sponsoring employer and/or host state.

2. The findings

Table A (below) shows new notifications and withdrawals received during the period June 2011 to June 2012. Table B updates the table published in previous reports and summarises responses showing the identity of home and host states and the number of cross-border IORPs since 2007.

As is now well documented, Member States have adopted different approaches as to how they identify and/or recognise a cross-border arrangement. In particular, it must not be assumed that notification of a cross-border arrangement by the home state is agreed with by the host state and has been followed by actual cross-border membership. Therefore some care must be taken in reaching conclusions relating to home and host state activity and making comparisons between states.

Nevertheless, this report continues to facilitate the tracking of individual states' cross-border activity over time and provides a view of the overall level of activity across the EEA.

2.1 Overall results

The results of the 2012 survey show that during the 12 month period from June 2011 to June 2012, a total of 6 new cross-border IORPs have been reported. This represents an increase of 7% on the total number of cases reported in the 2011 report.

However, the results also show the cessation of cross-border activity by 6 IORPs during the reporting period. Information on withdrawals is only presented where the Member State Competent Authority has been formally notified of a withdrawal, and the full procedures for withdrawal have been undertaken by the IORP in question. The requirements for this may vary from state to state.

Therefore, in total, there was no change during the period in the number of IORPs operating cross-border. This is in comparison to the 8% increase reported in the previous report, and the 3% increase reported in 2010.

2.2 Home activity of Member States

The reported number of home states in the 2011 report was 9, an increase from 7 in 2010. This year, 3 states reported new cross-border IORPs – Belgium, Ireland and the United Kingdom -, but all already were home states to IORPs operating cross-border. In addition, 2 states reported withdrawals of cross-border IORPs – Ireland and the United Kingdom -, but both remain home states to other IORPs operating cross-border. Therefore, the number of home states has remained steady at a total of 9 states.

2.3 Host activity of Member States

In relation to acting as the host state, we see greater levels of diversity compared to home state designation. A large majority of EEA states host one or more cross-border IORPs.

In the previous report 23 states acted as a host state. In this reporting period, the total number of host states decreased by one to 22 member states, as the cross-border activities of the only IORP that had Bulgaria as the host state were ceased. One existing cross-border IORP extended its activities into a new host state, but that state was already host state to another cross-border IORP. The spread represents a diverse cross-border reach across the EEA territory. Only 8 EEA states are not in the list of host states.

2.4 Type of Provision

Although it needs to be recalled that within the EEA generally, there are varying definitions for the different types of scheme design, the questionnaire, as in previous years, asked the respondents to specify the type of provision being provided by new cross-border activity.

Of the 6 IORPs reported as newly engaging in cross-border activity, 3 were reported as providing Defined Contribution type benefits in the host state, and 3 were identified as providing Defined Benefits in the host state.

2.5 Number of Members and beneficiaries

Also, in relation to the actual number of members and beneficiaries, not all the new cross-border IORPs can give a definite figure as to membership. This is because some new IORPs have projected members in mind but few or no actual members. Where a response was given, the numbers of members and beneficiaries in the host state ranged from one member to several hundred. One IORP was reported with members only in the host state, having been set up for that purpose.

With regard to dormant IORPs, i.e., those that have never had any members, there was no new information received in the responses. States have previously reported limited experience of dormant IORPs, some of whom have now formally revoked their cross-border status, but one of which is still authorised to operate cross-border.

2.6 Withdrawal of Cross-Border Activity

Where a withdrawal was reported, we asked the Member State Competent Authority to give an indication as to the reasons for this. As in previous years, the reasons reported were varied, including closure of IORPs and, in one case, a transfer of assets and liabilities into another cross-border IORP.

3. Next steps

This report will be made available to market participants via the EIOPA website. EIOPA intends to continue to seek an understanding of market developments in this area.

Table A – New IORPs and withdrawals

Home Country	Host Country	Number of new IORPs	Number of withdrawals
Belgium	Ireland	1	
Ireland	United Kingdom	3	2
United Kingdom	Ireland	2	1
	France, Netherlands		1
	Bulgaria		1
	Austria, Germany, Ireland		1
Total		6	6

Table B – Overview of Reported Cross-Border IORPs

Home country	Host country	Number of cases as at					
		31 st Jan 2007	1 st June 2008	1 st June 2009	1 st June 2010	1 st June 2011	1 st June 2012
Austria	Germany		2	1	2	1	1
	Germany, Liechtenstein		1	1	1	1	1
Belgium	Luxembourg		4	4	4	3	3
	Luxembourg, Netherlands				1	1	1
	Netherlands					2	2
	Ireland					1	2
	Italy					1	1
	Cyprus, Lithuania, Luxembourg, Malta					1	1
Cyprus	Greece					1	1
Finland	Estonia	1	1	0	0	0	0
Germany	Luxembourg	1	2	2	2	2	2
	Austria	1	1	1	1	1	1
Ireland	United Kingdom	18	21	21	23	24	25
	Belgium	1	1	1	1	1	1
	Netherlands, United Kingdom			1	1	1	1
	Hungary, Poland ⁴ , United Kingdom			1	1	1	1
	Luxembourg			1	1	1	1
Liechtenstein	Germany		1	2	2	2	2
	Belgium, United Kingdom				1	1	1
	Belgium, Germany, Sweden				1	1	1

⁴ In Poland, an employer proposing to operate an occupational pension scheme is obliged to register the scheme with the supervisory authority (PFSA). So far, none of the employers mentioned in notifications from home Member States have registered their scheme with PFSA.

Home country	Host country	Number of cases as at					
		31 st Jan 2007	1 st June 2008	1 st June 2009	1 st June 2010	1 st June 2011	1 st June 2012
Luxembourg (CSSF)	Finland, Denmark, Estonia		1	1	1	1	1
	Netherlands		1	1	1	1	1
	Ireland					1	1
Luxembourg (CAA)	France, United Kingdom ⁵			1	1	1	1
	United Kingdom, Netherlands, Germany, France, Poland, Austria, Belgium, Italy, Spain, Sweden	1	1	0	0	0	0
	Germany					1	1
Norway	Ireland					1	1
Portugal	United Kingdom			1	0	0	0
United Kingdom	Germany	1	1	2	2	2	2
	Greece	1	1	1	1	1	1
	Ireland	11	14	15	13	13	14
	Netherlands	3	3	4	4	4	4
	France, Luxembourg	1	1	1	1	1	1
	France, Netherlands	1	1	1	1	1	0
	France, Poland	1	1	1	0	0	0
	Belgium, Ireland, Czech Republic	1	1	1	1	1	1

⁵ Romania was previously noted as a host country in respect of this cross border IORP in the 2009 and 2010 reports, but it has been clarified that Romania was not a host country to this cross border IORP. As of 2012, no members of this IORP in France or UK.

Home country	Host country	Number of cases as at					
		31 st Jan 2007	1 st June 2008	1 st June 2009	1 st June 2010	1 st June 2011	1 st June 2012
United Kingdom (continued)	France, Germany, Poland	1	1	1	0	0	0
	Czech Republic, France, Luxembourg, Netherlands	1	1	1	1	1	1
	France, Sweden, Spain, Poland	1	1	1	1	1	1
	Germany, Slovakia, Sweden	1	1	1	1	0	0
	Ireland, Netherlands, Spain	1	1	1	1	0	0
	Belgium		1	1	1	1	1
	Bulgaria		1	1	1	1	0
	Austria, Germany		1	1	0	0	0
	Ireland, Netherlands, Germany		1	1	1	1	1
	Austria, Germany, Ireland			1	1	1	0
	France			1	1	1	1
	Belgium, France				1	1	1
Total		48	70	76	78	84	84