

## **2011 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/EC<sup>1</sup>.

This is the fifth report in a series on Market Developments<sup>2</sup> and shows the growth in the number of cross-border IORPs<sup>3</sup>, as formally notified to Member States during the course of a twelve month period from June 2010 until June 2011.

### **1. The process adopted**

Member States were invited to update on cross-border activity for this one year period of June 2010 to June 2011, 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Following on from the 2009 and 2010 reports, we repeated the question whether or not any established IORP had withdrawn from previously reported cross-border activity.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arrangements had been set up and notified in previous reports, but for a variety of reasons, they were then formally withdrawn.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, an additional question was asked for the first time 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

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

<sup>2</sup> For 2010 report see CEIOPS 56/10.

<sup>3</sup> 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.

IORPs that had not formally withdrawn but were not operating as active IORPs. This additional question was repeated this year.

## **2. The findings**

Table A (below) shows new notifications and withdrawals received during the period June 2010 to June 2011. 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 over a five year time period.

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 2011 survey show that during the 12 month period from June 2010 to June 2011, a total of 11 new cross-border IORPs have been reported. This represents an increase of 14% on the total number of cases reported in the 2010 report.

However, the results also show the cessation of cross-border activity by 5 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, the change is from 78 to 84 cases, an increase of 8%. This is in comparison to a 3% increase reported in the previous report, and the 9% increase reported in 2009.

### **2.2 Home activity of Member States**

The reported number of home states in the 2010 report was 7, the same as in 2009. This year, 6 states reported new cross-border IORPs – Belgium, Cyprus, Ireland, Luxembourg, Norway and the United Kingdom, but all except Cyprus and Norway already were home states to IORPs operating cross-border. Therefore, the number of home states has increased by 2 to 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 22 states acted as a host state. In this reporting period, the total number of host states increased to 23 and the spread represents a diverse cross-border reach across the EEA territory. Only 7 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 11 IORPs reported as newly engaging in cross-border activity, 5 were reported as providing Defined Contribution type benefits in the host state, and 6 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 range from 10 to 75.

With regard to dormant IORPs, i.e. those that have never had any members, the responses were consistent with those received in 2010 in that there was a mixture of responses. States 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. The reasons reported were varied, and included a merger of two existing cross-border IORPs, a corporate restructuring resulting in no cross-border members remaining in the scheme, and the finding that the benefits proposed to be offered were not, in fact, acceptable in the host state.

### 3. Next steps

This report will be made available to market participants via the CEIOPS 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
Austria	Germany		1
Belgium	Luxembourg		1
	Netherlands	2	
	Ireland	1	
	Italy	1	
	Cyprus, Lithuania, Luxembourg, Malta	1	
Cyprus	Greece	1	
Ireland	United Kingdom	1	
Luxembourg (CAA)	Germany	1	
Luxembourg (CSSF)	Ireland	1	
Norway	Ireland	1	
United Kingdom	Ireland	1	1
	Germany, Slovakia, Sweden		1
	Ireland, Netherlands, Spain		1
<b>Total</b>		<b>11</b>	<b>5</b>

**Table B – Overview of Reported Cross-Border IORPs**

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

	Ireland					1
Luxembourg (CAA)	France, United Kingdom <sup>4</sup>			1	1	1
	United Kingdom, Netherlands, Germany, France, Poland, Austria, Belgium, Italy, Spain, Sweden	1	1	0	0	0
	Germany					1
Norway	Ireland					1
Portugal	United Kingdom			1	0	0

<sup>4</sup> 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 in those years.

Home country	Host country	Number of cases as at				
		31 <sup>st</sup> Jan 2007	1 <sup>st</sup> June 2008	1 <sup>st</sup> June 2009	1 <sup>st</sup> June 2010	1 <sup>st</sup> June 2011
United Kingdom	Germany	1	1	2	2	2
	Greece	1	1	1	1	1
	Ireland	11	14	15	13	13
	Netherlands	3	3	4	4	4
	France, Luxembourg	1	1	1	1	1
	France, Netherlands	1	1	1	1	1
	France, Poland	1	1	1	0	0
	Belgium, Ireland	1	1	1	1	1
	France, Germany, Poland	1	1	1	0	0
	Czech Republic, France, Luxembourg, Netherlands	1	1	1	1	1
	France, Sweden, Spain, Poland	1	1	1	1	1
	Germany, Slovakia, Sweden	1	1	1	1	0
	Ireland, Netherlands, Spain	1	1	1	1	0
	Belgium		1	1	1	1
	Bulgaria		1	1	1	1
	Austria, Germany		1	1	0	0
	Ireland, Netherlands, Germany		1	1	1	1



	Austria, Germany, Ireland			1	1	1
	France			1	1	1
	Belgium, France				1	1
<b>Total</b>		<b>48</b>	<b>70</b>	<b>76</b>	<b>78</b>	<b>84</b>