

# Follow-up Report on Peer Review on supervisory practices with respect to the application of the PPR for IORPs

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## EXECUTIVE SUMMARY

Institutions for occupational retirement provision (IORPs) should invest their assets in the best long-term interests of their members and beneficiaries, i.e., prudently. Therefore, the IORP Directive requires IORPs to adhere to the Prudent Person Rule (PPR) and lists a limited number of investment rules<sup>1</sup> that must be complied with all IORPs.

Supervisory convergence helps to ensure that there is a consistent level of supervision across the European Economic Area (EEA), which in turn protects consumers and contributes to the stability of the financial system. It will also improve the efficiency and effectiveness of the supervision of these institutions in a key area such as PPR, which is one of the key objectives of the European Insurance and Occupational Pensions Authority (EIOPA).

Peer reviews<sup>2</sup> assess the application by National Competent Authorities (NCAs) of EU directives, regulations, technical standards, EIOPA guidelines and recommendations or supervisory practices. Following finalisation of the peer review, EIOPA undertakes a follow-up, pursuant to Article 30(6) of Regulation (EU) No 1094/2010 (EIOPA Regulation), two years after the publication of the peer review report to monitor the fulfilment of the issued recommended actions.

### Methodology

This report describes to what extent the NCAs have implemented the recommended actions (RAs) addressed to them. The RAs are published in the peer review report on supervisory practices with respect to the application of the prudent person rule for IORPs of April 2019. In addition, it addresses the monitoring of how the best practices, also identified in the peer review report, have been taken into consideration, implemented, or further developed by the NCAs. It identifies the progress made, up to December 2022.

### Main findings

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<sup>1</sup> Please see art 19 of IORP II Directive on Investment rules

<sup>2</sup> The objective of the peer review was to explore supervisory practices relating to the PPR for IORPs with the aim of promoting a common supervisory culture and supervisory convergence by identifying best practices and by issuing recommended actions where needed.

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In the scope of this follow-up were 28 NCAs<sup>3</sup> from 25 countries<sup>45</sup>. The follow-up revealed that out of the total 27 recommended actions issued to 28 NCAs, 8 were fully fulfilled, 10 were partially fulfilled and 9 were not fulfilled.

The RAs issued during the peer review were grouped into 7 areas. In the areas of application of look-through methodology and supervisory tools all the RAs were assessed as fulfilled or partially fulfilled. On the other hand, in the areas of governance and on-site inspections the RAs are assessed as not fulfilled. The reasons are explained below.

Taking into account that the Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORP II Directive) was required to be transposed by the Member States after the original peer review, the RAs and best practices had to be assessed in the context of IORP II requirements in particular regarding the principles of prudential supervision applied to the supervision of the prudent person rule.

IORP II Directive requires NCAs to apply a risk-based and forward-looking approach. This principle impacts supervisory practices since many of the practices applied by NCAs during the peer review considered a rules-based approach. Therefore, the follow-up peer review paid attention to the changing regulatory framework.

The implementation status of the recommended actions often depends on the implementation status of the IORP II Directive. Some of the NCAs are still transitioning to the risk-based approach and therefore some of the secondary legislation and development of supervisory practices are still pending to be implemented which also impacts the status of the fulfilment of the recommended action(s) or implementation of the best practices (CY, EL, HR, IE, LU(CSSF), SK). Some NCAs also report lack of resources as a reason for pending fulfilment of the recommended action(s) (CY, EL, IE) while others consider other priorities higher than the fulfilment of the RAs (FI, NO). One NCA (DE) had already indicated during the approval of the original peer review report disagreement with the recommended action on on-site inspections and informed that would not fulfil the recommended action<sup>6</sup>.

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<sup>3</sup> There are three NCAs involved in supervision of IORPs in EL and two separate NCAs in LU

<sup>4</sup> AT, BE, BG, CY, DE, DK, EL, ES, FI, HR, HU, IE, IT, LI, LU, LV, MT, NL, NO, PL, PT, SI, SK

<sup>5</sup> 4 NCAs are out of the scope since there are no IORPs authorised to operate (CZ, EE, IS, LT, RO). SE and FR opted out but were contacted for assessment of the best practices.

<sup>6</sup> BaFin has issued a statement as regard disagreement with RA that was included as an annex to the peer review report.

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RA area	Fulfilled	Partially fulfilled	Not fulfilled	Fulfilled	Partially fulfilled	Not fulfilled
LOOK-THROUGH METHODOLOGY	50%	50%	0%	4	4	0
SUPERVISORY STRUCTURE	0%	50%	50%	0	1	1
INFORMATION GATHERING	38%	38%	25%	3	3	2
GOVERNANCE	0%	0%	100%	0	0	2
ON-SITE INSPECTIONS	0%	0%	100%	0	0	2
SUPERVISORY ASSESSMENT	25%	25%	50%	1	1	2
SUPERVISORY TOOLS	0%	100%	0%	0	1	0
				8	10	9

The recommended actions were issued in seven areas:

- Supervisory structure and supervisory resources:** it is important to ensure adequate supervision of IORPs including also assessment of PPR. IORP II also provides that Member States shall ensure that the competent authorities are provided with the necessary means, and have the relevant expertise, capacity, and mandate to achieve the main objective of supervision. Two RAs were issued towards CY and EL. Although both MS have made some progress in the implementation, the progress made by CY is still not sufficient to consider the RA as partially fulfilled while EL has partially fulfilled the recommended action.
- Supervisory assessment** allows the NCA to ensure that IORPs are investing in accordance with PPR. Four recommended actions were issued towards FI, HR, LU(CAA) and NL. NL has fulfilled the recommended action. LU(CAA) has partially fulfilled the recommended action as the assessment is carried out but only on ad-hoc basis. FI and HR have not fulfilled the recommended actions. However, FI original RA focused only on the supervision of the surplus (assets beyond technical provisions) and HR is in the process of the implementation of respective quantitative indicators for a risk-based approach. HANFA informed EIOPA that HR intends to finish development and implementation of quantitative indicators into their risk based system by the end of the year.
- Information gathering** is an important prerequisite for the adequate PPR assessment. IORP II Directive also requires that Member States shall ensure that the competent authorities ,

have the necessary powers and means to obtain all information necessary for the purposes of supervision of any IORP registered or authorised in their territories. Eight recommended actions were issued toward CY, DE, EL, FI, IE, LI and LU(CSSF). EL has improved data gathering process while DE and LI have introduced reporting requirements and IT tools to gather and analyse information necessary for supervisory assessment of the PPR. Therefore EL, DE and LI have fulfilled the recommended action. EL, FI and LU (CSSF) have partially fulfilled the recommended action by developing new reporting requirements. CY and IE have not fulfilled the recommended action. CY is still in the process of developing the appropriate IT tool while IE is lacking capacity due to size of the IORPs market.

- **Application of look-through methodology** when IORPs are investing in collective investment vehicles (CIVs) is an important prerequisite to obtain a transparent view of the whole investment portfolio for the PPR assessment. AT, BE, HU and PL have fulfilled the recommended action and developed and applied a look-through methodology while EL, NO, SI and SK have partially fulfilled the recommended action. The SI legislation will come into force in accordance to the EIOPA's new reporting requirements. Other NCAs are still developing reporting requirements and methodology. Therefore the look-through is applied on ad-hoc basis.
- Assessment of the **governance** of the investment process is also an important part of the PPR assessment. IORP II Directive also requires that Member States shall require all IORPs to have in place an effective system of governance. There were two recommended actions issued towards CY and NO and both recommended actions are not fulfilled. CY is still pending approval of the draft regulation as regard governance requirements while NO still has not implemented any significant changes further to the RA.
- The use of the **on-site inspections** is also an important tool because it allows supervisors to gather and assess information not available by off-site tools. IORP II Directive requires that supervision of IORPs shall comprise an appropriate combination of off-site activities and on-site inspections. Member States shall ensure that the competent authorities, in respect of any IORP registered or authorised in their territories, have the necessary powers and means to carry out on-site inspections at the IORP's premises and, where appropriate, on outsourced and all subsequent re-outsourced activities to check if activities are carried out in accordance with the supervisory rules. Two recommended actions were issued towards CY and DE. Both NCAs have not fulfilled the recommended action. CY has resource constrains to carry out on-site inspections and DE has not made any changes to increase its on-site cycle<sup>7</sup>.

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<sup>7</sup> BaFin has issued a statement as regard disagreement with RA that was included as an annex to the peer review report.

- In the area of the **supervisory tools** there was one recommended action tailored specifically to FI as regard interest rate risk. FI has introduced new regulation but the tool is pending implementation therefore the recommended action is partially fulfilled.

It should be noted that in general implementation of the RAs for most of the NCAs required significant efforts since it should be considered in the framework of IORP II implementation and shift of supervisory culture. This requires not only technical implementation of the tools but also changes of the supervisory culture and expertise.

The peer review also identified six examples of best practices (BP) and follow-up has assessed the level of implementation for those best practices<sup>8</sup>. For BP3 (Intranet Application for Recordkeeping and Knowledge Sharing), EIOPA noticed a significantly high rate of implementation, i.e., 57%, while the other BPs were implemented by less than half of the NCAs. Very low level of implementation was confirmed for BP4 (Written and Oral Fit and Proper Assessment), namely 19%.

In particular, for BP4 the vast majority of NCAs confirmed that they perform a fit and proper assessment. However, in most cases a systemic use of the oral procedure is lacking while oral procedure is used only in case when written procedure leaves some doubts.

Some of the BPs were considered not applicable for some of the NCAs (where the number of IORPs under supervision consists of one to three IORPs) as these BP are designed for large markets and for extremely small markets implementation of these BP are considered not proportional and sometimes even not technically feasible.

Reasons for non-implementation of the BPs are different. Some NCAs have different supervisory practices in place. Peculiarities of the local markets is other reason for the non-implementation of some best practices. Some NCAs also indicated that they do not have resources for implementation of best practices.

It should be noted that the best practices could be used by NCAs as inspiration but are not recommended actions for NCAs.

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<sup>8</sup> The six BPs identified were: Bp1 – Thematic Reviews to Identify Potential Vulnerabilities; Bp2 – Quantitative Indicator to Assess Quality Asset Management; Bp3 - Intranet Application for Recordkeeping and Knowledge Sharing; Bp4 - Written and Oral Fit and Proper Assessment; Bp5 - Disclosure Investment Plan and Risk Appetite IORP; Bp6 - Comprehensive Risk Assessment System



## 1. INTRODUCTION

Following up on peer reviews, and more specifically assessing the adequacy and effectiveness of the implementation measures enacted to address the recommended actions set out in the peer review report, is an integral part of EIOPA's supervisory role as it fosters supervisory convergence. Indeed, according to Article 30(6) of the EIOPA Regulation, "the Authority shall undertake a follow-up report after two years of the publication of the peer review report". The follow-up report shall be prepared by the peer review committee and adopted by the Board of Supervisors in accordance with Article 44(4). When drafting that report, the peer review committee shall consult the Management Board to maintain consistency with other follow-up reports.

## METHODOLOGY

The follow-up report on the peer review of supervisory practices with respect to the application of the prudent person rule for IORPs consists of key findings per area of recommended action and key findings regarding the implementation of best practices. The follow-up report also includes individual progress reports that, on a named basis, identify the progress made against the recommended actions.

The follow-up was conducted through the collection of NCAs' self-assessments. The analysis of the NCA's self-assessment was focused on the following:

1. Progress attained following the specific recommended actions and assessment of the adequacy and effectiveness of the action undertaken by NCAs.
2. European overview of the effects of the adjusted supervisory practices and actions taken.
3. Use of best practices and their possible further development by NCAs.

The report has been compiled from data submitted by the NCAs responding to customised (i.e., NCA-specific regarding the recommended actions issued to the relevant NCA) questionnaires issued by EIOPA. Where deemed necessary, and to better assess the self-assessment submitted, additional information has been requested. In most of the cases, follow up interaction in the form of calls or exchange of e-mails between members of the ad hoc PRC and the NCA have been set up.

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The follow-up was conducted by the ad hoc PRC chaired by an EIOPA staff member. The ad hoc PRC was composed of experts with knowledge and experience on the implementation of supervision of IORPs, including application of the prudent person rule from Belgium, Netherlands and EIOPA.

## 2. SCOPE, REFERENCE PERIOD, AND ASSESSMENT CRITERIA

This follow-up covered the peer review of supervisory practices with respect to the application of the prudent person rule for IORPs concluded in 2019. The full list of the recommended actions issued in the peer review can be found in Annex I and they cover the following areas:

- I. Supervisory structure and supervisory resources.
- II. Information gathering for the assessment and processing of the Prudent Person Rule.
- III. Application of the look-through methodology.
- IV. Supervisory assessment of Prudent Person Rule related issues.
- V. Supervisory tools.
- VI. Governance.
- VII. On-site inspections.

The follow-up conducted was addressed to all the NCAs<sup>9</sup> which had been issued recommended actions during the conduct of the peer review with the main objective being the assessment of the level of fulfilment.

Furthermore, all NCAs<sup>10</sup> were addressed regarding the implementation of the best practices. The areas for which the best practices have been identified are:

- Thematic reviews to identify potential vulnerabilities (source: FSMA/BE)
- Quantitative indicator to assess quality asset management (source: COVIP/IT)
- Intranet application for recordkeeping and knowledge sharing (source: CSSF/LU)
- Written and oral fit and proper assessment (source: DNB/NL)
- Disclosure investment plan and risk appetite IORP (source: DNB/NL)
- Comprehensive risk assessment system (source: ASF/PT)

The follow-up assessed whether the recommended actions have been addressed and what activities have been undertaken in this respect regarding regulatory framework and/or

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<sup>9</sup> Since the follow-up was conducted post Brexit it did not address the recommended actions issued to PRA (UK).

<sup>10</sup> The NCA which was the source of the best practice was not addressed as it was excluded from the scope of the best practice. The follow-up addressed the implementation of the two best practices identified in PRA (UK), although the PRA (UK) was not included in the addressees.

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organisational structure and/or supervisory practice(s). The follow-up has also assessed how the changes have been reflected in NCA's internal policies and procedures of each individual NCAs to fulfil the recommended action(s) issued to them.

The evaluation criteria used in this follow-up were:

- The original evaluation criteria were used to ensure level playing field but at the same time it should be considered the regulatory requirements introduced by IORP II Directive have also be considered :
- It is expected that NCAs have in place relevant supervisory tools and – during the reference period (April 2019 – December 2022) – have used them to perform an effective assessment of IORPs' compliance with the PPR.
- Evaluation of the information NCAs gather with regard to the PPR:
  1. It is expected that NCAs – at regular intervals – assess IORPs' compliance with the PPR.
  2. It is expected that NCAs have access to necessary, reliable, complete and adequate data.
  3. It is also expected that the data gathering processes and the data processing are efficient.  
(e.g., sufficient level of reporting, good data quality, necessary tools to transmit and analyse data).

By necessary, reliable, complete, and adequate data, it should be understood at least the following set of information (related to PPR compliance):

- › Information on investment portfolio.
- › Nature and duration of the expected future retirement benefits.
- › Information on governance of the IORP with regard to the PPR.
- › Risk assessment procedures of the IORP with regard to the PPR.
- › Internal control procedures of the IORP with regard to the PPR.

It is expected that NCAs have sufficient access to granular information on investment portfolio – on an ongoing or ad-hoc basis (taking into account type of the pension scheme), in order to be able to assess IORPs' compliance with the PPR.

- Evaluation of how NCAs assess IORPs' compliance with the PPR:
  1. It is expected that NCAs – at regular intervals – assess IORPs' compliance with the PPR.
  2. When NCAs – at regular intervals – assess IORPs' compliance with the PPR it is expected that NCAs have defined and applied (automatic or on an ad-hoc basis/depending upon the type of pension scheme assessed) criteria (quantitative or qualitative) on the following aspects:

- › Portfolio diversification/concentration.
  - › The use of financial derivatives.
  - › Exposure to non-regulated markets.
  - › Asset liability matching (if applicable).
  - › Valuation of assets.
  - › The security, quality (credit quality, exposure to risky investment products, e.g., collateral provided by a third party could improve the recovery in the event of default of the counterparty or an asset can be made more secure or of higher quality after a promise by a third party, e.g., a central bank).
  - › Liquidity of the portfolio.
  - › Profitability of the portfolio.
  - › Volatility of the portfolio.
  - › Due diligence with regard to the PPR.
  - › Governance of the IORP with regard to the PPR.
  - › Risk management of the IORP with regard to the PPR.
  - › Internal control procedures of the IORP with regard to the PPR.
3. It is expected that NCAs:
- › Analyse (risk-based) whether IORPs comply with the criteria as mentioned above, also taking into account the look-through principle and the characteristics of the IORP or at least apply a risk-based approach (choosing the IORPs or criteria with highest risk and impact).
  - › Based upon this analysis take a decision on whether the IORP complies with the PPR or whether further supervisory action should be taken.
- Evaluation of the supervisory actions that resulted from these assessments:

It is expected that NCAs take supervisory action in accordance with the outcome of their supervisory assessment regarding an IORP's compliance with the PPR.

In line with the peer review report and the letters with the recommended actions implementation expectations were set i.e., actions required from the competent authorities (how) to achieve substantive goals of the relevant recommended actions and what measures taken by the relevant competent authority would be suited to achieve that objective provided.

Furthermore, the ad hoc PRC agreed on the fulfilment criteria (how action/inaction would be graded) as described in Annex of the Decision of the European Insurance and Occupational Pensions Authority on peer reviews.

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### 3. PROGRESS IDENTIFIED PER AREA OF RECOMMENDED ACTIONS

The assessment of the recommended actions (RA) shows that only **8 RAs or 29.63%** of all RAs are fulfilled while **10 RAs (37.04%) are partially fulfilled**, and **9 RAs (33.33%) are not fulfilled**.

Total statistics RA	Fulfilled	Partially fulfilled	Not fulfilled
27 RA	29.63%	37.04%	33.33%

The recommended actions issued during the peer review were grouped into **7 areas**. None of the areas showed all RAs to be fully fulfilled, although in the areas of application of look-through methodology and supervisory tools all the RAs were assessed as fulfilled or partially fulfilled. On the other hand, in the areas of governance and on-site inspections all RAs are assessed as not fulfilled.

RA area	Look-Through Methodology	Supervisory Structure	Information Gathering	Governance	On-Site Inspections	Supervisory Assessment	Supervisory Tools
Fulfilled	50%	0%	38%	0%	0%	25%	0%
Partially fulfilled	50%	50%	38%	0%	0%	25%	100%
Not fulfilled	0%	50%	25%	100%	100%	50%	0%

The implementation status also depends on the implementation status of the IORP II directive. Some of the NCAs are still transitioning to the risk-based approach and therefore some of the secondary legislation and development of supervisory practices are still pending which also impacts the status of the fulfilment of the RA (CY, EL, HR, IE, LU(CSSF), SK). Some NCAs report lack of resources as a reason for pending fulfilment of RA (CY, EL, IE, LU(CAA)) while others consider other priorities higher than fulfilment of RA (FI, NO). One NCA (DE) has already indicated during the approval of the peer review report disagreement with the RA in the area of the on-site inspections and informed that will not fulfil the RA<sup>11</sup>.

<sup>11</sup>BaFin has issued a statement as regard disagreement with RA that was included as an annex to the peer review report.

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NCA	Overall status by NCA		
	Fulfilled	Partially fulfilled	Not fulfilled
AT	1	0	0
BE	1	0	0
CY	0	0	4
DE	1	0	1
EL	0	2	0
EL (CMC)	1	1	0
FI	0	2	1
HR	0	0	1
HU	1	0	0
IE	0	0	1
LI	1	0	0
LU (CSSF)	0	1	0
LU (CAA)	0	1	0
NL	1	0	0
NO	0	1	1
PL	1	0	0
SI	0	1	0
SK	0	1	0
<b>Total</b>	<b>8 (30%)</b>	<b>10 (37%)</b>	<b>9 (33%)</b>

Follow-up shows that:

- 3 NCAs (CY, HR, IE) have not implemented the RAs. Although two of them (CY in 4 RA, HR in 1 RA) showed progress in implementation it is still not sufficient to consider RAs at least as partially fulfilled. It should be noted that CY was required to make significant changes to supervisory structure and supervisory approach to consider RAs fulfilled. HANFA informed EIOPA that they intend to finish development and implementation of quantitative indicators into their risk based system by the end of the year;
- 7 NCAs (EL, FI, LU(CAA), LU(CSSF), NO, SI, SK) have achieved moderate implementation but are still in the process of full implementation of the RAs. Also there, some significant changes should be required. As examples, EL has to change its supervisory structure and considering LU(CSSF) and SK full implementation of risk-based approach is still needed;
- 6 NCAs (AT, BE, HU, LI, NL, PL) have fully implemented RAs addressed to them.

It should be noted that in general implementation of RAs for most of the NCAs required significant efforts since it should be considered in the framework of IORP II implementation and shift of

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supervisory culture. This requires not only technical implementation of the tools but also changes of the supervisory expertise.

### 3.1. CHANGES TO THE REGULATORY AND SUPERVISORY FRAMEWORK AS RESULT OF IMPLEMENTATION OF THE IORP II DIRECTIVE

It should be taken into account that the original peer review was conducted under IORP Directive requirements. After the peer review report was approved IORP II Directive came into force and MS had to implement IORP II requirements into national legislation and supervisory practices. Although there are no significant changes made as regard the investment rules in IORP II Directive, the requirements to apply the risk-based and forward-looking supervision should be taken into account when assessing progress made by MS in fulfillment of recommended actions since application of risk-based approach requires NCAs to shift from rules based supervisory practices and tools to the risk-based approach including also supervisory assessment of the PPR.

Therefore, to ensure the follow-up peer review has sufficient information to assess progress made by NCAs in fulfillment of the recommended actions the NCAs were asked to provide information on what changes in regulatory framework and/or organisational structure and/or supervisory practice(s)/supervisory guidance have been undertaken by individual NCAs as a result of implementation of IORP II.

According to the self-assessment questionnaire the majority of Member States (MS) (88%) have implemented changes in the regulatory context as result of IORP II implementation, some NCAs (29%) have implemented changes in the organisational context and most of them (71%) have implemented changes in the supervisory context as a result of IORP II implementation.

Has implementation of IORP II lead to any changes to the supervisory practices with respect to the application of the prudent person rule for IORPs?	YES	NO
Changes in the <u>regulatory context</u> have been undertaken as result of IORP II implementation? and/or	AT, BE, CY, DE, FI, EL, HR, IE, LI, LU (CCA), NL, NO, PL, SI, SK	HU, LU (CSSF)



Changes in the <u>organisational context</u> have been undertaken by your Authority as a result of IORP II implementation	CY, IE, LI, PL, SI	AT, BE, DE, EL, HR, HU, FI, LU (CCA), LU (CSSF), NL, NO, SK
Changes in the <u>supervisory context</u> have been undertaken by your Authority as a result of IORP II implementation?	AT, CY, DE, EL, FI, HR, IE, LI, LU (CCA), PL, NO, SI	BE, HU, LU (CSSF), NL, SK

The changes in the regulatory framework that NCAs have introduced with respect to the application of the prudent person rule for IORPs as a result of IORP II implementation include:

- The removal of quantitative investment rules and the requirements for depositaries (AT).
- The prudential supervision of IORP now apply to all assets of the IORP whereas previously these requirements only applied to covering assets (i.e., assets that cover the technical provisions). Furthermore, the IORP II transposition has introduced in the Belgian IORP law the own-risk assessment which include i.e., financial risks and therefore also concern the compliance of the PPR by IORPs (BE).
- The new features of the Statement of Investment Policy Principles such as ESG factors (DE, HR), reinforcement of fit and proper requirements (HR, FI, LI).
- The implementation of improvements in the reporting standards towards the pension fund members and beneficiaries.
- The implementation of the new requirements for the Management system (PL).
- The implementation of the new requirements for the internal audit key function (PL).

Some NCAs are still underway of drafting secondary legislation to implement the IORP II Directive (CY, EL).

A few NCAs has pointed out other requirements beyond the IORP II Directive:

- Requiring a compliance function (HR, SK).
- The external auditors are engaged to assess and report the application of the prudent person rule for each IORP annually to the NCA (LI).
- The Extensive Solvency Requirement for pension companies came into effect from January 2019 as a regulation (NO).

Changes in the organisational structure that NCAs have introduced with respect to the application of the prudent person rule for IORPs as a result of IORP II implementation include:

- The recruitment of additional staff to carry out increased responsibilities (IE, LI).

- The delivery of forms to fulfil the reporting obligation of the key functions (natural and legal persons) (LI).
- The set up of new units responsible for the supervision of IORPs. (IE, PL).

Some NCAs are still underway of implementing organisational changes:

- The set up of a new IT system that will be suitable for collecting and processing the additional data that is required to assess schemes on a forward-looking risk-based supervision approach. Future versions of the IT system include plans to collect investment data which will facilitate assessment of solvency and asset details once the numbers of IORPs in Ireland have reduced significantly through consolidation (IE).

Changes in the supervisory context that NCAs have introduced with respect to the application of the prudent person rule for IORPs as a result of IORP II implementation include:

- The improvement of the data quality by setting up of new **analytical tools** including scenario analysis to comply with the new **look-through** reporting and a mechanism when the look-through data are missing. In addition, the implementation of automated controls (triggering feedback in case of errors or warnings) (AT).
- The issue of **supervisory guidance** on how to prepare and how to structure the SIPP (DE), on the fulfilment of the fit and proper requirements (EL) and guidance on the duties and responsibilities of trustees (IE).
- Reinforcing some supervisory activities such as off-site supervision on the Pension Benefit Statements focusing on the overview of all possible pension payment options and related costs (HR).
- **Supervisory powers** to issue an advisory notice that allows NCA to direct specific remedial actions be taken and the timeframe for their completion and the power to require IORPs to commission an external report where the NCA is of the opinion that it does not have sufficient information to determine, or if it has grounds for concern, in relation to the IORPs' compliance with specific requirements. However, the national regulation does not give the NCA the power to impose sanctions on trustees that requires an application to the High Court (IE).
- The increase of the level of **engagement** with IORPs (IE).
- Conducting **on-site inspection** of governance requirements (LI).
- The **supervisory assessment** of investments and the financial situation of IORPs is carried out on the basis of quarterly reports, as well as semi-annual and annual financial statements of IORPs which have been audited by an independent auditor (PL).

Although many NCAs have implemented changes that ensures risk-based and forward-looking approach including supervisory assessment of the PPR there are still NCAs that are transitioning to the risk-based approach and using rules-based practices and tools that do not provide sufficient view on risks faced by IORPs and how IORPs are managing those risks.

### 3.2. APPLICATION OF THE LOOK-THROUGH METHODOLOGY

Member State	RA - LOOK-THROUGH METHODOLOGY
AT	Fulfilled
BE	Fulfilled
EL (CMC)	Partially fulfilled
HU	Fulfilled
NO	Partially fulfilled
PL	Fulfilled
SI	Partially fulfilled
SK	Partially fulfilled
<b>Fulfilled</b>	<b>4 (50%)</b>
<b>Partially fulfilled</b>	<b>4 (50%)</b>
<b>Not fulfilled</b>	<b>0 (0%)</b>

When NCAs – at regular intervals – assess IORPs’ compliance with the PPR it is expected that NCAs have defined and applied (quantitative or qualitative) criteria to ensure application of look-through principle with regard to investment portfolio. There were eight recommended actions issued in the area of look-through methodology. The assessment shows that four NCAs (AT, BE, HU and PL) have fulfilled the recommended action and have developed methodology and reporting requirements to gather information and apply an adequate level on look-through on the investments in CIVs on regular basis in order to have comparable and transparent view of the whole investment portfolio when assessing IORPs’ compliance with the PPR.

Another four NCAs (EL(CMC), NO, SI and SK) have partially fulfilled the recommended action. There are different reasons why the RA are still not fully implemented. EL and SK are still in the process to fully implement look-through methodology and therefore at the moment apply risk-based approach to a sample of the IORPs while NO has developed extensive reporting requirements, but these requirements are not providing information on geographical and sectoral exposures. SI requires data on an ad hoc basis, with the risk-based selection of individual investments. The ad hoc look-through is risk-based as investments are selected on the basis of identified risks.

### 3.3. SUPERVISORY STRUCTURE AND SUPERVISORY RESOURCES

Member State	RA - SUPERVISORY STRUCTURE
CY	Not fulfilled
EL	Partially fulfilled
<b>Fulfilled</b>	<b>0 (0%)</b>
<b>Partially fulfilled</b>	<b>1 (50%)</b>
<b>Not fulfilled</b>	<b>1 (50%)</b>

It is expected that NCAs have adequate human and IT resources, efficient organisational structures as well as policies and procedures to ensure adequate and efficient off-site and on-site supervision of the IORPs, in particular IORPs' compliance with the PPR. There were recommended actions issued to CY as regard insufficient resources and to EL to assess effectiveness of existing supervisory structure. CY was recommended to significantly increase qualified staff in order to ensure efficient off-site and on-site supervision, but the RA is not fulfilled since increase of the resources is still not sufficient for efficient organization of the supervision although slight improvement is observed. EL has developed the action plan approved by the government to assess the reforms of the supervisory framework but the final decision on the option to be implemented is still pending therefore the recommended action is partially fulfilled.

### 3.4. INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING

Member State	RA - INFORMATION GATHERING
CY	Not fulfilled
DE	Fulfilled
EL	Partially fulfilled
EL (CMC)	Fulfilled
FI	Partially fulfilled
IE	Not fulfilled
LI	Fulfilled
LU (CSSF)	Partially fulfilled

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<b>Fulfilled</b>	<b>3 (38%)</b>
<b>Partially fulfilled</b>	<b>3 (38%)</b>
<b>Not fulfilled</b>	<b>2 (24%)</b>

It is expected that NCAs have access to necessary, reliable, complete and adequate data at regular intervals to assess IORPs' compliance with the PPR and the data gathering processes and data processing are efficient. This requires NCAs to have automatic access to the information and effective use of it.

There were eight recommended actions issued to CY, DE, EL (2 recommended actions), FI, IE, LI and LU (CSSF) as regard information gathering. 24% of the RAs are not fulfilled (CY and IE). CY is in the process of the development of the IT tool but at the moment NCA has only partial access to the information and does not use it for PPR assessment. IE has not sufficient capacity to collect necessary data due to the market size and lack of IT tools. 38% of the RAs are partially fulfilled (EL, FI and LU(CSSF)). EL, FI and LU(CSSF) have not developed sufficiently efficient data gathering process or efficient data processing for analysis of PPR related data. 38% of the recommended actions are fulfilled (DE, EL and LI). DE, EL and LI have developed reporting requirements to regularly receive sufficiently granular information and to use it effectively.

### 3.5. GOVERNANCE

Member State	RA - GOVERNANCE
CY	Not fulfilled
NO	Not fulfilled
<b>Fulfilled</b>	<b>0 (0%)</b>
<b>Partially fulfilled</b>	<b>0 (0%)</b>
<b>Not fulfilled</b>	<b>2 (100%)</b>

It is expected that the NCA assesses that IORPs have in place an effective system of governance which provides for sound and prudent management of their activities. That system shall include an adequate transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information.

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There were two recommended actions issued toward CY and NO and both RAs (100%) are not fulfilled. CY has developed the draft regulation for the assessment of the fit and proper, but the draft regulation is still pending approval therefore the RA is not fulfilled. NO has increased the use of qualitative information reporting but the frequency still remains ad hoc therefore RA is considered not fulfilled.

### 3.6. ON-SITE INSPECTIONS

Member State	RA - ON-SITE INSPECTIONS
CY	Not fulfilled
DE	Not fulfilled
<b>Fulfilled</b>	<b>0 (0%)</b>
<b>Partially fulfilled</b>	<b>0 (0%)</b>
<b>Not fulfilled</b>	<b>2 (100%)</b>

It is expected that NCA has implemented procedures for on-site supervisory activities enabling to assess the risks that cannot be fully assessed by off-site tools including the frequency intensity of these on-site activities.

There were two recommended actions issued toward CY and DE and both are not fulfilled (100%). CY has not introduced on-site inspections because of the resources constraints and is planning to do it after additional resources will become available. DE<sup>12</sup> is on the opinion that the existing on-site cycle is sufficient and existing off-site tools are providing adequate assessment.

### 3.7. SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES

Member State	RA - SUPERVISORY ASSESSMENT
FI	Not fulfilled

<sup>12</sup> BaFin has issued a statement as regard disagreement with RA that was included as an annex to the peer review report.

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HR	Not fulfilled
LU (CAA)	Partially fulfilled
NL	Fulfilled
<b>Fulfilled</b>	<b>1 (25%)</b>
<b>Partially fulfilled</b>	<b>1 (25%)</b>
<b>Not fulfilled</b>	<b>2 (50%)</b>

It is expected that NCAs – at regular intervals – assess IORPs’ compliance with the PPR. It is expected that the NCA has all necessary tools and procedures and regularly assess all aspects of the PPR as part of the NCA’s Supervisory Review Process including risk assessment. It is expected that NCAs take supervisory action in accordance with the outcome of their supervisory assessment regarding an IORP’s compliance with the PPR.

Four recommended actions were issued in the area of the supervisory assessment of the PPR related issues. 25% of the recommended actions were fulfilled, 25% were partially fulfilled and 50% were not fulfilled. NL has fulfilled the recommended action and has collected the evidence of the impact of the regulation to the PPR assessment. LU(CAA) has partially fulfilled the recommended action since NCA has tools to assess the impact of the reinsurance contracts but uses it only on ad-hoc basis. HR and FI have not fulfilled the recommended actions. HR is still in the process of implementation of risk-based approach while FI has not implemented any changes in its supervision of the surplus assets.

### 3.8. SUPERVISORY TOOLS

Member State	RA - SUPERVISORY TOOLS
FI	Partially fulfilled
<b>Fulfilled</b>	<b>0 (0%)</b>
<b>Partially fulfilled</b>	<b>1 (100%)</b>
<b>Not fulfilled</b>	<b>0 (0%)</b>

It is expected that the NCA has developed appropriate tools with appropriate risk category cover to perform an effective assessment of IORP’s compliance with the PPR.

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One recommended action was issued in the area of the supervisory tools. FI has been required to pay more attention to the interest rate risk. FI has developed new methodology to establish the interest rate risk but needs to work towards a more systematic supervisory approach for the assessment of the interest rate risk. Therefore, the recommended action is considered as partially fulfilled.

### 3.9. FOLLOW UP STEPS FOR EIOPA

EIOPA should consider the following:

- Between the peer review and the follow-up, IORP II Directive came into the force requiring NCAs to apply a risk-based and forward-looking approach which also impacts supervisory practices as regards application of PPR since significant part of the practices applied by NCAs during the peer review considered rules-based framework. During the follow-up peer review the assessment of the fulfilment of the recommended actions and implementation of the best practices shows that some NCAs still apply rules-based supervisory practices not focusing on risks faced by IORPs. Therefore, EIOPA should consider assessing those gaps in supervisory practices and tools applied as a part of EIOPA's oversight activities.
- Since some of the NCAs are still transitioning from rules-based to risk-based approach and do not have sufficient experience on application of risk-based and forward-looking approach EIOPA should take this into account in future discussions on supervisory convergence in the area of IORPS supervision.

## 4. NCA PROGRESS REPORTS REGARDING RECOMMENDED ACTIONS

### 4.1. AUSTRIA

#### ***Main findings***

The recommended action issued to the FMA was in the context of 'THE APPLICATION OF THE LOOK-THROUGH METHODOLOGY'.



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The FMA was recommended to develop the practice to regularly look-through - off-site and on-site - in order to ensure that key exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs are analysed and assessed on a regular basis.

The FMA has implemented a new look-through reporting and new analytical tools (e.g., scenario analysis). Besides, from January 2019 onwards the national legislative framework includes the European reporting obligations on the provision of occupational pension information. The new investment reporting of FMA is based on the look-through approach.

The FMA receives off-site information on exposures to asset and sub-asset classes (national and EIOPA CIC taxonomy), to countries, currencies, and ratings on a quarterly basis. This information is based on the individual position reporting and for investments within funds. The FMA also receives the issuer name and identification code of each individual asset held within funds invested by AT's *Pensionskassen*. In addition, assets valued at amortized cost in accordance with Art. 23 PKG ("held-to-maturity") and infrastructure assets are marked in the reporting. Sector exposures can be identified with the asset identification code from financial information databases. Funds on which the *Pensionskasse* has a significant influence must be looked through at all times.

### **Conclusion**

The FMA has implemented look-through reporting and receives detailed information on key exposures and asset classes.

Based on the assessment of the information provided, **EIOPA considers the recommended action as fulfilled.**

## **4.2. BELGIUM**

### **Main findings**

The recommended action issued to FSMA was in the context of 'APPLICATION OF THE LOOK-THROUGH METHODOLOGY'

The FSMA was recommended to extend its look-through approach for CIVs further, by collecting more granular information (geographical and sectoral exposure) on a regular basis.

FSMA has implemented specific new reporting requirements since end of 2019 imposing a look-through approach on a more granular basis. Following the implementation of the BoS Decision- EIOPA-BoS/18-114 of 22 March 2018, IORPs having a balance sheet total of more than one thousand million euros must report to the FSMA according to the look-through requirements of

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EIOPA. However, in order to respond to the recommended action of EIOPA, these EIOPA requirements have been tightened in two ways.

First of all, whereas the EIOPA look-through requirements only pertain to Alternative Investment Funds (AIFs) in so far as they exceed 10% of the total value of investments and only to cover 90% of the value of those AIFs, the Belgian reporting requirements have been extended to all investment funds (both UCITS and non-UCITS) and without the restriction of the 90% rule.

Moreover, whereas the above-mentioned reporting defined by EIOPA only provides for the requested geographical exposure, the Belgian reporting requirements also impose granular information on sectoral exposure, as requested in the recommended action.

### **Conclusion**

FSMA has extended its look-through approach for collective investment vehicles by collecting more granular information on geographical and sectoral exposure on regular basis for both UCITS and non-UCITS.

Based on the assessment of the information provided, **EIOPA considers the recommended action as fulfilled.**

## **4.3. CROATIA**

### **Main findings**

The recommended action issued to HANFA was in the context of 'SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES'

HANFA was recommended to integrate the two developed scoring models with a quantitative risk assessment framework into its PPR assessment framework.

HANFA previously had established an iteration of the RBS framework, which was in place for several years, before it was eventually abandoned as it was assessed as inappropriate in comparison with the size and complexity of the Croatian pension funds industry.

Currently, HANFA is in the final phase of implementing a new RBS approach, whose testing and finalisation is expected by the end of this year. In this stage there is on-going work by a dedicated team, regarding quantitative indicators for pension funds and pension companies, while a number of qualitative indicators have already been determined.

According to the evaluation criteria if an NCA is still in the process of implementing some of the tools into its SRP to assess all aspects of the PPR, including risk assessment the recommended

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action is considered as not fulfilled, although it is expected to be fulfilled by the end of the year as informed by HANFA.

### **Conclusion**

HANFA is working on the implementation of risk-based supervision and development of quantitative indicators, but the work is on-going, and finalisation is not expected before the end of the year.

Based on the assessment of the information provided, **EIOPA considers the recommended action as not fulfilled.**

## **4.4. CYPRUS**

### **Main findings**

The first recommended action issued to RIORPS was in the context of 'SUPERVISORY STRUCTURE AND SUPERVISORY RESOURCES'.

The Registrar of Occupational Retirement Benefit Funds was recommended to significantly increase their qualified and expert staff to ensure adequate off-site and on-site supervision of the IORPs, in particular IORPs' compliance with the PPR.

The RIORPS reported that the authority has been strengthened with qualified and expert staff, while three more are expected to join the RORBF within the current year but additional staff is still required to enable efficient supervision.

According to the evaluation criteria in the case of inadequate resources, inefficient organisation and lack of policies and procedures to carry out effective supervision, in particular assessment of IORP's compliance with PPR (whether off-site and/or on-site) the recommended action is considered as not fulfilled.

Although a slight trend in increase of staff members has been observed, it is still insufficient and they lack qualifications for PPR assessment; furthermore, there is a need for additional developments in organization of supervision and internal policies and procedures to ensure adequate off-site and on-site supervision.

The second recommended action issued to RIORPS was in the context of 'INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING'.

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The Registrar of Occupational Retirement Benefit Funds was recommended to develop - as soon as possible - an IT tool to receive reporting by IORPs in an automated and secured manner and format.

According to RIORPS the authority has developed two IT tools:

1. An IT Tool for receiving financial data from IORPs has been developed and it is in use for the past two years. The data refers to the year-end data for the past three years and it is submitted within the first quarter of each year.
2. An IT Tool for the purpose of EIOPA Data Collection has been developed, which currently is being tested and expected to be operational within 2023. The information collected from IORPs, will also be used for supervision purposes.

Although the NCA has made progress in the development of IT tools for receiving information, the process is still not finished and there are no IT tools in place to analyse the data efficiently for the purpose of PPR assessment. The progress made in the development of an IT tool to collect data for EIOPA's data decision that is now at the testing phase will improve the situation since data will be collected in an automated way and will be available also for PPR assessment; the template used at the moment is not providing fully reliable, complete and adequate data since by necessary, reliable, complete and adequate data, it should be understood at least the following set of information (related to PPR compliance):

- › Information on investment portfolio (see below for further details).
- › Nature and duration of the expected future retirement benefits.
- › Information on governance of the IORP with regard to the PPR.
- › Risk assessment procedures of the IORP with regard to the PPR.
- › Internal control procedures of the IORP with regard to the PPR.

Regarding information on investment portfolio, it is expected that NCAs have sufficient access to granular information to be able to assess IORPs' compliance with the PPR. This information should at least contain investment information on:

- › Portfolio diversification/concentration.
- › The use of financial derivatives.
- › Exposure to non-regulated markets.
- › Asset liability matching (if applicable).
- › Valuation of assets.

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- › The security, quality (credit quality, exposure to risky investment products, e.g., collateral provided by a third party could improve the recovery in the event of default of the counterparty or an asset can be made more secure or of higher quality after a promise by a third party, e.g., a central bank).
- › Liquidity of the portfolio.
- › Profitability of the portfolio as a whole.
- › Volatility of the portfolio.

The template does not contain sufficiently granular information.

Therefore, the NCA does not have full access to data necessary for PPR assessment and does not fully use data on purpose of PPR assessment.

The third recommended action issued to RIORPS was in the context of 'GOVERNANCE'.

For small IORPs, the Registrar of Occupational Retirement Benefit Funds was recommended to strive for setting requirements on the fitness of the members of the Administration Committee.

The RIORPS reported that a new draft fit and proper directive has been prepared which is at the stage of consultation with the stakeholders. The draft directive contains provisions for issues such as the framework for conflicts of interests for members of the Administration Committee, obligation to have the necessary Knowledge with regard to their duties, obligation for training at regular intervals etc.”.

Although the authority has made progress in the fulfilment of the recommended action by drafting a fit and proper directive, it is still in the process of consultation of the new draft. The new directive is still not approved thus fit & proper requirements are still assessed according to the directive, currently, in force which is based on IORP I requirements.

The fourth recommended action issued to RIORPS was in the context of 'ON-SITE INSPECTIONS'.

The Registrar of Occupational Retirement Benefit Funds was recommended to start setting up on-site inspections as a supervisory assessment tool in relation to the activities of the IORPs including PPR related issues, especially towards larger IORPs.

The RIORPS reported that on-site inspections have not yet been performed due to limited staff resources. As mentioned above, three more additional expert staff is expected towards the end of the 2nd quarter of 2023. This additional staff will provide the RORBF with the capacity to initiate on-site inspections, which are expected to take place in the period of the 4th quarter of 2023 and 1st quarter of 2024.

Therefore, no on-site inspections are performed due to the lack of resources and qualifications.

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### **Conclusion**

RIORPS has not sufficiently increased their staff to ensure adequate off-site and on-site supervision of the IORPs, in particular IORPs' compliance with the PPR and the staff members that recently joined the authority lack qualifications and expertise in PPR assessment.

Based on the assessment of the information provided, **EIOPA considers the first recommended action as not fulfilled.**

Although EIOPA acknowledges that RIORPS is showing progress in the development of IT tools for IORPs reporting it is still in the process of development and the template that RIORPS is requiring from IORPs does not have sufficient information for PPR assessment, therefore, there is still no IT tool in place to receive sufficient information for PPR assessment reporting by IORPs in an automated and secured manner and format.

Based on the assessment of the information provided, **EIOPA considers the second recommended action as not fulfilled.**

Although RIORPS is showing progress by drafting the new directive it is still in the process of approval and no requirements are in place for the assessment of the fitness of the members of the Administration Committee.

Based on the assessment of the information provided, **EIOPA considers the third recommended action as not fulfilled.**

RIORPS has not started setting up on-site inspections as a supervisory assessment tool in relation to the activities of the IORPs including PPR related issues, especially towards larger IORPs.

Based on the assessment of the information provided, **EIOPA considers the recommended action as not fulfilled.**

## **4.5. FINLAND**

### **Main findings**

The first recommended action issued to FIN-FSA was in the context of 'INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING'.

FIN-FSA was recommended to introduce automatic data processing on the quantitative investment data. Replacing manual checks by more constantly and systemic automated data analysis would lead to a more efficient and effective supervision of the PPR.

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FIN-FSA reported that further to the Peer Review, two validation tools for quantitative investment data have been developed and implemented. These tools have been developed to assess the compliance of the portfolio with the Finnish regulations. A first tool has been designed to detect reporting errors in the financial statements; the other one has been designed to check the data related to the assets covering the technical provisions. These validation tools include a traffic light system highlighting potential signals related to coverage ratios and possible reporting errors.

According to evaluation criteria, EIOPA expects NCAs to have efficient data gathering processes.

The second recommended action issued to FIN-FSA was in the context of 'SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES'.

FIN-FSA was recommended to ensure supervision of assets beyond technical provisions (surplus) and to consider whether the investments of the surplus is in the best interest of the members. The reason for this recommended action is to ensure that the risks pertaining to the part of the portfolio not covering the technical provisions are also identified and analyzed by FIN-FSA.

FIN-FSA has confirmed that no changes have been put in place further to the Peer Review with respect to the supervision of assets beyond technical provisions. All of IORPs' assets in Finland have to be invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. More detailed rules only apply to the assets covering the technical provisions. However, given the nature of the pension fund market and the available resources at FIN-FSA, no supervisory actions are directed to the surplus as long as the assets covering the technical provisions are invested according to the rules of the regulation.

According to the evaluation criteria, EIOPA expects the NCA to have all necessary tools and procedures and to regularly assess all aspects of the PPR as part of the NCA's supervisory review process including risk assessment.

The third recommended action issued to FIN-FSA was in the context of 'SUPERVISORY TOOLS'.

FIN-FSA was recommended to provide more focus in its supervisory assessment on interest rate risk (e.g., to introduce a stress test on the sponsor combined with market risk tests, i.e., low interest rate scenario etc.) to ensure a prudent computation of liabilities and a more prudent assessment of asset liability matching. At the time of the Peer Review, FIN-FSA had no power to set the discount rate.

FIN-FSA reported that a new regulation was put in place in 2019 in Finland completing the "Act on pension funds" (1774/1995 and 1164/1992). The "Act on pension funds" defines the principles for setting the maximum discount rate used in calculating the technical provisions. The FIN-FSA has given further precisions on the determination of this maximum discount rate (regulation in force "*Määräykset ja ohjeet 8/2021*"). The maximum discount rate has to take into account the returns

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of certain high-quality bonds and the general level of IORPs' assets returns. Formerly, the determination of the discount rate was done by the Ministry of Social Affairs and Health. Besides this new regulation, FIN-FSA has still the ability to make qualitative assessment and/or to discuss with the pension fund on the prudent computation of the liabilities on the basis of a statement issued by the responsible Actuary.

According to the evaluation criteria, EIOPA expects the NCA to develop an appropriate tool to perform an effective assessment of IORP's compliance with the PPR.

### **Conclusion**

FIN-FSA has implemented validation tools which enable moving towards a more efficient and effective supervision through automated data processing rather than proceeding through manual checks. However, these validation tools do not specifically enable the assessment of the PPR.

Based on the assessment of the information provided, **EIOPA considers the first recommended action as partially fulfilled.**

FIN-FSA has not implemented any changes in its supervision of the surplus assets. FIN-FSA carries out no supervisory actions on the surplus as long as the assets covering the technical provisions are invested according to the rules of the Finnish regulation.

Based on the assessment of the information provided, **EIOPA considers the second recommended action as not fulfilled.**

FIN-FSA issued a new regulation in 2021 to determine the maximum discount rate of IORPs. The maximum discount rate is determined taking into account the returns of certain high-quality bonds and the general level of IORPs' assets returns. This methodology ensures that the maximum discount is not disconnected with the market circumstances. However, EIOPA would welcome FIN-FSA working towards a more systematic supervisory approach for the assessment of the interest rate risk through the development of an appropriate tool.

Based on the assessment of the information provided, **EIOPA considers the third recommended action as partially fulfilled.**

## **4.6. GERMANY**

### **Main findings**

The first recommended action issued to BaFin was in the context of 'INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING'



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BaFin was recommended to introduce more formal reporting obligations towards *Pensions fonds* (PF).

BaFin has introduced more formal reporting obligations towards *Pensionsfonds* with the "*Sammelverfügung vom 29.07.2021 betreffend die Berichtspflichten der Pensionsfonds über ihre Kapitalanlagen*". The "*Sammelverfügung*" obliges *Pensionsfonds* to report their assets and the level of the guaranteed assets to BaFin on quarterly basis.

PFs upload the required data to a special BaFin-IT-Interface (MVP-Portal). Afterwards the data is automatically forwarded to a specific folder in BaFin's IT-system which can be accessed by the division which is responsible for the review.

If the assessment shows that a PF is not within the stipulated investment limits or if the level of the guaranteed assets is not sufficient, it will be questioned by BaFin and depending on the outcome of the discussion with the PF, supervisory action can be taken.

The second recommended action issued to BaFin was in the context of 'ON-SITE INSPECTIONS'.

BaFin was recommended to increase its inspection cycle (currently 7-12 years) to conduct more on-site inspections depending on the risk categorisation tool.

BaFin has confirmed that its inspection cycle 7-12 years remains unchanged.

BaFin considers use of off-site tools which were initially described in BaFin's statement that is attached to the original peer review report as Annex 5 and further updated by additional requirements sufficient to keep on-site cycle unchanged.

### **Conclusion**

BaFin has introduced quarterly reporting for Pensions Fonds where data are transmitted using IT platform. Reporting data are used for supervisory assessment including assessment of the PPR.

Based on the assessment of the information provided, **EIOPA considers the first recommended action as fulfilled.**

No changes to on-site cycle are implemented and inspection cycle remains 7-12 years.

Based on the assessment of the information provided, **EIOPA considers the second recommended action as not fulfilled.**

## **4.7. GREECE**

### ***Main findings***

The first recommended action issued to the NCAs was in the context of 'SUPERVISORY STRUCTURE AND SUPERVISORY RESOURCES'

The Ministry of Labour, the Capital Market Commission (CMC) and the National Actuarial Authority (NAA) were recommended to assess the efficiency of the current supervisory structure, which is composed of three separate NCAs dealing with supervision of the IORPs.

The NCAs reported that the assessment of the current supervisory structure and recommendations for the restructuring has been prepared during the TSI project performed in 2021-2022. In addition, there is an action plan for 2023 approved by the government that references the reform of the regulatory and supervisory framework which should lead to legislative act by the end of the year. The action plan includes milestones and objectives for setting up a new legislation but does not specify the option to be selected and policy measures to be implemented for achieving the objectives. The project tries to mitigate the fragmentation of the tasks shared among the three authorities.

Although there has been progress made in order to reform the regulatory and supervisory framework to effectuate supervision of the IORPs the final decision on the option to be implemented is still pending.

The second recommended action issued to the NCAs was in the context of 'INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING'.

The Greek NCAs were encouraged to work further on creating a single-entry point for all regular reporting by the IORPs and consequently establish an efficient information exchange between the three Authorities.

The current supervisory approach is to require IORPs to send data electronically to all NCAs which has reduced the administrative burden.

However, the assessment of the reporting data for the PPR assessment is not fully implemented due to some Ministerial decisions still pending approval.

Three pending decisions (on the risk management, on the powers of intervention and on the duties of the NCAs, and revision of the regulation of ethics and good practices of IORPs) will cover all provisions on IORPs. The decision on risk management is expected to be issued in the next months; the other two decisions by the end of the year (2023). In addition, it is planned to introduce, in one of the pending decisions, provisions that will summarize all the reporting obligations of the IORPs.

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According to the evaluation criteria the recommended action is considered partially fulfilled if there are inefficient data gathering processes and/or inefficient data processing (the data are available, but there is no tool to analyse the data efficiently).

The third recommended action issued to CMC was in the context of ‘INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING’.

The Capital Market Commission (CMC) was recommended to receive granular data on the investment portfolios of IORPs currently received by the NAA.

CMC receives granular data on a quarterly basis, in tables reflecting IORPs’ assets. The data are certified by the depositary of each IORP. Since 2022 CMC also receives the annual financial statements (with reference date 31 December 2021 and onwards). CMC receives two reports as regards investment from IORPs on quarterly basis:

Both reports are provided on individual asset (ISIN) level line-by-line.

Therefore, CMC has access to necessary and complete data.

The fourth recommended action issued to CMC was in the context of ‘APPLICATION OF THE LOOK-THROUGH METHODOLOGY’.

CMC was recommended to regularly collect look-through information for CIVs.

Greek IORPs mostly invest in Greek CIVs. Therefore, relevant supervision is carried out through the supervision of the application of the investment rules of the Greek CIVs since CMC is the supervisor of Greek CIVs as well. For non-Greek CIVs look-through is performed by using a Composite Benchmark Index.

According to the evaluation criteria the NCAs should expect IORPs to apply an adequate level of look-through - if necessary, applying a number of iterations of the look-through approach where an investment fund is invested in other investment funds - of the total value of the CIU investments which is also necessary to assess PPR compliance.

By adequate, it should be understood that the granularity and frequency as well as timeliness of look-through information reported to the NCA should correspond to the risk profile of their investment portfolios.

This information should be made available to the NCAs on a regular basis either via external sources, or via IORP’s portfolio reporting or via in-house information when supervision of investment companies and IORP is integrated.

## **Conclusion**

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There is progress made and the action plan to reform current supervisory structure, which is composed of three separate NCAs dealing with supervision of IORPs has been approved, but the final decision on the option to be implemented is still pending.

Based on the assessment of the information provided, **EIOPA considers the first recommended action as partially fulfilled.**

Although the administrative burden to the IORPs is lowered by introduction of electronic submission to all three NCAs there are still Ministerial decisions pending approval to ensure sufficient data processing to analyse these data effectively.

Based on the assessment of the information provided, **EIOPA considers the second recommended action as partially fulfilled.**

CMC receives quarterly data on investment portfolio on line-by-line granularity that is necessary for effective PPR assessment.

Based on the assessment of the information provided, **EIOPA considers the recommended action as fulfilled.**

The approach used by CMC does not provide the same level of granularity for direct and indirect investments although there are practices in place to gather look-through information.

Based on the assessment of the information provided, **EIOPA considers the recommended action as partially fulfilled.**

## 4.8. HUNGARY

### ***Main findings***

The recommended action issued to MNB was in the context of application of the look-through methodology.

MNB was recommended to establish a regular look-through approach for collective investment vehicles obtaining more granular and the same level of granularity data from IORPs or other external sources regardless of whether the investments are made through Hungarian or foreign CIVs and to use this information for the supervisory assessment of PPR.

Regulation (MNB Decree) has been changed to implement the IORP data reporting.

MNB assesses the look through item by item and not by asset class and this information is requested in the module “77EE4 Investment funds – overview of underlying investments” that is used for the PPR assessment.

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MNB evaluates the institution's risks quarterly and monitors changes in the composition of investment assets, paying particular attention to the collective investments. The underlying assets covering 90% of the investment funds and collective investment vehicles must be presented item-by-item in the new table and the remaining 10% must be aggregated in one line.

MNB assesses the information provided by the MNB Decree on the obligations of funds and occupational pension providers to report data to the central bank's information system primarily in order to fulfil the supervisory tasks of the MNB. MNB examines the securities behind the collective investments as part of its off-site supervision activities. The information is provided at sufficient level of granularity.

### **Conclusion**

MNB has established the regular look-through approach obtaining same granularity look-through data on regular basis.

Based on the assessment of the information provided, **EIOPA considers the recommended action as fulfilled.**

## **4.9. IRELAND**

### **Main findings**

The recommended action issued to the PA was in the context of 'information gathering for PPR assessment and processing'.

The PA was recommended to regularly gather information on the duration of both assets and liabilities, as the mismatch of assets and liabilities is reported by the Pensions Authority as the most important trigger for the recovery/de-risking plan.

The PA acknowledges not collecting specific information on the duration of assets and liabilities as it has no capacity to routinely monitor this information due to IT system constraints (i.e., lack of IT system), the large number of DB IORPs in Ireland and lack of regular data collection arrangements.

In the short-term, in the absence of collecting the data required by EIOPA pension data decision, the Authority is considering the expansion of the successful LDI survey (e.g., to include 20 more schemes) and also including the collection of actuarial valuation reports which would provide more information on liability durations, and the results of DB Financial Risk Measure assessments which contain duration information as well as other information on risk.

In the long-term, the PA plan to start collecting of EIOPA pensions data.

### **Conclusion**

The PA does not have sufficient access to the information and the data are not fully reliable, complete or adequate to gather them on purpose – PPR assessment.

Based on the assessment of the information provided, **EIOPA considers the recommended action as not fulfilled.**

## **4.10. LIECHTENSTEIN**

### **Main findings**

The recommended action issued to FMA-LI was in the context of 'INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING'.

FMA-LI was recommended to regularly collect sufficiently granular information on portfolios as a whole (including look-through for the CIVs) and to use it for the supervisory assessment of PPR enabling the FMA to identify key exposures of the portfolio as a whole (e.g., geographical exposure). At the time of the Peer Review, FMA-LI only received data on asset classes on a semi-annual basis.

FMA-LI reported to have introduced a reporting called 'List of assets' (PF.06.02.24). This reporting has to be provided on an annual basis and includes an "Investment funds - look-through approach" (PF.06.03.24). More precisely, this look-through reporting gathers information for each CIV on the various categories (cash, government bonds, corporate bonds, equities, collective investments, etc.). These asset categories are further split in different line by line reporting depending on their country of issue and their currency.

According to evaluation criteria, EIOPA expects NCAs to have automatic access to necessary, reliable, complete and adequate data and to use it effectively.

### **Conclusion**

FMA-LI has implemented a look-through reporting which can be considered as adequate also taking into account the risk profile of IORP market in Liechtenstein and the risk profile of IORP's investment portfolios. The IORP market in Liechtenstein consists of only one main market player only investing in 4 different investment strategies.

Based on the assessment of the information provided, **EIOPA considers the recommended action as fulfilled.**

## 4.11. LUXEMBOURG (CAA)

### ***Main findings***

The recommended action issued to LU(CAA) was in the context of 'SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES'.

LU(CAA) was recommended to consider reinsurance agreements in view of PPR assessment (e.g., notification of contracts including terms and conditions). Reinsurance plays an important role in Luxembourg for IORPs. However, there was no evidence of systematic supervisory approach towards the monitoring of counterparty risk related to reinsurance.

LU(CAA) reported that from a practical point of view, the life insurance department within the LU(CAA) is also in charge of IORPs' supervision because of the small size of Luxembourg's IORP sector. Close and detailed monitoring of the (re)insurer and their representative assets are only carried out during onsite inspections.

According to evaluation criteria, EIOPA expects the NCAs to have all necessary tools and procedures and to regularly assess all aspects of the PPR as part of the NCA's supervisory review process including risk assessment.

### ***Conclusion***

LU(CAA) has not implemented changes in its IORPs' supervision to regularly monitor reinsurance agreements in view of PPR assessment. Based on the evaluation criteria, EIOPA has to consider that LU(CAA) has tools and procedures in place to assess reinsurance agreements. However, this assessment is only carried out on an ad-hoc basis. The work towards a more systematic supervisory approach for the monitoring of reinsurance agreements in view of the supervisory assessment of PPR instead of only ad-hoc is considered important. This is of particular importance in Luxembourg as reinsurance plays an important role for IORPs.

Based on the assessment of the information provided, **EIOPA considers the recommended action as partially fulfilled.**

## 4.12. LUXEMBOURG (CSSF)

### ***Main findings***

The recommended action issued to LU(CSSF) was in the context of 'INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING'.

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The CSSF was recommended to receive regularly sufficiently granular information on the portfolio as a whole (including look-through for the CIVs) and to use it for the supervisory assessment of PPR enabling the CSSF to identify key exposures of the portfolio (e.g., geographical spread).

CSSF requires all IORPs to submit a look-through data of all CIVs (UCITs and non-UCITs) starting 2022.

The authority's IORP supervision division is provided with more detailed information on the underlying assets of CIVs, depending on the conclusions retained from the reporting data analysis. CSSF currently assesses whether to include more detailed information on CIVs in the financial assessment of the IORPs.

CSSF receives an audited annual financial report and a quarterly financial reporting on the investment portfolio, including look-through for the CIVs on individual positions. This includes information on financial instruments spreads, investment vehicles spreads, geographical spreads, financial derivatives as well as exposures information on governments and financial institutions.

CSSF has the power to require all information on an ad hoc basis if deemed necessary and to carry out on-site visits in order to assess the financial situation of an IORP if not available in a detailed and appropriate manner.

According to the evaluation criteria if the NCA has ad-hoc access to information while an ongoing access would be more adequate or there is inefficient data gathering processes and/or inefficient data processing it is considered that the recommended action is partially fulfilled.

### ***Conclusion***

CSSF is requiring financial data on quarterly basis on the investment portfolio. CSSF also receives look-through information for both UCITS and non-UCITS. The data processing is still inefficient since there are no automatic data processing and analysis tools in place.

Based on the assessment of the information provided, **EIOPA considers the recommended action as partially fulfilled.**

## **4.13. NETHERLANDS**

### ***Main findings***

The recommended action issued to DNB was in the context of 'SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES'.



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DNB was recommended to provide evidence of the negative impact of the legal requirements that allow IORPs to reduce the contribution rate, in order to start a discussion with the legislator on the potential changes to the legislation regarding the assumptions used by IORPs.

DNB has provided evidence regarding the negative impact of the legal requirements to reduce the contribution rate as part of the evaluation of the financial supervisory framework which has taken place in 2018.

In the Netherlands the new legislation moves the pension system from DB to DC based. In this new pension system reducing the contribution rate does not impact the recovery rate of pension funds.

### **Conclusion**

DNB has provided evidence regarding the negative impact of the legal requirements to reduce the contribution rate.

Based on the assessment of the information provided, **EIOPA considers the recommended action as fulfilled.**

## **4.14. NORWAY**

### **Main findings**

The first recommended action issued to Finanstilsynet was in the context of 'APPLICATION OF THE LOOK-THROUGH METHODOLOGY'.

Finanstilsynet was recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight on the exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR. The look-through shall be implemented to complement the stress test analysis.

Finanstilsynet reported that, since January 2019, the Extensive Solvency Requirement for pension companies came into effect as a regulation. This regulation requires the establishment of a reporting that includes detailed information namely on assets. This information enables getting an insight on the aggregate exposures of the portfolio. These aggregate exposures relate mainly to interest rate risk, interest rate duration, equity and infrastructure, property risk, foreign currency, spread risk, largest exposures to one issuer or issuer group, counterparty risk, etc.

According to the evaluation criteria, EIOPA expects the NCAs to have defined and applied an adequate level of look-through of IORPs' portfolio - if necessary, applying a number of iterations of the look-through approach where an investment fund is invested in other investment funds - of the total value of the CIU investments which is also necessary to assess PPR compliance. Regardless of

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whether investments are done directly or indirectly, IORPs should have a comparable and transparent view of the whole portfolio.

The second recommended action issued to Finanstilsynet was in the context of 'GOVERNANCE'.

Finanstilsynet was recommended to strengthen the supervision of the governance system of IORPs by assessing it on a regular basis instead of on an ad-hoc basis in order to ensure a systematic check of governance issues. More frequent specific reviews on qualitative criteria can also be regarded as a valuable complement to the supervisory process which was mainly quantitative.

Finanstilsynet reported that, from a supervisory context point of view, it has not implemented significant changes as an outcome of this recommended action even though Finanstilsynet tends to increase the use of the regularly received qualitative information on governance. The information on the governance system related to investments is included in the annual reports received from IORPs as legally required in Norway.

Finanstilsynet has also indicated that it intends to supervise the regularly received ORA reports within the scope of its governance supervision. This will be done on an ad-hoc basis depending on the risk signals indicated by the Early Warning Process. The Early Warning Process is carried out by an inter department "Early Warning Group". This group has formal meetings at least twice a year. The objective is to carry out continuous risk assessments which are used to determine a risk classification of IORPs as well as to define the potential need for follow up.

According to the evaluation criteria, EIOPA expects the NCA to develop necessary tools and procedures to assess the system of governance regularly as part of the supervisory review process including risk assessment and to use them efficiently.

## ***Conclusion***

The information provided by Finanstilsynet has increased significantly further to the introduction of the Extensive Solvency Requirement. However, EIOPA notes that this extensive reporting contains no information providing an insight on the sectoral and geographical exposures as stated in the recommended action. This Extensive Solvency Requirement is therefore not considered sufficient to support the full compliance with the recommended action.

Based on the assessment of the information provided, **EIOPA considers the first recommended action as partially fulfilled.**

Finanstilsynet has not implemented significant changes as an outcome of the second recommended action. However, Finanstilsynet tends to increase its use of the regularly received annual reports within the scope of its supervisory review process. In the future, Finanstilsynet also intends to use

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the regularly received ORA reports to carry out its supervision of the governance system. In the meantime, this supervision is only carried out on an ad hoc basis.

EIOPA acknowledges that the first steps have been made in this regard namely the increasing use of qualitative information, but the frequency of those reviews remains ad hoc. Based on the assessment of the information provided, **EIOPA considers the second recommended action as not fulfilled.**

## 4.15. POLAND

### ***Main findings***

The recommended action issued to the KNF was in the context of 'APPLICATION OF THE LOOK-THROUGH METHODOLOGY'.

KNF was recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight on the portfolio exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR.

KNF has implemented changes to the organisational structure and supervisory procedures have been adapted to the recent legislative changes. Two departments responsible for the supervision of investment funds and open pension funds, voluntary pension funds and IORPs have been merged. The supervision and control over IORPs is carried out by organisational units of the Department of Investment Funds and Pension Funds (hereinafter: 'DFF'). There has been an increase in the speed of information exchange between DFF units.

KNF carries out on-site inspections and cyclical monitoring of CIVs investments. In general, reviews are carried out cyclically during the analysis of quarterly data on IORP investment activity.

### ***Conclusion***

Although at the moment IORPs do not invest in CIVs KNF has implemented organisational and procedural changes to include look-through approach to the supervision over IORPs when preparing an assessment of IORPs' investment activities.

Based on the assessment of the information provided, **EIOPA considers the recommended action as fulfilled.**

## 4.16. SLOVENIA

### ***Main findings***

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The recommended action issued to the AZN was in the context of 'APPLICATION OF THE LOOK-THROUGH METHODOLOGY'.

The AZN was recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight on the portfolio exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR.

The Slovenian legislation will change according to the new requirements of EIOPA from January 2025 onwards including the obligation for IORPS to report in line with EIOPA's decision on reporting. Until then AZN regularly checks (on-site and off-site), if IORPs are investing according to their provision in pension fund rules. The AZN uses on-site inspections in order to scrutinize the biggest investments on an individual basis including look-through.

### **Conclusion**

AZN has implemented look-through methodology on selected investments during on-site inspections. These inspections are performed on a regular basis. However, there is still no look-through requirement until January 2025.

Based on the assessment of the information provided, **EIOPA considers the recommended action as partially fulfilled.**

## **4.17. SLOVAKIA**

### **Main findings**

The recommended action issued to the NBS was in the context of 'APPLICATION OF THE LOOK-THROUGH METHODOLOGY'.

The NBS was recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight on the portfolio exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR.

NBS uses the look through approach on an ad hoc basis and the processing of data is mostly done manually. Only for credit risk, the look-through approach is performed on a monthly basis. The IORPs provide monthly reports on geographical and asset class allocation, duration and top holdings. Besides, IORPs report on the state of assets, adequacy of own resources, exceeding investment limits, assets, liabilities, income and expenses on a regular basis.

Information from the IORPS is complemented by and compared with data from other information systems. The NBS is in the process of creating and implementing risk assessments, including the improvement of the look-through approach and minimizing manual data processing. The NBS plans

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to finish the implementation of risk assessment in 2023. However, there will still remain some level of manual data processing as the digitalization process within the entire NCA will continue in the following years.

The NBS plans to carry out regular look-through analysis as part of the risk assessment on the basis of information gathered from IORPs, external databases and internal processing. This would be part of the regular off-site supervision that will serve mainly as the source of supervision plans and more detailed ad-hoc off-site reviews or on-site inspections.

### ***Conclusion***

The NBS has partly implemented the look-through methodology. Reporting for credit risks takes place monthly. The NBS plans to improve the look-through approach while minimizing manual data processing.

Based on the assessment of the information provided, **EIOPA considers the recommended action as partially fulfilled.**

## 5. BEST PRACTICES

The Peer Review on supervisory practices with respect to the application of the Prudent Person Rule for IORPs identified six best practices (BPs) that aimed to inspire NCAs to benefit from each other's experience. The six BPs identified were:

**BP1 – Thematic Reviews to Identify Potential Vulnerabilities**

**BP2 – Quantitative Indicator to Assess Quality Asset Management**

**BP3 - Intranet Application for Recordkeeping and Knowledge Sharing**

**BP4 - Written and Oral Fit and Proper Assessment**

**BP5 - Disclosure Investment Plan and Risk Appetite IORP**

**BP6 - Comprehensive Risk Assessment System**

To gain knowledge on the implementation of the identified BPs, all NCAs in the EEA countries that have IORPs under their supervision have been invited to provide input on their supervisory practices in this respect during the self-assessment phase of the follow up of the peer review.

The follow-up analysis focuses on whether and to what extent the best practices have been taken into consideration, implemented, or further developed by the NCAs. The outcome of this analysis on the level of implementation of the best practices will be considered by EIOPA when assessing whether and how to include these practices in EIOPA's supervisory review process handbook.

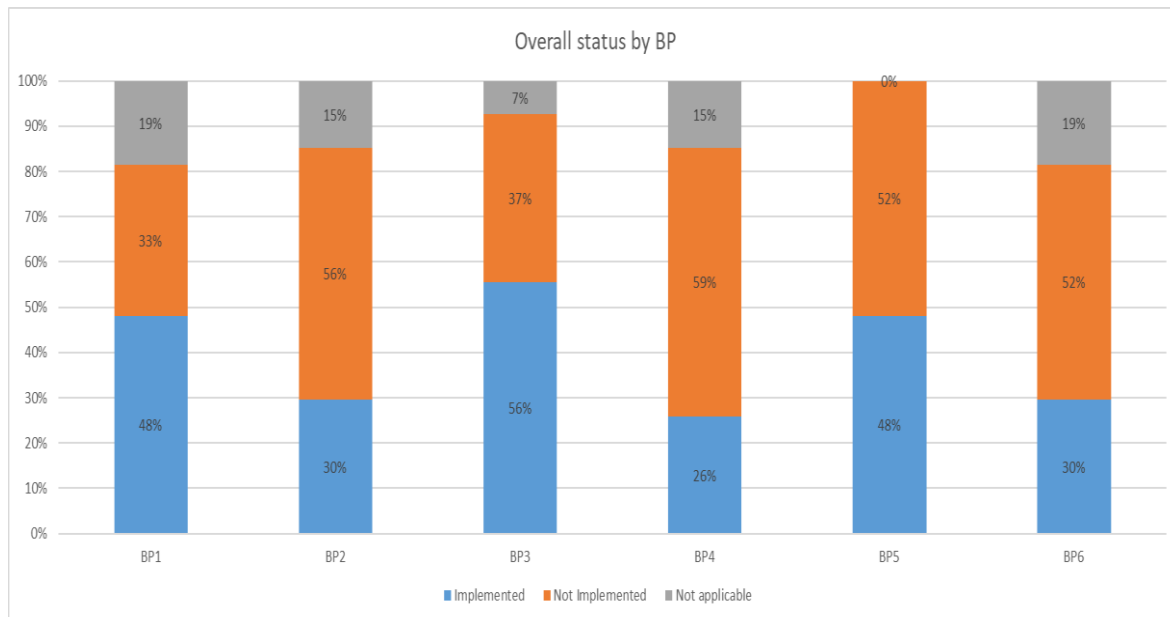
### 5.1. KEY FINDINGS ON THE IMPLEMENTATION OF BEST PRACTICES

The best practices as identified in the peer review process have been implemented by NCAs to some extent or have inspired NCAs to develop their supervisory review process in a similar manner<sup>13</sup>.

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<sup>13</sup> Detailed overview of the implementation of the BPs across NCAs can be found in Annex IV.

Graph 1: Overall status by Best Practice (BP)



For BP1, implemented by 48% of NCAs, EIOPA acknowledges the arguments made by some NCAs about following an approach that is proportionate to the structure and complexity of the undertakings operating in relatively small national pension markets.

For BP3, EIOPA concluded a significantly high rate of implementation, i.e., 56%, while the other BPs were implemented by less than half of the NCAs.

In particular, for BP4 some NCAs implemented a fit and proper assessment via a written examination. However, an oral assessment is usually not performed by the majority of the NCAs or not used as an additional tool when it is needed as envisaged in the Best Practice.

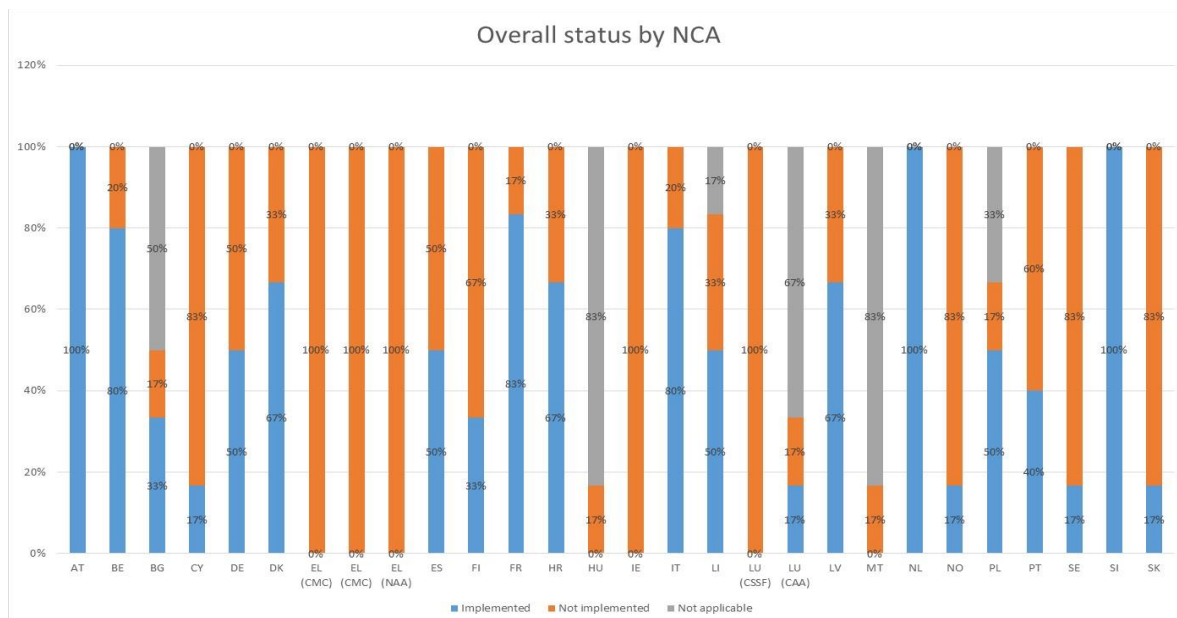
The chart below presents the level of implementation of best practices by Member State. Among the NCAs which have concluded the implementation of most of the BPs (>50%) are AT, BE, DK, FR, HR, IT, LV, NL and SI. There are several NCAs which have been working towards implementing the BPs and have achieved a rate of 50 % (DE, ES, LI and PL). The rest of the NCAs have reached an implementation rate of the BPs below 50 % (BG, CY, EL<sup>14</sup>, FI, HU, IE, LU (CAA), LU (CSSF), MT, NO, PT, SE and SK). In particular, EL, HU, IE, LU (CSSF) and MT have not implemented any of the best practices identified in the follow-up report.

<sup>14</sup> In EL there are three authorities in charge of supervision of IORPs: Ministry of Labor, CMC, NAA

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Among the reasons for the non-implementation is mainly local specificities, concerning both the national legislation but also the pension market, resulting in peculiarities of the supervisory approach which does not allow to incorporate the spirit of the best practice.

Graph 2: Overall status by NCA



## 5.2. THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES

EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market.

The approach could be labelled ‘proportional plus supervision’.

The analysis of the responses shows that 48% of the NCAs have implemented this best practice. It is noted that for concluding on the implementation of the best practice all aspects highlighted in the approach adopted by the relevant NCA were considered e.g., whether thematic reviews are in place, either off-site or on-site, to identify developments and vulnerabilities of the IORP market.

### **Main findings**



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For nine NCAs from seven jurisdictions this best practice has not been implemented for various reasons (CY, DE, EL (Ministry of Labor, CMC, NAA), IE, LU, NO, SK).

Some NCAs indicated that they do not perform thematic reviews on a regular basis or with the purpose of identifying specific trends or potential global and local vulnerabilities, tracking the development of the market (CY, DE, EL, NO). Some of the NCAs (CY, DE) perform ad-hoc surveys such as a questionnaire. Thematic reviews are part of the supervisory activities of the supervisory approach that according to the IORP II Directive should be risk-based and forward looking. However, some NCAs describe these supervisory activities as rule-based related to compliance check perspective (CY, IE, LU CSSF). SK indicated that they are working on a system to monitor the IORPs with a more thematic focus as the IORP markets develops.

For five NCAs (BG, HU, LU (CAA), MT, PL), BP1 has been assessed as non-applicable given the small size of the local market or technical constrains for its implementation (e.g., only one IORP operating). However, PL has noted that as the IORPs market develops, the recommended supervisory solutions will be implemented and used in ongoing supervisory activities.

## **Conclusions**

Almost half of the NCAs have implemented this best practice, while some indicated willingness to move towards this direction. EIOPA acknowledges the arguments made by some about following an approach that will be proportionate to the structure and complexity of the undertakings operating in relatively small IORP markets.

## **5.3. QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT**

EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs' assets.

The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP's management.

The analysis of the responses shows that 30 % of the NCAs have implemented this best practice.

## **Main findings**

For 15 NCAs this best practice has not been implemented for various reasons (CY, DE, DK, EL (Ministry of Labor, CMC, NAA), ES, FI, FR, HR, IE, LU (CSSF), NO, SE, SK).

Some NCAs indicated that the IORPs are providing defined benefits (DB) schemes, and/or are very small with a limited focus on costs (DK, FI, LU CSSF, NO). Three NCAs indicated they have not implemented this BP due to inadequate resources (CY, IE, SE). For CY this is specified in terms of staff and relevant IT tools. For IE there have been IT system constraints and a lack of data sharing agreement with the Central Bank of Ireland. NCAs arguing they supervise a small IORP market noted it is not cost-efficient to make use of quantitative indicators to assess quality asset management (EL) or that they (FR) specifically do not assess the turnover activity of the IORPs assets given that in practice, IORPs in their jurisdiction manage their investments by aiming to match assets characteristics with their liabilities (notably in terms of duration), while they do not organize a turnover. Another NCA has different supervisory practices to replace the use of quantitative indicators for assessing asset management (DE). Some NCAs are working on the implementation of quantitative internal tools (ES, SK) or are considering implementing this best practice (HR). More in particular, IE is currently considering the efficiency of the turnover of assets through individual supervision of the IORPs, with the internal tool assessing financial aspects (qualitatively).

For four NCAs (BG, HU, LU, MT) this best practice has been assessed as not applicable given the small size of the local market. The MFSA is currently developing supervisory tools including an IT tool which would assist in automatically capturing data from templates provided by the IORPs. Although this system would not be specific to assess the quality of asset management at this stage, the MFSA would consider adopting such IT tool to implement the best practice noted above as the IORPs market continues to grow.

## ***Conclusions***

The majority of NCAs has not implemented this best practice but some NCAs indicated willingness to move towards this direction. EIOPA acknowledges the arguments made by some regarding following an approach that will be proportionate to the structure and complexity of the undertakings operating in relatively small IORP markets. Nevertheless, EIOPA expects further efforts by the NCAs to put in place quantitative indicators to assess the efficiency of the turnover activity of IORPs assets.

## 5.4. INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING

EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.

The analysis of the responses shows that 56 % of the NCAs have implemented this best practice.

### ***Main findings***

Most NCAs implemented an intranet application for recordkeeping purposes such as SharePoint and have an application to facilitate sharing of PPR-related issues within the NCA.

Ten NCAs from eight jurisdictions have not implemented this Best Practice (CY, DK, EL (Ministry of Labor, CMC, NAA), IE, LV, PT, SE, SK). Some NCAs are in the process of implementing an intranet application for exchanging information (IE, SK). For IE the new IT system will include the potential for more detailed knowledge sharing on IORPs when authorization and pensions data is collected. Some NCAs have a basic intranet function/application in use but these are not related to PPR issues (CY). SE indicated that the necessary IT-resources are missing to implement this BP. DFSA has set up data portals in PowerBI but has not fully implemented this BP (DK). For EL the current supervisory practices will be supplemented and further defined after the completion of the legislative framework.

LV and PT expressed no intention to implement an intranet application for record-keeping and/or knowledge sharing purposes. For LV the reason is the small size and structure with regards to IORPs supervision. PT indicated that the existing system in use fulfills an appropriate and equivalent function.

For HU and MT this best practice has been assessed as not applicable given the small size of the local market.

### ***Conclusions***

Almost all NCAs share the importance of having an intranet application for recordkeeping and knowledge sharing. However, slightly more than half of the NCAs fully implemented this best practice. EIOPA reiterates its view that this supervisory practice enhances supervisory transparency and accountability, as well as promotes cooperation and the exchange of information within

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an NCA. In addition, this practice provides the NCAs with effective means to record PPR-related views and opinions for an IORP, which are accessible to all NCA departments. Thus, EIOPA encourages more NCAs to move into the development of such intranet applications.

## 5.5. WRITTEN AND ORAL FIT AND PROPER ASSESSMENT

EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants.

EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.

The analysis of the responses shows that 26 % of the NCAs (AT, DK, FR, HR, LV, PL, SI) have implemented this best practice.

### ***Main findings***

Sixteen NCAs from fourteen jurisdictions (BE, BG, CY, DE, EL (Ministry of Labor, CMC, NAA), ES, FI, IE, IT, LU (CSSF), NO, PT, SE, SK) have not implemented this best practice. Some of them (BG, EL (Ministry of Labor, CMC, NAA), ES, SE) have implemented a fit and proper assessment only on the basis of a written test but they do not use oral assessments as an additional tool where it is not clear from the written assessment whether candidates fulfill the necessary requirements as envisaged in the Best Practice implemented by DNB.

For some oral tests are performed but this is not part of the assessment on a systematic basis (BE, LU CSSF). For one NCA oral assessments are conducted if there are concerns about specific skills (DE). Other NCAs refer to on-site inspections where oral interviews with the board members are performed (BG). CY indicated that they are working on implementing a written and oral fit and proper assessment.

Some NCAs indicated that there are no particular standards for a fit and proper assessment for the people responsible for IORPs’ investments (LI (small market), IE). For IE the respective people are assessed individually and via a general fit and proper process for all board members and code of practice. The NCA sees it as a likely area to be developed as part of the authority’s supervisory practices but shows no plan for implementing any supervisory activity to perform a fit and proper assessment of management board members.

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One NCA (IT) indicated that the responsibility of verifying the fit and proper requirements lies with IORP's board and that the respective NCA verify the adequacy of the checks carried out by the supervised entity. IT is considering whether to issue dedicated guidelines for IORPs to verify the fit and proper requirements, which may also include a template. Another NCA indicated that IORPs without a legal personality are governed by specialized entities with highly skilled resources. ASF considers their assessment to be proportional and adequate (PT).

For HU this practice has been assessed as not applicable given the small size of the local market.

### **Conclusions**

Some NCAs implemented a fit and proper assessment via a written examination. However, an oral assessment is usually not performed by the majority of the NCAs or not used as an additional tool when it is needed as envisaged in the Best Practice.

## **5.6. DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP**

EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered.

Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.

The analysis of the responses shows that 48 % of the NCAs have implemented this best practice (AT, BE, BG, CY, DE, DK, ES, FR, HR, IT, LV, SI, SK).

### **Main findings**

Based on the responses it was concluded that 13 NCAs (EL (Ministry of Labour, CMC, NAA), FI, HU, IE, LI, LU (CSFF, CAA), MT, NO, PL, PT and SE) have not implemented this best practice regardless the size of the IORPs market<sup>15</sup>.

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<sup>15</sup> The size of the IORPs market is a criterion used, when it is relevant, to assess when a BP is not applicable or not implemented.

Some NCAs do not perform benchmarks (FI, LI, LU CAA) nor proceed to a compliance check (FI). Other NCAs do not collect information due to limited IT capabilities (IE) or do not receive the IORPs internal limits since the limit system is assessed only during on-site inspections (NO). Some NCAs refer to the existence of the external limits set by legislative framework. At the time of this peer review, for one country there is a pending approval of a ministerial decree with requirements for the investment plan and risk appetite (EL). For another NCA, the OFE Act sets external investment limits but investment portfolios of individual IORPs are not differentiated in terms of risk appetite or period of savings by IORPs member (PL). Since LU CSSF does not have a fully automated risk-based tool for the supervision of the IORPs, it has therefore not implemented BP 5. SE, MT and PT also have not established the requirements envisaged by this best practice. PT claims that the national regulation imposes the definition of investment limits by asset class, which should be part of the IORPs investment policy and that national legislation obliges the managing entities to notify the supervisory authority of all investment policies. However, there was no indication that the authority “benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios” as detailed in BP5.

### **Conclusions**

Almost half of NCAs has already implemented this best practice, while there are positive indications from most of the NCAs for which implementation has not been confirmed yet or are in the process of legal implementation. However, for some IORPs there is still room for consideration to compare internal limits to actual investment portfolios. Some NCAs can still start to benchmark IORPs’ risk appetites, evaluate investment discipline and support PPR compliance checks.

## **5.7. COMPREHENSIVE RISK ASSESSMENT SYSTEM**

EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.

The analysis of the responses shows that 30 % of the NCAs have implemented this best practice (AT, BE, DE, DK, FR, IT, NL, SI). 52% of the NCAs have not implemented BP 6 (CY, EL (Ministry of Labor, CMC, NAA), ES, FI, HR, IE, LI, LU (CSSF), LV, NO, SE, SK) and for 19% of the NCAs this BP was not applicable (BG, HU, MT, LU (CAA), PL).

### ***Main findings***

Most NCAs indicated that they only use basic validation tool that can trigger supervisory actions. They do not use comprehensive, multi-dimensional tools for assessing IORPs investment risks (CY, EL, ES, FI, HR, HU, IE, LI, LU (CSSF), LV, NO, SE, SK).

For some NCAs the reason for not implementing this BP is due to the specificities of national legislation. For the Greek authorities, the ongoing regulatory changes, and the implementation of a risk-based approach results in not implementing this BP. Their intention is to check VaR more closely after the ministerial decree on risk management has been issued (EL). SE has not implemented this BP because the legally binding risk sensitive capital requirements function as their basis for quarterly analysis. In Norway there is an extensive Solvency Requirement for pension companies that came into effect in 2019. This requirement involves calculating the technical provision at market value and other aspects such as different risk types. The IORPs report bi-annually on these items (NO).

Some NCAs implemented other tools with the same purpose. The Spanish DGSFP currently uses qualitative tool with a traffic light system, based on expert judgement. This helps to evaluate the different areas that constitute the managing entity (ES). FIN-FSA indicated that they use two validation tools within the supervision (FI), while LV uses a strategic survey and an annual evaluation which is linked to a traffic light principle. This allows them to determine or assess the individual risk and the overall level of risks (LV). LU (CSSF) uses quarterly and annual reports to have a view on a regular basis of the supervised IORPS. CSSF does not have a risk-based approach and considers the current procedures efficient and appropriate for performing a proper assessment (LU).

For HANFA the transition to risk-based supervision resulted in the fact that the risk assessment system is still under consideration (HR). Ireland indicated that their plans to perform a comprehensive, multi-dimensional assessment of IORPs' investment risks will depend on the development of suitable IT capabilities, the collection of the data from IORPs which will be more feasible when there is significant consolidation in the number of IORPs in the Irish market (IE). Cyprus also indicated that due to inadequate resources in terms of staff and relevant IT tools, this BP has not been implemented (CY).

Considering the market in Liechtenstein, the NCA does not see it as priority and necessity establishing a separate multi-dimensional tool to group the market in risk groups (LI). SK indicated that NBS is currently finalizing and testing new risk matrices and a traffic light system.

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For five NCAs (BG, HU, MT, LU (CAA), PL) this best practice has been assessed as not applicable since development of the traffic lights system would not seem adequate taking into account size of the market. In particular, for Malta the size of the market determines the implementation of this BP. As the IORPs sector grows the MFSA will consider adopting its supervisory practices to also perform a comprehensive, multi-dimensional assessment of IORPs' investment risks. This will be adopted on a risk-based approach basis (MT).

### ***Conclusions***

A minority of NCAs have implemented the best practices even though there is still a significant number of supervisory authorities that uses tools for assessing IORPs investment risks. However, these tools are not always multi-dimensional and comprehensive in the form of a traffic light system that may serve as a trigger for supervisory actions.



## ANNEX I – LIST OF RECOMMENDED ACTIONS

MS	NCA	AREA OF RECOMMENDED ACTION	Rating	RECOMMENDED ACTION
AT	FMA	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Low	The FMA is recommended to develop the practice to regularly look-through - off-site and on-site - in order to ensure that key exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs are analysed and assessed on a regular basis.
BE	FSMA	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Low	The FSMA is recommended to extend its look-through approach for CIVs further, by collecting more granular information (geographical and sectoral exposure) on a regular basis.
CY	REGISTAR	SUPERVISORY STRUCTURE AND SUPERVISORY RESOURCES	High	The Registrar of Occupational Retirement Benefit Funds is recommended to significantly increase their qualified and expert staff to ensure adequate off-site and on-site supervision of the IORPs, in particular IORPs' compliance with the PPR.
CY	REGISTAR	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Medium	The Registrar of Occupational Retirement Benefit Funds is recommended to develop - as soon as possible - an IT tool to receive reporting by IORPs in an automated and secured manner and format.
CY	REGISTAR	GOVERNANCE	High	For small IORPs, the Registrar of Occupational Retirement Benefit Funds is recommended to strive for setting requirements on the fitness

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				of the members of the Administration Committee.
CY	REGISTAR	ON-SITE INSPECTIONS	High	The Registrar of Occupational Retirement Benefit Funds is recommended to start setting up on-site inspections as a supervisory assessment tool in relation to the activities of the IORPs including PPR related issues, especially towards larger IORPs.
DE	BAFIN	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Medium	The BaFin is recommended to introduce more formal reporting obligations towards Pensions fonds (PF).
DE	BAFIN	ON-SITE INSPECTIONS	High	The BaFin is recommended to increase its inspection cycle (currently 7-12 years) to conduct more on-site inspections depending on the risk categorisation tool.
EL	MINISTRY OF LABOUR	SUPERVISORY STRUCTURE AND SUPERVISORY RESOURCES	High	The Ministry of Labour, the Capital Market Commission (CMC) and the National Actuarial Authority (NAA) are recommended to assess the efficiency of the current supervisory structure, which is composed of three separate NCAs dealing with supervision of IORPs.
EL	MINISTRY OF LABOUR	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Low	The Greek NCAs are encouraged to work further on creating a single-entry point for all regular reporting by the IORPs and consequently establish an efficient information exchange between the three Authorities.
EL	CMC	SUPERVISORY STRUCTURE AND SUPERVISORY RESOURCES	High	The Ministry of Labour, the Capital Market Commission (CMC) and the National Actuarial Authority (NAA) are recommended to assess the efficiency of the current supervisory

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				structure, which is composed of three separate NCAs dealing with supervision of IORPs.
EL	CMC	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Medium	The Capital Market Commission (CMC) is recommended to receive granular data on the investment portfolios of IORPs currently received by the NAA.
EL	CMC	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Low	The Greek NCAs are encouraged to work further on creating a single-entry point for all regular reporting by the IORPs and consequently establish an efficient information exchange between the three Authorities.
EL	CMC	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Medium	The CMC is recommended to regularly collect look-through information for CIVs.
EL	NAA	SUPERVISORY STRUCTURE AND SUPERVISORY RESOURCES	High	The Ministry of Labour, the Capital Market Commission (CMC) and the National Actuarial Authority (NAA) are recommended to assess the efficiency of the current supervisory structure, which is composed of three separate NCAs dealing with supervision of IORPs.
EL	NAA	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Low	The Greek NCAs are encouraged to work further on creating a single-entry point for all regular reporting by the IORPs and consequently establish an efficient information exchange between the three Authorities.
FI	FIN-FSA	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Low	The FIN-FSA is recommended to introduce automatic data processing on the quantitative investment data.
FI	FIN-FSA	SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES	Low	The FIN-FSA is recommended to ensure supervision of assets beyond technical provisions (sur plus) and to

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				consider whether the investments of the surplus is in the best interest of the members.
FI	FIN-FSA	SUPERVISORY TOOLS	Medium	FIN-FSA is recommended to provide more focus in its supervisory assessment on interest rate risk (e.g., to introduce a stress test on the sponsor combined with market risk tests, i.e., low interest rate scenario etc.) to ensure a prudent computation of liabilities and a more prudent assessment of asset liability matching.
HR	HANFA	SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES	High	HANFA is recommended to integrate the two developed scoring models with a quantitative risk assessment framework into its PPR assessment framework.
HU	MNB	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Low	The MNB is recommended to establish a regular look-through approach for collective investment vehicles obtaining more granular and the same level of granularity data from IORPs or other external sources regardless if the investments are made through Hungarian or foreign CIVs and to use this information for the supervisory assessment of PPR.
IE	THE PENSIONS AUTHORITY	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Low	The Pensions Authority is recommended to regularly gather information on the duration of both assets and liabilities, as the mismatch of assets and liabilities is reported by the Pensions Authority as the most important trigger for the recovery/de-risking plan.
LI	FMA	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Low	The FMA is recommended to regularly collect sufficiently granular information on portfolios as a whole (including look-through for the CIVs) and to use it for the supervisory assessment of PPR enabling the FMA

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				to identify key exposures of the portfolio as a whole (e.g., geographical exposure).
LU	CAA	SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES	Medium	The CAA is recommended to consider reinsurance agreements in view of PPR assessment (e.g., notification of contracts including terms and conditions).
LU	CSSF	INFORMATION GATHERING FOR PPR ASSESSMENT AND PROCESSING	Medium	The CSSF is recommended to receive regularly sufficiently granular information on the portfolio as a whole (including look-through for the CIVs) and to use it for the supervisory assessment of PPR enabling the CSSF to identify key exposures of the portfolio (e.g., geographical spread).
NL	DNB	SUPERVISORY ASSESSMENT IN THE PPR RELATED ISSUES	Medium	The DNB is recommended to provide evidence of the negative impact of the legal requirements that allow IORPs to reduce the contribution rate, in order to start a discussion with the legislator on the potential changes to the legislation regarding the assumptions used by IORPs.
NO	FSA	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Low	Finanstilsynet is recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight on the exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR.
NO	FSA	GOVERNANCE	Medium	Finanstilsynet is recommended to strengthen the supervision of the governance system of IORPs by assessing it on a regular basis instead of on an ad-hoc basis and in order to ensure a systematic check of governance issues.

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PL	KNF	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Low	The KNF is recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight on the portfolio exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR.
SI	AZN	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Low	The AZN is recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight on the portfolio exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR.
SK	NBS	APPLICATION OF THE LOOK-THROUGH METHODOLOGY	Low	The NBS is recommended to develop the practice to regularly look-through - off-site and on site - in order to get insight in the exposures (geographical, sectorial, currency, ratings, etc.) and allocations (asset classes) of CIVs and to use it for the supervisory assessment of PPR.

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## ANNEX II – LIST OF BEST PRACTICES

MS	NCA		AREA	BEST PRACTICE(S)
AT	FMA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
AT	FMA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
AT	FMA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
AT	FMA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for

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				knowledge of investment in dedicated guidelines.
AT	FMA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
AT	FMA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
BE	FSMA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
BE	FSMA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.



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BE	FSMA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
BE	FSMA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
BE	FSMA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
BE	FSMA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
BG	FSC	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The

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				approach could be labelled ‘proportional plus supervision’.
BG	FSC	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
BG	FSC	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
BG	FSC	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
BG	FSC	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.

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BG	FSC	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
CY	REGIST AR	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
CY	REGIST AR	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORPs’ management.
CY	REGIST AR	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
CY	REGIST AR	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.

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CY	REGISTAR	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
CY	REGISTAR	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
CZ	CNB	OUT OF SCOPE		
DE	BAFIN	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
DE	BAFIN	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
DE	BAFIN	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing

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				of PPR-related issues within the NCA.
DE	BAFIN	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
DE	BAFIN	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
DE	BAFIN	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
DK	DFSA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.

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DK	DFSA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs' assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP's management.
DK	DFSA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
DK	DFSA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP's investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
DK	DFSA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
DK	DFSA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs' investment risks in the

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				form of a traffic light system that may serve as a trigger for supervisory actions.
EE	FI	OUT OF SCOPE		
EL	MINISTRY OF LABOUR	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
EL	MINISTRY OF LABOUR	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
EL	MINISTRY OF LABOUR	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
EL	MINISTRY OF LABOUR	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.

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EL	MINISTRY OF LABOUR	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
EL	MINISTRY OF LABOUR	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs' investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
EL	CMC	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled 'proportional plus supervision'.
EL	CMC	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs' assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORPs' management.
EL	CMC	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing



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				of PPR-related issues within the NCA.
EL	CMC	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
EL	CMC	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
EL	CMC	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
EL	NAA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.

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EL	NAA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs' assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP's management.
EL	NAA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
EL	NAA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP's investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
EL	NAA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
EL	NAA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs' investment risks in the

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				form of a traffic light system that may serve as a trigger for supervisory actions.
ES	DGSFP	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
ES	DGSFP	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
ES	DGSFP	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
ES	DGSFP	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
ES	DGSFP	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay

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				down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
ES	DGSFP	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
FI	FIN-FSA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
FI	FIN-FSA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
FI	FIN-FSA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
FI	FIN-FSA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s

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				investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
FI	FIN-FSA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
FI	FIN-FSA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs' investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
FR	ACPR	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled 'proportional plus supervision'.
FR	ACPR	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs' assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP's management.

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FR	ACPR	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
FR	ACPR	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
FR	ACPR	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
FR	ACPR	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
HR	HANFA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The

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				approach could be labelled ‘proportional plus supervision’.
HR	HANFA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
HR	HANFA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
HR	HANFA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
HR	HANFA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.

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HR	HANFA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
HU	MNB	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
HU	MNB	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORPs’ management.
HU	MNB	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
HU	MNB	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.



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HU	MNB	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
HU	MNB	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
IE	THE PENSI ONS AUTH ORITY	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
IE	THE PENSI ONS AUTH ORITY	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
IE	THE PENSI ONS AUTH ORITY	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing

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				of PPR-related issues within the NCA.
IE	THE PENSIONS AUTHORITY	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
IE	THE PENSIONS AUTHORITY	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
IE	THE PENSIONS AUTHORITY	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
IS	FME	OUT OF SCOPE		
IT	COVIP	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.

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IT	COVIP	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs' assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP's management.
IT	COVIP	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
IT	COVIP	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP's investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
IT	COVIP	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
IT	COVIP	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs' investment risks in the

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				form of a traffic light system that may serve as a trigger for supervisory actions.
LI	FMA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
LI	FMA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
LI	FMA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
LI	FMA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
LI	FMA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay

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				down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
LI	FMA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
LT	BOL	OUT OF SCOPE		
LU	CSSF	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
LU	CSSF	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
LU	CSSF	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.

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LU	CSSF	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
LU	CSSF	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
LU	CSSF	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
LU	CAA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
LU	CAA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the

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				efficiency of the turnover activity of IORPs' assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP's management.
LU	CAA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
LU	CAA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP's investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
LU	CAA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
LU	CAA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs' investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.

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LV	Bank of Latvia	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
LV	Bank of Latvia	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
LV	Bank of Latvia	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
LV	Bank of Latvia	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
LV	Bank of Latvia	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to



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				benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
LV	Bank of Latvia	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
MT	MFSa	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
MT	MFSa	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
MT	MFSa	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
MT	MFSa	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA

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				considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
MT	MFSA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
MT	MFSA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
NL	DNB	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
NL	DNB	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.

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NL	DNB	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
NL	DNB	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
NL	DNB	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
NL	DNB	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
NO	FSA	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The

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				approach could be labelled ‘proportional plus supervision’.
NO	FSA	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
NO	FSA	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
NO	FSA	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
NO	FSA	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.

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NO	FSA	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
PL	KNF	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
PL	KNF	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORPs’ management.
PL	KNF	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
PL	KNF	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.

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PL	KNF	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
PL	KNF	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
PT	ASF	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
PT	ASF	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
PT	ASF	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing

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				of PPR-related issues within the NCA.
PT	ASF	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
PT	ASF	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
PT	ASF	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs’ investment risks in the form of a traffic light system that may serve as a trigger for supervisory actions.
RO	ASF	OUT OF SCOPE		
SE	FI	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.

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SE	FI	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs' assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP's management.
SE	FI	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
SE	FI	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP's investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
SE	FI	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
SE	FI	BP6	COMPREHENSIVE RISK ASSESSMENT SYSTEM	EIOPA considers it a best practice that — especially in case of a large IORP market and complex investment portfolios — NCAs perform a comprehensive, multi-dimensional assessment of IORPs' investment risks in the



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				form of a traffic light system that may serve as a trigger for supervisory actions.
SI	AZN	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
SI	AZN	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
SI	AZN	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing of PPR-related issues within the NCA.
SI	AZN	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.

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SI	AZN	BP5	DISCLOSURE INVESTMENT PLAN AND RISK APPETITE IORP	EIOPA considers it a best practice when NCAs, in the absence of external investment limits, require IORPs to set their own internal investment limits taking into consideration their investment horizon and liquidity needs and lay down in writing as to how the Prudent Person Rule is considered. Regular receipt of the internal limits systems enables NCAs to benchmark risk appetites, evaluate investment discipline and supports PPR compliance checks when comparing internal limits to actual investment portfolios.
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SK	NBS	BP1	THEMATIC REVIEWS TO IDENTIFY POTENTIAL VULNERABILITIES	EIOPA considers it a best practice when — in large and heterogeneous IORP markets — NCAs perform thematic reviews (both on-site and off-site) that cover a representative sample of all IORPs. Thematic reviews will enable NCAs to identify potential global and local vulnerabilities and track the development of the market. The approach could be labelled ‘proportional plus supervision’.
SK	NBS	BP2	QUANTITATIVE INDICATOR TO ASSESS QUALITY ASSET MANAGEMENT	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — make use of quantitative indicators (e.g., in the form of a traffic light system) to assess the efficiency of the turnover activity of IORPs’ assets. The ultimate aim is to assess the performance (and the cost efficiency) of asset managers and, if needed, challenge the IORP’s management.
SK	NBS	BP3	INTRANET APPLICATION FOR RECORDKEEPING AND KNOWLEDGE SHARING	EIOPA considers it a best practice when NCAs — supervising a non-negligible number of IORPs — establish an intranet application for recordkeeping purposes and to facilitate sharing

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				of PPR-related issues within the NCA.
SK	NBS	BP4	WRITTEN AND ORAL FIT AND PROPER ASSESSMENT	EIOPA considers it a best practice when NCAs that supervise larger IORPs ensure a robust fit and proper assessment of management board members — responsible for an IORP’s investment policy — which consists of a written and oral assessment of the applicants. EIOPA considers it a best practice for NCAs to lay down their expectations as regards the standards for knowledge of investment in dedicated guidelines.
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## ANNEX III – OVERVIEW OF FULFILLMENT OF RECOMMENDED ACTIONS

	Member State	TYPE OF RA						Overall status by NCA (in %)			
		RA - LOOK-THROUGH METHODOLOGY	RA - SUPERVISORY STRUCTURE	RA - INFORMATION GATHERING	RA - GOVERNANCE	RA - ON-SITE INSPECTIONS	RA - SUPERVISORY ASSESSMENT	RA - SUPERVISORY TOOLS	Fulfilled	Partially fulfilled	Not fulfilled
	AT	Fulfilled							100%	0%	0%
	BE	Fulfilled							100%	0%	0%
	CY		Not fulfilled	Not fulfilled	Not fulfilled	Not fulfilled			0%	0%	100%
	DE			Fulfilled		Not fulfilled			50%	0%	50%
	EL		Partially fulfilled	Partially fulfilled					0%	100%	0%
	EL (CMC)	Partially fulfilled		Fulfilled					50%	50%	0%
	FI			Partially fulfilled			Not fulfilled	Partially fulfilled	0%	67%	33%
	HR						Not fulfilled		0%	0%	100%
	HU	Fulfilled							100%	0%	0%
	IE			Not fulfilled					0%	0%	100%
	LI			Fulfilled					100%	0%	0%
	LU (CSSF)			Partially fulfilled					0%	100%	0%
	LU (CAA)						Partially fulfilled		0%	100%	0%
	NL						Fulfilled		100%	0%	0%
	NO	Partially fulfilled			Not fulfilled				0%	50%	50%
	PL	Fulfilled							100%	0%	0%
	SI	Partially fulfilled							0%	100%	0%
	SK	Partially fulfilled							0%	100%	0%
	<b>Total Number of RAs by type</b>	8	2	8	2	2	4	1	27		
Overall status by RA	Fulfilled	4	0	3	0	0	1	0	8		
	Partially fulfilled	4	1	3	0	0	1	1	10		
	Not fulfilled	0	1	2	2	2	2	0	9		
Overall status by RA (in %)	Fulfilled	50%	0%	38%	0%	0%	25%	0%			
	Partially fulfilled	50%	50%	38%	0%	0%	25%	100%			
	Not fulfilled	0%	50%	25%	100%	100%	50%	0%			
	RA ID	RA - LOOK-THROUGH METHODOLOGY	RA - SUPERVISORY STRUCTURE	RA - INFORMATION GATHERING	RA - GOVERNANCE	RA - ON-SITE INSPECTIONS	RA - SUPERVISORY ASSESSMENT	RA - SUPERVISORY TOOLS			

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## ANNEX IV – OVERVIEW OF IMPLEMENTATION OF BEST PRACTICES

	Member State	Best Practice ID						Overall status by NCA (in %)		
		BP1	BP2	BP3	BP4	BP5	BP6	Implemented	Not implemented	Not applicable
	AT	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented	100%	0%	0%
	BE	Implemented	Implemented	Implemented	Not implemented	Implemented	Implemented	80%	20%	0%
	BG	Not applicable	Not applicable	Implemented	Not implemented	Implemented	Not applicable	33%	17%	50%
	CY	Not implemented	Not implemented	Not implemented	Not implemented	Implemented	Not implemented	17%	83%	0%
	DE	Not implemented	Not implemented	Implemented	Not implemented	Implemented	Implemented	50%	50%	0%
	DK	Implemented	Not implemented	Not implemented	Implemented	Implemented	Implemented	67%	33%	0%
	EL (Ministry of Labour)	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	0%	100%	0%
	EL (CMC)	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	0%	100%	0%
	EL (NAA)	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	0%	100%	0%
	ES	Implemented	Not implemented	Implemented	Not implemented	Implemented	Not implemented	50%	50%	0%
	FI	Implemented	Not implemented	Implemented	Not implemented	Not implemented	Not implemented	33%	67%	0%
	FR	Implemented	Not implemented	Implemented	Implemented	Implemented	Implemented	83%	17%	0%
	HR	Implemented	Not implemented	Implemented	Implemented	Implemented	Not implemented	67%	33%	0%
	HU	Not applicable	Not applicable	Not applicable	Not applicable	Not implemented	Not applicable	0%	17%	83%
	IE	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	0%	100%	0%
	IT	Implemented	Not applicable	Implemented	Not implemented	Implemented	Implemented	80%	20%	0%
	LI	Implemented	Implemented	Implemented	Not applicable	Not implemented	Not implemented	50%	33%	17%
	LU (CSSF)	Not implemented	Not implemented	Not applicable	Not implemented	Not implemented	Not implemented	0%	100%	0%
	LU (CAA)	Not applicable	Not applicable	Implemented	Not applicable	Not implemented	Not applicable	17%	17%	67%
	LV	Implemented	Implemented	Not implemented	Implemented	Implemented	Not implemented	67%	33%	0%
	MT	Not applicable	Not applicable	Not applicable	Not applicable	Not implemented	Not applicable	0%	17%	83%
	NL	Implemented	Implemented	Implemented	Not applicable	Implemented	Implemented	100%	0%	0%
	NO	Not implemented	Not implemented	Implemented	Not implemented	Not implemented	Not implemented	17%	83%	0%
	PL	Not applicable	Implemented	Implemented	Implemented	Not implemented	Not applicable	50%	17%	33%
	PT	Implemented	Implemented	Not implemented	Not implemented	Not implemented	Not applicable	40%	60%	0%
	SE	Implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	17%	83%	0%
	SI	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented	100%	0%	0%
	SK	Not implemented	Not implemented	Not implemented	Not implemented	Implemented	Not implemented	17%	83%	0%
Overall status by BP	Implemented	13	8	15	7	13	8			
	Not Implemented	9	15	10	16	14	14			
	Not applicable	5	4	2	4	0	5			
	Total	27	27	27	27	27	27			
	BP ID	BP1	BP2	BP3	BP4	BP5	BP6			

## ANNEX V – TERMS OF REFERENCE

<b>Description of the topic</b>	<p>To identify on an individual basis the progress made against the recommended actions by seeing into whether the NCAs have effectively fulfilled the recommended action(s) issued to them. Recommended actions were addressed to those NCAs that did not have sufficient supervisory tools and practices in place to ensure that the best interests of members and beneficiaries are protected.</p> <p>To explore whether the identified best practices have inspired the NCAs to improve supervisory convergence in relation to the supervision of the PPR.</p>
<b>Purpose and expected outcomes</b>	<p>The follow-up will assess, on an individual basis and based on the inputs provided, whether the NCAs have effectively fulfilled the recommended actions issued as part of the peer review process in accordance with Article 30 of the EIOPA Regulation (see also the two-year peer review work plan 2023-2024).</p> <p>The follow-up will assess what kind of regulatory, organizational and/or supervisory changes/actions the NCAs have implemented aiming for improvement in the area of the recommended action(s). The NCAs will be asked to describe and document (where needed) in detail these measures via a follow-up questionnaire.</p> <p>In addition, it will be assessed whether NCAs have been inspired by the six best practices identified in the peer review report.</p> <p>The focus of the analysis of the answers to the follow-up questionnaire will be the:</p> <ul style="list-style-type: none"><li>• Progress attained following the specific recommended actions and assessment of the adequacy and effectiveness of the action undertaken by NCAs.</li></ul>

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	<ul style="list-style-type: none"> <li>• European overview of the effects of the adjusted supervisory practices and actions taken.</li> <li>• Use of best practices and their possible further development by NCAs.</li> </ul> <p>On that basis the ad hoc Peer Review Committee (PRC) will describe the progress made by NCAs in a follow-up report that, once approved by EIOPA BoS, will be published on EIOPA’s website<sup>16</sup>.</p> <p>Depending on the outcome, EIOPA may extend the status of the recommended actions to NCAs, meaning that further follow-up of actions referring to outstanding issues identified in the context of NCAs’ legislation and/or organisation and/or supervisory practice(s) is needed.</p> <p>In order to gain knowledge on the use of the identified best practices, all NCAs in the EEA countries will be invited to answer to the question(s) concerning best practices during the self-assessment. The objective of this information collection is to gain further knowledge about the applicability of best practices. After its comprehensive assessment the results will be shared with the NCAs as part of the follow-up report.</p>
<p><b>Scope</b></p>	<p>The topics, coming from the peer review report published in April 2019, to be covered in the follow-up report are:</p> <ul style="list-style-type: none"> <li>VIII. Supervisory structure and supervisory resources.</li> <li>IX. Information gathering for the assessment and processing of the Prudent Person Rule.</li> <li>X. Application of the look-through methodology.</li> <li>XI. Supervisory assessment of Prudent Person Rule related issues.</li> <li>XII. Supervisory tools.</li> <li>XIII. Governance.</li> <li>XIV. On-site inspections.</li> </ul>
<p><b>Evaluation criteria, implementation expectations, fulfillment criteria</b></p>	<p>The follow-up will assess whether the recommended actions have been addressed and what activities regarding regulatory framework and/or organisational structure and/or supervisory practice(s) and how it is reflected in NCA’s internal policies and procedures have</p>

<sup>16</sup> Its outcome will be also incorporated in EIOPA’s yearly supervisory activities’ report.

been undertaken by individual NCAs to fulfil the recommendation(s) issued to them. The follow-up questionnaire will be addressed separately to NCAs depending on the recommendations originally addressed to them.

The process of the ad hoc PRC's assessment will comprise:

- Evaluation of the written feedback received from NCAs.
- A desk review of the answers and evidence provided and their relevance as summarised by the NCAs, ensuring clear understanding of every NCA's progress; if more clarity or specific information is required the ad hoc PRC will request clarification from respondents (e.g., by email or telephone interviews).
- Grading in terms of fulfillment of the recommended actions.

The original evaluation criteria will be used to ensure level playing field but at the same time it should be taken into account the regulatory requirements introduced by IORP II, meaning (see full table in Annex III):

- It is expected that NCAs have in place relevant supervisory tools and – during the reference period – have used them to perform an effective assessment of IORPs' compliance with the PPR.
- Evaluation of the information NCAs gather with regard to the PPR:
  4. It is expected that NCAs – at regular intervals – assess IORPs' compliance with the PPR.
  5. It is expected that NCAs have access to necessary, reliable, complete and adequate data.
  6. It is also expected that the data gathering processes and the data processing are efficient (e.g., sufficient level of reporting, good data quality, necessary tools to transmit and analyse data).

By necessary, reliable, complete and adequate data, it should be understood at least the following set of information (related to PPR compliance):

- › information on investment portfolio;
- › nature and duration of the expected future retirement benefits;
- › information on governance of the IORP with regard to the PPR;
- › risk assessment procedures of the IORP with regard to the PPR;



› internal control procedures of the IORP with regard to the PPR. It is expected that NCAs have sufficient access to granular information on investment portfolio – on an ongoing or ad-hoc basis (taking into account type of the pension scheme), in order to be able to assess IORPs' compliance with the PPR.

- Evaluation of how NCAs assess IORPs' compliance with the PPR:
  4. It is expected that NCAs – at regular intervals – assess IORPs' compliance with the PPR.
  5. When NCAs – at regular intervals – assess IORPs' compliance with the PPR it is expected that NCAs have defined and applied (automatic or on an ad-hoc basis/depending upon the type of pension scheme assessed) criteria (quantitative or qualitative) on the following aspects:
    - › portfolio diversification/concentration;
    - › the use of financial derivatives;
    - › exposure to non-regulated markets;
    - › asset liability matching (if applicable);
    - › valuation of assets;
    - › the security, quality (credit quality, exposure to risky investment products, e.g. collateral provided by a third party could improve the recovery in the event of default of the counterparty or an asset can be made more secure or of higher quality after a promise by a third party, e.g. a central bank);
    - › liquidity of the portfolio;
    - › profitability of the portfolio;
    - › volatility of the portfolio;
    - › due diligence with regard to the PPR;
    - › governance of the IORP with regard to the PPR;
    - › risk management of the IORP with regard to the PPR;
    - › internal control procedures of the IORP with regard to the PPR.
  6. It is expected that NCAs:
    - › analyse (risk-based) whether IORPs comply with the criteria as mentioned above, also taking into account the look-through principle and the characteristics of the IORP or at least apply a risk-based approach (choosing the IORPs or criteria with highest risk and impact);

	<p>› based upon this analysis take a decision on whether the IORP complies with the PPR or whether further supervisory action should be taken.</p> <ul style="list-style-type: none"> <li>• Evaluation of the supervisory actions that resulted from these assessments:                  It is expected that NCAs take supervisory action in accordance with the outcome of their supervisory assessment regarding an IORP’s compliance with the PPR.</li> </ul> <p>In line with the peer review report and the letters with the recommended actions implementation expectations have been set i.e., actions required from the competent authorities (how) to achieve substantive goals of the relevant recommended actions and what measures taken by the relevant competent authority would be suited to achieve that objective provided.</p> <p>Furthermore, the ad hoc PRC has agreed on the fulfilment criteria (how action/inaction will be graded) as described in Annex of the Decision of the European Insurance and Occupational Pensions Authority on peer reviews.</p>
<p><b>Reference period</b></p>	<p>The reference period for the follow-up on the peer review on supervisory practices with respect to the application of the prudent person rule for IORPs is April 2019 – December 2022.</p>
<p><b>Timeline</b></p>	<p>The follow-up will be conducted along the following key milestones:</p> <ul style="list-style-type: none"> <li>• Launch of follow-up questionnaire by end-March 2023.</li> <li>• Submission by NCAs of responses to the follow-up questionnaire by end of April 2023 (4 weeks).</li> <li>• Completeness check of the responses provided by competent authorities and further clarification if needed by early May 2023.</li> <li>• Performance of fieldwork to further investigate relevant aspects related to the answers provided in the follow-up questionnaire, assessment, and grading of the responses of the follow-up questionnaire and the fieldwork against the evaluation criteria and assessment of the implementation of best practices by end-June 2023.</li> <li>• Drafting, by the ad hoc PRC, of a follow-up report, factual check of the report by the national peer review coordinators, consultation with MB on the consistency of the report,</li> </ul>

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approval of the follow-up report by the Board of Supervisors by end-October 2023.

- Publication of the follow-up report on EIOPA's website by end of October 2023 or beginning of November 2023.

## ANNEX VI – EVALUATION CRITERIA

Area	Evaluation Criteria	
	Implementation expectations	Fulfilment criteria
<p><b>Supervisory structure and supervisory resources</b></p> <p>Article 45(2),47 and 49of the Directive and EIOPA Criteria for the independence of supervisory authorities, and EIOPA characteristics on NCAs tools for common supervisory</p>	<p>It is expected that NCAs have adequate human and IT resources, efficient organisational structures as well as policies and procedures to ensure adequate and efficient off-site and on-site supervision of the IORPs, in particular IORPs' compliance with the PPR.</p>	<p><b>Fulfilled:</b> SRP including risk assessment (as referred in IORP II Art.49(1)) is fully covered with adequate resources, adequate policies and procedures and efficient organisation with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information according to the risk profile of the IORPs and NCA can promptly react to the changes of risks faced by IORPs.</p> <p><b>Partly fulfilled:</b> there are policies and procedures established but resources and/or organisation are insufficient to enable efficient supervision or there are necessary resources in place, but lack of policies and procedures cause inadequate organisation of the supervision.</p>

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<p>culture<sup>17</sup>, Report on peer review on supervisory practices with respect to the application of the prudent person rule for IORPs</p>		<p><b>Not fulfilled:</b> inadequate resources, inefficient organisation and lack of policies and procedures to carry out effective supervision, in particular assessment of IORP’s compliance with PPR (whether off-site and/or on-site).</p>
<p><b>Information gathering for the assessment and processing of the Prudent Person Rule</b> Articles 46(g)(h)(i) and Articles 50 of the Directive, Decision of the Board of Supervisors on EIOPA's regular information requests towards NCAs regarding provision of</p>	<p>1. It is expected that NCAs – at regular intervals – assess IORPs’ compliance with the PPR. 2. It is expected that NCAs have access to necessary, reliable, complete and adequate data. 3. It is also expected that the data gathering processes and the data processing are efficient. (e.g., sufficient level of reporting, good data quality, necessary tools to transmit and analyse data)</p> <p>By necessary, reliable, complete and adequate data, it should be understood at least the following set of information (related to PPR compliance):</p> <ul style="list-style-type: none"> <li>› information on investment portfolio (see below for further details);</li> </ul>	<p><b>Fulfilled:</b> The NCA has automatic access to the information mentioned in implementations expectations and uses it effectively.</p> <p><b>Partly fulfilled:</b> The NCA has ad-hoc access to information while an ongoing access would be more adequate (considering the type of pension scheme assessed) or doesn’t use this access effectively – there is inefficient data gathering processes (too burdensome for NCA/IORPs) and/or inefficient data processing (the data are available, but there is no tool to analyse the data efficiently).</p>

<sup>17</sup> [https://www.eiopa.europa.eu/browse/supervisory-convergence/common-supervisory-culture\\_en](https://www.eiopa.europa.eu/browse/supervisory-convergence/common-supervisory-culture_en)

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<p>occupational pensions information, PPR Chapter for Supervisory Handbook of IORPs and Report on peer review on supervisory practices with respect to the application of the prudent person rule for IORPs</p>	<ul style="list-style-type: none"> <li>› nature and duration of the expected future retirement benefits;</li> <li>› information on governance of the IORP with regard to the PPR;</li> <li>› risk assessment procedures of the IORP with regard to the PPR;</li> <li>› internal control procedures of the IORP with regard to the PPR.</li> </ul> <p>Regarding information on investment portfolio, it is expected that NCAs have sufficient access to granular information – on an ongoing or ad-hoc basis (taking into account type of the pension scheme), in order to be able to assess IORPs’ compliance with the PPR. This information should at least contain investment information on:</p> <ul style="list-style-type: none"> <li>› portfolio diversification/concentration;</li> <li>› the use of financial derivatives;</li> <li>› exposure to non-regulated markets;</li> <li>› asset liability matching (if applicable);</li> </ul>	<p><b>Not fulfilled:</b> The NCA has only partial access to the information, or the data are not fully reliable, complete or adequate or the NCA does not use information it gathers on purpose – PPR assessment.</p>
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	<ul style="list-style-type: none"> <li>› valuation of assets;</li> <li>› the security, quality (credit quality, exposure to risky investment products, e.g. collateral provided by a third party could improve the recovery in the event of default of the counterparty or an asset can be made more secure or of higher quality after a promise by a third party, e.g. a central bank);</li> <li>› liquidity of the portfolio;</li> <li>› profitability of the portfolio as a whole;</li> <li>› volatility of the portfolio.</li> </ul>	
<p><b>Application of the look-through methodology</b></p> <p>Articles 46(g)(h)(i) and article 50 of the Directive, Decision of the Board of Supervisors on EIOPA's regular information requests towards NCAs</p>	<p>When NCAs – at regular intervals – assess IORPs’ compliance with the PPR it is expected that NCAs have defined and applied (quantitative or qualitative) criteria to ensure application of look-through principle with regard to:</p> <ul style="list-style-type: none"> <li>• portfolio diversification/concentration;</li> <li>• the use of financial derivatives;</li> <li>• exposure to non-regulated markets;</li> <li>• asset liability matching (if applicable);</li> <li>• valuation of assets;</li> <li>• the security, quality (credit quality, exposure to risky investment products, e.g., collateral provided by a third party could improve the recovery in the event of</li> </ul>	<p><b>Fulfilled:</b> Regardless of whether investments are done directly or indirectly, IORPs should have a comparable and transparent view of the whole portfolio.</p> <p>NCAs should expect IORPs to apply an adequate level of look-through - if necessary, applying a number of iterations of the look-through approach where an investment fund is invested in other investment funds - of the total value of the CIU investments which is also necessary to assess PPR compliance.</p>

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<p>regarding provision of occupational pensions information, PPR Chapter of Supervisory handbook for IORPs – in particular, section on CIU, Report on peer review on supervisory practices with respect to the application of the prudent person rule for IORPs</p>	<p>default of the counterparty or an asset can be made more secure or of higher quality after a promise by a third party, e.g. a central bank);</p> <ul style="list-style-type: none"> <li>• liquidity of the portfolio;</li> <li>• profitability of the portfolio;</li> <li>• volatility of the portfolio.</li> </ul> <p>It is expected that NCAs:</p> <ul style="list-style-type: none"> <li>• analyse (risk-based) whether IORPs comply with the criteria as mentioned above, also taking into account the look-through principle and the characteristics of the IORP (e.g. complexity, size) or at least apply a risk-based approach (choosing the IORPs or criteria with highest risk and impact);</li> <li>• based upon this analysis take a decision on whether the IORP complies with the PPR or whether further supervisory action should be taken.</li> </ul>	<p>By adequate, it should be understood that the granularity and frequency as well as timeliness of look-through information reported to NCA should correspond to the risk profile of their investment portfolios.</p> <p>This information is made available to NCAs on a regular basis either via external sources, or via IORP’s portfolio reporting or via in-house information when supervision of investment companies and IORP is integrated.</p> <p>NCAs should carefully consider the different approaches to source look-through information and the level of data quality associated with them (e.g., misclassified, or outdated information).</p> <p><b>Partially fulfilled:</b> sample of IORPs covered by risk-based approach to apply look-through only according to risk/impact does not provides NCA sufficient insight for PPR assessment.</p> <p><b>Not fulfilled:</b> NCA does not apply regular look-through but does it only ad-hoc or does not apply necessary number of iterations.</p>
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<p><b>Supervisory assessment of Prudent Person Rule related issues</b></p> <p>(Article 45, 46(g)(h)(i), 47, 49 of the Directive, PPR chapter of Supervisory handbook for IORPs, Report on peer review on supervisory practices with respect to the application of the prudent person rule for IORPs</p>	<ol style="list-style-type: none"> <li>1. It is expected that NCAs – at regular intervals – assess IORPs’ compliance with the PPR.</li> <li>2. It is expected that NCAs have access (at least to the following set of information (related to PPR compliance): <ul style="list-style-type: none"> <li>• information on investment portfolio;</li> <li>• nature and duration of the expected future retirement benefits;</li> <li>• governance of the IORP with regard to the PPR;</li> <li>• risk assessment procedures of the IORP with regard to the PPR;</li> <li>• internal control procedures of the IORP with regard to the PPR.</li> </ul> </li> <li>3. It is expected that NCAs take supervisory action in accordance with the outcome of their supervisory assessment regarding an IORP’s compliance with the PPR.</li> </ol>	<p><b>Fulfilled:</b> NCA has all necessary tools and procedures and regularly assess all aspects of the PPR as part of NCA’s SRP including risk assessment and taking into account, if need be, the impact of the regulation on this assessment. This assessment leads to necessary supervisory actions.</p> <p><b>Partly fulfilled:</b> NCA has necessary tools and procedures to assess all aspects of the PPR as part of NCA’s SRP including risk assessment but use them only ad-hoc (not-regularly).</p> <p><b>Not fulfilled:</b> NCA is still in the process of implementing some of tools into its SRP to assess all aspects of the PPR as part of NCA’s SRP including risk assessment.</p>
<p><b>Supervisory tools</b></p> <p>Article 45, 47 and 49 of the Directive, Report on peer review on supervisory</p>	<ol style="list-style-type: none"> <li>1. It is expected that NCAs – at regular intervals – assess IORPs’ compliance with the PPR.</li> <li>2. It is expected that NCAs take supervisory action in accordance with the outcome of their supervisory assessment regarding an IORP’s compliance with the PPR.</li> </ol>	<p><b>Fulfilled:</b> NCA has developed appropriate tool with appropriate risk category cover to perform an effective assessment of IORP’s compliance with the PPR.</p>

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<p>practices with respect to the application of the prudent person rule for IORPs</p>		<p><b>Partially fulfilled:</b> supervisory tool has been developed but does not cover all the relevant risk categories.</p> <p><b>Not fulfilled:</b> supervisory tool does not match the appropriate risk category(ies) or there is no appropriate tool developed.</p>
<p><b>Governance</b></p> <p>Chapter 1 of Title III and Article 49 of the Directive, EIOPA Opinion on the use of governance and risk assessment documents in the supervision of IORPs, PPR Chapter of Supervisory handbook for IORPs – in particular Investment governance section, Report on peer review on supervisory practices with respect</p>	<p>It is expected that the NCA assesses that IORPs have in place an effective system of governance which provides for sound and prudent management of their activities. That system shall include an adequate transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information</p>	<p><b>Fulfilled:</b> NCA has developed necessary tools and procedures to assess the system of governance regularly as part of SRP including risk assessment and uses them efficiently.</p> <p><b>Partially fulfilled:</b> NCA has developed necessary tools and procedures but does not use them efficiently.</p> <p><b>Not fulfilled:</b> NCA has not developed necessary tools and procedures or is still in the process of implementation of some tools and procedures or uses tools developed only on ad-hoc basis.</p>

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<p>to the application of the prudent person rule for IORPs</p>		
<p><b>On-site inspections</b>                   Article 45, 46 and 47 of the Directive, Report on peer review on supervisory practices with respect to the application of the prudent person rule for IORPs</p>	<p>NCA has implemented procedures for on-site supervisory activities enabling to assess the risks that cannot be fully assessed by off-site tools including the frequency intensity of these on-site activities.</p>	<p><b>Fulfilled:</b> NCA carries out regular on-site inspections covering all the IORPs according to their risk-profile within average on-site cycle (5-6 years).</p> <p><b>Partially fulfilled:</b> there are steps taken to increase the on-site cycle, but this increase is still not applied to all IORPs.</p> <p><b>Not fulfilled:</b> No on-site inspections have been put in place or on-site inspections are carried out within an average on-site cycle largely exceeding 5-6 years for all IORPs.</p>

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## ANNEX VII – COUNTRIES AND NCAS PARTICIPATING IN THIS PEER REVIEW AND THEIR ABBREVIATIONS

Country	Abbreviation	Name of concerned NCA	Abbreviation used in the report
Austria	AT	Finanzmarktaufsicht	FMA
Belgium	BE	Financial Services and Market Authority	FSMA
Bulgaria	BG	Financial Supervision Commission	FSC
Cyprus	CY	Registrar of Occupational Retirement Benefit Funds	Ministry
Czech Republic	CZ	out of the scope - no IORPs*	
Germany	DE	Bundesanstalt für Finanzdienstleistungsaufsicht	BaFin
Denmark	DK	Danish Financial Supervisory Authority	DFSA
Estonia	EE	out of the scope - no IORPs*	
Greece	EL	<ul style="list-style-type: none"> <li>- The Ministry of Labour, Social Security and Social Solidarity</li> <li>- The Hellenic Capital Market Commission</li> <li>- The National Actuarial Authority</li> </ul>	Ministry of Labour  HCMC or CMC  NAA

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Spain	ES	Dirección General de Seguros y Fondos de Pensiones - Ministerio de Economía y Empresa	DGSFP
Finland	FI	Financial Supervision Authority	FIN-FSA
France	FR	opted out of the scope - Article 4	
Croatia	HR	Hrvatska agencija za nadzor financijskih usluga	HANFA
Hungary	HU	Magyar Nemzeti Bank	MNB
Ireland	IE	The Pensions Authority	The Pensions Authority
Iceland	IS	out of the scope - no IORPs*	
Italy	IT	Commissione di vigilanza sui fondi pensione	COVIP
Liechtenstein	LI	Finanzmarktaufsicht Liechtenstein	FMA
Lithuania	LT	out of the scope - no IORPs*	
Luxembourg (CAA)	LU (CAA)	Commissariat aux Assurances	CAA
Luxembourg (CSSF)	LU (CSSF)	Commission de Surveillance du Secteur Financier	CSSF
Latvia	LV	Financial and Capital Market Commission <sup>18</sup>	FCCM
Malta	MT	Malta Financial Services Authority	MFSFA
Netherlands	NL	De Nederlandsche Bank	DNB
Norway	NO	Finanstilsynet	FSA

<sup>18</sup> Financial and Capital Market Commission (FCCM) subject to the national Parliament's decision was integrated into Latvijas Banka, and as of 1 January 2023, Latvijas Banka took over all the FCCM functions, powers and liabilities

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Poland	PL	Komisja Nadzoru Finansowego	KNF
Portugal	PT	Autoridade de Supervisão de Seguros e Fundos de Pensões	ASF
Romania	RO	out of the scope - no IORPs*	
Sweden	SE	opted out of the scope - Article 4	
Slovenia	SI	Insurance Supervision Agency	AZN
Slovakia	SK	National Bank of Slovakia	NBS
United Kingdom	UK	The Pensions Regulator	TPR

\* Countries without IORPs and Article 4 ring-fenced funds.

## ANNEX VIII – OTHER ABBREVIATIONS AND ACRONYMS USED

<b>AIF</b>	Alternative Investment Funds
<b>ALM</b>	Asset and Liability Management
<b>Article 4 ring-fenced funds</b>	Article 4 ring-fenced funds refers to the occupational retirement provision business of insurance undertakings covered by Directive 2009/138/EC to which certain provisions of the IORP Directive are applied in accordance with Article 4 of the IORP Directive 2003/41/EC. In that case, all assets and liabilities corresponding to the said business shall be ring-fenced, managed and organised separately from the other activities of the life insurance undertaking, without any possibility of transfer
<b>BP</b>	Best Practice
<b>CIU</b>	Collective Investment Undertakings
<b>AUM</b>	Assets under Management
<b>CIV</b>	Collective Investment Vehicles
<b>DC</b>	Defined Contribution
<b>DB</b>	Defined Benefit
<b>ECAI</b>	External Credit Assessment Institutions
<b>EEA</b>	European Economic Area

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<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>EMIR</b>	European Market Infrastructure Regulation
<b>F&amp;P</b>	Fit and proper
<b>GL</b>	Guidelines
<b>HTM</b>	Hold to maturity
<b>IFRS</b>	International Financial Reporting Standards
<b>IPS</b>	Investment Policy Statements
<b>IORP</b>	Institution for Occupational Retirement Provision
<b>IORP Directive</b>	Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision
<b>IORP II Directive</b>	Directive 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision
<b>ISIN</b>	International Securities Identification Number
<b>IT resources/system/infrastructure</b>	Information Technology resources/system/infrastructure
<b>NCA</b>	National Competent Authority
<b>PPR</b>	Prudent Person Rule



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<b>RA</b>	Recommended Action
<b>RP</b>	Review Panel
<b>Q&amp;A</b>	Questions and Answers
<b>SIPP</b>	Statement of Investment Policy Principles
<b>SCR</b>	Solvency Capital Requirement
<b>Solvency II</b>	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance
<b>ToR</b>	Terms of Reference
<b>UCITS</b>	Undertakings for Collective Investments in Transferable Securities
<b>UFR</b>	Ultimate Forward Rate
<b>VaR</b>	Value-at-Risk

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