



## Press Release

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### **EIOPA PUBLISHES ITS PEER REVIEW ON THE STATEMENT OF INVESTMENT POLICY PRINCIPLES FOR INSTITUTIONS FOR OCCUPATIONAL RETIREMENT PROVISIONS (IORPs)**

- *Statement of Investment Policy Principles (SIPP) primarily used as supervisory tool by the National Competent Authorities*
- *The SIPP is key to monitor the suitability of IORPs' investment policy and proper risk management*
- *EIOPA identified eight supervisory best practices. Three actions were recommended to NCAs.*
- *Scope for further promoting and achieving greater supervisory convergence when implementing the IORP II Directive*

**Frankfurt, 21 October 2016** – The European Insurance and Occupational Pensions Authority (EIOPA) published today the Peer Review of the Statement of Investment Policy Principles (SIPP) for Institutions for Occupational Retirement Provisions (IORPs) launched in July 2015 with the vast majority of the National Competent Authorities (NCAs) participating in the exercise.

The objectives of the peer review were to explore supervisory practices and to identify the scope for promotion of common supervisory culture and convergence, including the identification of best practices. The peer review examined the extent to which NCAs use the Statement of Investment Policy Principles (SIPP) within their supervisory framework. The peer review particularly focused on the development and approval of the SIPP, its content, the frequency of review and submission to NCAs, consistency checks and assessments performed by the NCAs as well as disclosure practices.

This peer review highlights the importance of the SIPP as a governance and supervisory document that national supervisors can use to verify and monitor the suitability of IORPs' investment policy and proper risk management. The exercise also shows the potential for further enhancement of supervisory practices to facilitate the qualitative assessment of SIPPs. Furthermore, this peer review reiterates the challenges of communicating investment matters especially to Defined Contribution (DC) pension plan members who are fully or partially exposed to investment risk.

Overall, EIOPA concludes that the SIPP is primarily used as a supervisory tool for identification of risks and compliance check of the IORP's investment policy as part of off-site supervision and/or during on-site inspections. The content of SIPP varies between Member States and is based on national measures, which the majority of Member States have implemented in supplement to the requirements of the IORP Directive. With this peer review eight best supervisory practices were identified and three actions were recommended to NCAs, with the aim to ease burden on IORPs:

- Define supervisory procedures relating to the SIPP in order to improve coordination between the NCAs
- A single point of entry for the submission of the SIPP
- Develop appropriate communication to IORPs explaining their obligations and rights with respect to the SIPP

Gabriel Bernardino, Chairman of the European Insurance and Occupational Pensions Authority, said: *"The diverse application of the Statement of Investment Policy Principles in the conduct of supervision across Europe confirms the need of achieving greater supervisory convergence in the European Union already in the early stage of implementing the IORP II Directive for the benefit of the European pension scheme members and beneficiaries"*.

The Peer Review of the Statement of Investment Policy Principles (SIPP) can be viewed on EIOPA's website: <https://goo.gl/CDxgaF>

## Notes to Editors

1. **Peer reviews** of supervisory practices are conducted by EIOPA among its members, the National Competent Authorities (NCAs), to encourage an open dialogue, to identify and clarify supervisory practices, achieve a common understanding, exchange experience and identify best practices. The peer reviews are conducted on the basis of the [Methodology](#) developed by the EIOPA's Review Panel.

2. **Statement of Investment Policy Principles (SIPP):** Directive 2003/41/EC ("IORP Directive") introduced a new requirement on IORPs to prepare and review at least every three years a SIPP describing their investment strategy in addition to empowering National Competent Authorities (NCAs) to request the SIPP should they decide to use it as part of fulfilling the supervisory duties. IORPs must also provide the SIPP to members and beneficiaries upon their request.
3. **IORP Directive** (Directive 2003/41/EC) lays down requirements on the activities and supervision of Institutions for Occupational Retirement Provision (IORPs), including rules to invest assets prudently and in the best interest of scheme members and beneficiaries. It also aims to provide the conditions under which a single market for occupational pensions could start developing.
4. **IORP II Directive** introduces new requirements on the governance and risk management of IORPs and the disclosure of information to members and beneficiaries. Agreement on recast of Directive 2003/41/EC ("IORP II Directive") was reached in June 2016 and is expected to come into force in late 2016 after a vote in the European Parliament.
5. The **European Insurance and Occupational Pensions Authority (EIOPA)** was established on 1 January 2011 as a result of the reforms to the structure of supervision of the financial sector in the European Union. EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union.

EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.