

<b>Comments Template on EIOPA-CP-11/006</b>		<b>Deadline</b>
<b>Response to Call for Advice on the review of Directive 2003/41/EC: second consultation</b>		<b>02.01.2012</b>
		<b>18:00 CET</b>
Company name:	ATOS on its own behalf and on behalf of a group of 6 French multinational CAC 40 companies involved in pension systems in Europe and internationally	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.  <i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word <b>Public</b> in the column to the left and by inserting the word <b>Confidential</b>.</i>	Public
<p>The question numbers below correspond to Consultation Paper No. 06 (EIOPA-CP-11/006).</p> <p><b>Please follow the instructions for filling in the template:</b></p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering</u> in column "Question".</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question, keep the row <u>empty</u>.</li> <li>⇒ There are 96 questions for respondents. Please restrict responses in the row "General comment" only to material which is not covered by these 96 questions.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific question numbers below. <ul style="list-style-type: none"> <li>○ If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.</li> <li>○ If your comment refers to parts of a question, please indicate this in the comment itself.</li> </ul> </li> </ul> <p><b>Please send the completed template to <a href="mailto:CP-006@eiopa.europa.eu">CP-006@eiopa.europa.eu</a>, in MSWord Format, (our IT tool does not allow processing of any other formats).</b></p>		
<b>Question</b>	<b>Comment</b>	
General comment	ATOS and a group of 6 CAC 40 companies being involved in various pension systems in Europe and internationally would like to make the following general comments :	

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- as outlined in some areas of the CfA, **companies (being sponsoring employers) are important stakeholders** of pension systems in Europe
- **proposed regulations have significant potential financial implications for sponsoring employers**
- despite our best efforts and desire to participate in the consultation process, and to contribute our long practical experience of participating into various pension schemes internationally, **it is very difficult for our group of companies to provide relevant feedback to the EIOPA consultation** because of the structure of the consultation process : the 517 pages document and its 96 questions requires a considerable research and analysis effort and it is difficult to provide holistic/relevant answers in the proposed timeline : we would encourage EIOPA to use a more pragmatic approach and consult directly with the representatives of the main stakeholders/practitioners of pension systems, in order to make consultation more substantial than formal
- as outlined in some areas of the CfA, **no impact analysis has been carried out on the potential impacts of proposed quantitative regulations on the financials of sponsoring employers, and European financial markets overall** : we strongly believe that this should urgently be taken into consideration, as the proposed simplistic declination of insurance based regulation would be a dangerous shortcut in this respect
- we further believe that international comparisons will be needed to avoid penalizing European employers in the global competition

In the timeline imposed by the consultation process, we have not been able to answer questions and we have agreed on the following important messages we would like to bring to the attention of the EIOPA :

- **current pension regulations** - in most European countries where corporate pension funds are prevailing as vehicles for providing occupational pensions – have been significantly reinforced over the recent period and **are already raising important issues for the long term affordability of providing pension benefits**, for both employers and employees; **any strengthening will have detrimental impacts** with no obvious benefits, all the more in a context of difficult economic environment in Europe

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	<ul style="list-style-type: none"> <li>- we are extremely concerned that proposed pension regulations are inspired from insurance regulations based on the view that pension funds are potential competitors to insurance companies : <b>all the pension funds related to our group of companies are not participating in any commercial insurance activity</b> in the open insurance market and have simply been established for the purpose of managing specific corporate pension plans in one particular country, without any intention to develop other activities especially cross-boarder; this should be taken into consideration in scope and exclusion discussions as we see no urgent nor fundamental need for alignment with insurance regulations</li> <li>- we would like to point out that in our group of companies, pension obligations have average maturities between 7 and 20+ years which means that the management of pension assets and <b>liabilities</b> is <b>very long term by nature</b> and therefore <b>should not be regulated like short term insurance obligations</b> (VaR 99,5% 1 year is a nonsense)</li> <li>- as outlined in certain areas of the CfA, there are particular features of occupational pension obligations which contribute to the long term solvency of pension plans, like strength of the employer’s covenant, mandatory solvency insurance, potential increase in employee/employer contributions, benefit freezing or even benefit reductions, on top of segregated assets available in pension funds : <b>this makes pension agreements substantially different from insurance contracts</b>, and are not just risk-mitigating factors or security mechanisms; we don’t believe an insurance based regulation and related models can satisfactorily capture these particular features which affect the very nature of the respective commitments/agreements of stakeholders</li> <li>- we would also like to point out that for many of the pension funds in which we participate, the <b>long term financial equilibrium</b> of the pension plan is a matter of <b>collective social discussions</b> with either employee/retiree representatives or trustees which are in sharp contrast with the commercial relationship between an insurance company and its individual clients; <b>this flexibility is needed to adjust pension systems</b> to the demographic and financial evolutions and <b>any regulation that would go against this flexibility will be very detrimental</b> to occupational pension systems in Europe with no obvious benefit</li> </ul>	
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