

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

Name of Company:	ALSTOM 3 avenue André Malraux, 92 300 Levallois Perret (France) Alstom EU Delegation – Avenue de Cortenbergh 52, 1000 Brussels Transparency Register identification number: 43284012043-03	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ Do <b>not</b> change the numbering in the column “reference”; <b>if you change numbering, your comment cannot be processed by our IT tool</b></li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment/response in the relevant row. If you have <u>no response</u> to a question, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments/responses which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, <u>in Word Format</u>, to <a href="mailto:CP-14-040@eiopa.europa.eu">CP-14-040@eiopa.europa.eu</a> . Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the questions refers to <b>Consultation Paper on Further Work on Solvency of IORPs</b>.</p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	Alstom is a manufacturer of transport and power equipment, with activities in more than 70 countries and 90000 employees worldwide. The group sponsors many pension schemes within and outside the European Union and has acquired a thorough knowledge in this area.  We welcome this opportunity to express our concerns about the future of occupational pensions in Europe. Our answer below follows discussions held with many other international	

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

companies that sponsor major IORPs in the European Union. Sponsoring companies are key stakeholders in this debate, and we need to stress that their representation is in our view not properly ensured in the OPSG of EIOPA.

We strongly reject the idea of establishing EU capital/funding requirements for IORPs and do not believe the holistic balance sheet should be used for this purpose or any other. More generally, we do not agree that the prudential framework for occupational pensions is derived from Solvency II.

Like many other stakeholders (pension funds, employers, trade unions, governments, OECD...), we fear that the proposed quantitative approach might have serious adverse consequences on pension systems, employment and long term investment in Europe.

The European Commission has, to a large extent, acknowledged these concerns and decided not to introduce additional solvency requirements in its future IORP Directive. Therefore, it is not clear why EIOPA continues technical work in this area.

Moreover, it makes no sense to discuss prudential rules for IORPs before any political decision is made about their role in the overall pension system and in the economy of the European Union. The starting point of the debate should be the principles stated in the White Paper “An Agenda for Adequate, Safe and Sustainable Pensions” and in the Green Paper on “Long-Term Financing of the European Economy”.

First pillar pensions will be limited by the scarcity of Member States resources, and occupational pensions must then form a growing part of European pension systems. Today, less than a half of European citizens have access to a workplace pension. Extending the coverage of workplace pensions should be Europe’s priority, rather than increasing the regulatory burdens on existing and well-established pension schemes.

Q1

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

Q2		
Q3		
Q4		
Q5		
Q6		
Q7		
Q8		
Q9		
Q10		
Q11		
Q12		
Q13		
Q14		
Q15		
Q16		
Q17		
Q18		
Q19		
Q20		
Q21		
Q22		
Q23		
Q24		
Q25		

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

Q26		
Q27		
Q28		
Q29		
Q30		
Q31		
Q32		
Q33		
Q34		
Q35		
Q36	<p>Q36: Do stakeholders agree that at the EU level, there should only be a principle based approach to valuing sponsor support with the specifics being left to member states/supervisors and/or IORPs?</p> <p>Yes. Were an EU-level approach to valuing sponsor support to be taken, this should be principles based only, with the local supervisor left to determine the detail of how any valuation is undertaken, if one is needed in the absence of simply being able to count sponsor support as a balancing item.</p>	
Q37		
Q38		
Q39	<p>Q39: What is the general view of stakeholders with regard to sponsor support as a balancing item?</p> <p>The use of Sponsor Support as a balancing item is essential to the proportionality of any solvency framework for IORPs. Further, our view is that this approach should be used in all cases. Those managing IORPs and national competent authorities can then consider this in the context of risk management and any risk-based supervisory response</p>	
Q40		

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

Q41		
Q42		
Q43		
Q44	<p>Q44: Should considering a pension protection scheme as a balancing item be restricted to cases where a pension protection scheme protects 100% of benefits or is it appropriate to allow for the reduction in benefits in case of sponsor default where there is a pension protection scheme in place?</p> <p>These are matters that should be determined by each Member State against the backdrop of its own supervisory regime and the comparative importance of second pillar retirement provision.</p>	
Q45		
Q46		
Q47		
Q48		
Q49		
Q50		
Q51		
Q52		
Q53		
Q54		
Q55		
Q56		
Q57		
Q58		
Q59		
Q60		
Q61		

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

Q62		
Q63		
Q64		
Q65		
Q66		
Q67		
Q68		
Q69		
Q70		
Q71		
Q72	<p>Q72: If it was decided to establish EU capital/funding requirements as part of pillar 1, would there in the stakeholders' view be a role for the holistic balance sheet? Please explain why and, if yes, what that role should be.</p> <p>We strongly reject the idea of establishing EU capital/funding requirements for IORPs and do not believe the holistic balance sheet should be used for this purpose or any other. The existing funding and supervisory regimes in individual Member States should already provide sufficient protection for members/participants and the principle of Member State subsidiarity should be observed. Amending these has associated costs (both initial and ongoing) and no demonstrable additional benefit. It would also ensure that any existing DB plans were closed and that no new DB plans were opened. Any plan to harmonise regimes is unsuitable and will be detrimental to long term investment, growth and job prospects in the EU.</p>	
Q73	<p>Q73: Do stakeholders believe that the holistic balance sheet should be used as a risk management tool as part of pillar 2 requirements? Please explain.</p> <p>No, use of the HBS should not be mandated. IORPs should be able to develop risk-assessment and risk-management tools that are appropriate to the specific circumstances of their arrangements.</p>	

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

	At an EU-level, any requirements under pillar 2 should be principles-based, determined by local supervisors and should not stipulate the HBS as the only appropriate risk management tool, as there will be other, more suitable, tools available to different IORPs.	
Q74		
Q75		
Q76		
Q77		
Q78		
Q79		
Q80		
Q81		
Q82		
Q83		
Q84		
	Q85: In the stakeholders' view should the minimum requirement for the level of liabilities to be covered with financial assets be based on the Level A technical provisions or the Level B best estimate of technical provisions? Please explain.	
Q85	Level B, since this reflects economic reality, not a theoretical « risk-free » rate.	
Q86		
Q87		
Q88		
Q89		
Q90		
Q91		
Q92		

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

Q93		
Q94		
Q95		
Q96	<p>Q96: Do stakeholders agree that IORPs should be required to submit a recovery plan if capital/funding requirements are not met or should more specific supervisory responses be specified on the EU level? Please explain.</p> <p>The detail of how supervisory responses will be implemented (which may include, but is not limited to, submitting a recovery plan) should be determined by the relevant national supervisor. More detailed action should not be specified at an EU level as a one-size-fits all supervisory response is unlikely to capture all of the key variables of the local environment in which IORPS operate</p>	
Q97	<p>Q97: What is the view of stakeholders on the potential impact of a possible future European prudential framework for IORPs on existing contractual agreements and national social and labour law?</p> <p>The application of a EU-wide prudential framework is not compatible with the variety of arrangements which exists at local country level. A one-size-fits all supervisory response is unlikely to capture all of the key variables of the local environment in which IORPS operate</p>	
Q98	<p>Q98: In the stakeholders' view is there scope for transitional measures in order to mitigate the potential impact of a possible EU prudential regime on existing contractual agreements and national social and labour law?</p> <p>We believe the impact of a possible future European prudential framework would be inappropriate if applied to existing schemes and would have a significant adverse effect for long term investment growth and job prospects. If such a framework were however, to be introduced, we therefore wholeheartedly support the use of grandfathering to reduce the impact. The new requirements should not apply to either the accrued rights or future rights under any scheme established before any such rules potentially come into force. In the absence of explicit</p>	

**Comments Template on  
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline  
13 January 2015  
23:59 CET**

	grandfathering then we would strongly support the use of lengthy transitional periods to reduce the impact of any future possible EU prudential regime. This would allow IORPs, investment markets and labour markets to adapt to a new framework and develop appropriate responses in as cost-efficient a manner as is possible	
Q99		
Q100		
Q101		
Q102		
Q103		
Q104		
Q105		
Q106		
Q107		
Q108		
Q109		
Q110		
Q111		