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Directorate-General for Financial Stability, Financial Services and Capital Markets Union

INVESTMENT AND COMPANY REPORTING

Free movement of Capital and application of EU law

Minutes of the 1st Meeting of the Sub-Group on Pension Funds

24 October 2017

Agenda point 1 - Introductory remarks

The Chair (Anne-Françoise Mélot, Head of Unit B1 in DG FISMA) welcomed the participants to this first meeting and recalled the history of the Sub-Group on pension funds. The CMU Joint Roadmap suggests setting up a sub-group of interested MS to work (1) on identifying the drivers in cross-border investment by pension funds, (2) promote best practices and (3) raise awareness about new opportunities under the Investment Plan involving national promotional banks. Even though no legal or regulatory unjustified barriers were identified in the Commission Report on national barriers to free movement of capital, it seems that pension funds do not invest sufficiently cross-border. The Report recommends that MS (i) work with the Commission in gathering more data on the actual level of cross-border investment by national pension funds; (ii) in case the data collected confirms the low level of cross-border investments, exchange best practices in the context of the expert group and sub-groups (iii) discuss the new opportunities for cross-border investment opened by the action of the EIB in the context of the Investment Plan for Europe.

The Chair also recalled the goals of the Sub-Group on pension funds. The Sub-Group can focus on what works well in terms of cross-border investments: examples of projects (such as long-term private and public projects, public-private partnership etc.) as well as regulatory or market aspects (taxation, size of the market, economy of scale, legislation on investment regulation, etc.) which seem to determine cross-border investments by pension funds.

Agenda point 2 - Main drivers in cross-border investment by pension funds

Pekka Eskola, Senior Economic Adviser at PensionsEurope, presented pension funds' main drivers in cross-border investment, detailing their objectives and investment strategies. For instance in 2016, the Dutch pension funds invested around half of their assets in the EEA. He also called for completing the CMU in order to boost pension funds' investments in Europe, for example through removing cross-border barriers between Member States, increasing investment opportunities in the EU. The presentation was followed by a Q&A session. It was stressed in particular that the current legislation does not really prevent pension funds to invest cross-border but other barriers may influence asset allocation.

Agenda point 3 - New opportunities under the Investment Plan for the pension funds industry and examples of existing project

Martin Berg, Senior Investment Officer at the European Investment Bank gave a presentation on the European Fund for Strategic Investments (EFSI). There are about 400 investors in this fund, many of them are pension funds. The EIB representative showcased the opportunities under the Investment Plan for the pension funds industry (EFSI infrastructure fund related investments) and presented examples of two sustainable projects : Copenhagen Infrastructure II (offshore renewable energy), and Ginkgo Fund II (contaminated land regeneration). The presentation was followed by a Q&A session.

Agenda point 4 - Commission study on drivers in equity investment by insurance and pension funds

Pierre Allegret, Policy officer, FISMA Unit D4 presented its plan for a study on insurance/pension funds investment in equity. As indicated in the Capital Markets Union Mid-Term Review, the Commission committed to assessing by the end of 2018 the drivers in cross-border investments and of best practices. Several factors are deemed to influence insurance companies' and pension funds' investment decisions, such as asset and liability management considerations, risk and return appetite, market trends (e.g. level of interest rate), the applicable accounting, prudential or tax regulatory environment. It is planned to present the result of the D4 study on insurance/pension funds investment in equity to the Expert Group once available (expected end 2018).

Agenda point 5 - Promotion of best practices in the Member States involving national promotional banks

Laure Blanchard-Brunac, Adviser to Director of Treasury and Financial Operations at DG ECFIN, summarized the best practices involving national promotional banks. The European Commission strongly supports the development of investment platforms and cooperation between the European Investment Bank Group (EIB) and the National Promotional Banks and Institutions (NPBIs), as well as Multilateral Developments Banks (MDBs). DG ECFIN encouraged Member States to participate in the workshop on national promotional banks on 20th November 2017 to share experience and ideas, as well as best practices, and to explore potential new opportunities of investment platforms.

Agenda point 6 - Concluding remarks

A discussion paper with questions was sent out prior to the Sub-group meeting. We would welcome your written contributions by 17 November 2017, in particular examples/best practice) from the MS of successful cross-border investments by national pension funds. The next step will be for the Commission services to collect and summarize the responses received. On this basis, they will report to the Expert Group plenary meeting in February 2018 and assess whether there is enough to report at the EFC.

MS	Participants	Institution
CY	VOVIDOU Christiana	Permanent Representation of Cyprus to the EU
CZ	KRALIK Ales	Ministry of Finance
DE	ARNOLDI Gabriele	Permanent Representation of Germany to the EU
FR	ROZAN Pierre-Eliott	Ministry of Finance
FR	NAVID Kian	European Securities and Markets Authority / ESMA

HR	MUCNJAK Ivan	Croatian Financial Services Supervisory Agency
GB	FRANCIS Thomas	UK Permanent Representation to the EU
IE	ZAINUL ABEDIN Iqra	Ministry of Finance
LU	WIWINIUS Maureen	Ministère des Finances
LU	HENTGEN François	CSSF
LV	TIESNIEKS Imants	Ministry of Finance
MT	DZIUGYTE Migle	Economic Policy Department, Ministry for Finance
PT	BELO Margarida	Office for Economic Policy and International Affairs - Portuguese Ministry of Finance
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