



[PensionsEurope Newsletter 2026/07](#)

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1. IORP II review

Background:

On 20 November 2025, the European Commission published a package aimed at boosting supplementary pensions to help ensure adequate retirement income, as part of its broader Savings and Investments Union (SIU) strategy, including a proposal on the [IORP II review](#).

Last developments:

Council:

On 26 June 2026, the Council agreed its [negotiating position](#) on the review of the IORP framework.

The main parts where changes from the original proposal are included are the following:

- Scope and application of Directive, definitions and activities
- Authorization and operating requirements
- Cross Border Activities and Transfers (CB and domestic)
- Quantitative requirements
- Investments
- System of Governance
- Information to be given to prospective members, members and beneficiaries
- Business Conduct
- Supervision
- Final provisions

European Parliament:

In June, the rapporteur published his [draft report](#). 25 June 2026 was the deadline for introducing amendments by the MEPs. You can find [here](#) the amendments introduced by the MEPs. The first shadow meeting took place on 15 July 2026. In this meeting, mainly procedural issues were discussed. There are 3 more shadow meetings which are envisaged.

- 15 September 2026
- 28 September 2026
- 6 October 2026

The final vote of the file at the ECON committee is expected to take place on the 15 October 2026.

In August, the EMPL committee published [its opinion](#) on the IORP review. See below for some key points:

- Member States should support social partners' capacity building to set up occupational pension schemes based on collective agreements.
- Complementary pension schemes should complement, rather than replace, adequate first-pillar statutory pensions provided by the public sector.
- The excessive financialization of pension systems should be avoided.

- Pension tracking systems should provide information on the risks covered (longevity, reduced earning capacity, and death) and on adjustment rules during the pension phase. They should also cover all pillars.

On 2 September, the ECON committee had an exchange of views on the amendments introduced concerning the IORP review. The Rapporteur MEP Damian Boeselager emphasized the need to increase transparency and diversification to increase investments. The Shadow Rapporteur MEP Dirk Gotink (EPP) mentioned that there is a need for more second-pillar funded pensions in the EU, while Shadow rapporteurs MEP Adnan Dibrani (S&D) and MEP Anouk Van Brug (Renew Europe) pointed out that the minimum harmonization framework needs to be maintained.

PensionsEurope reaction and advocacy:

Our position paper and our amendments based on our position paper have already been communicated to all the relevant MEPs in the European Parliament. A note with our positions on the draft report of the Rapporteur was prepared and sent to certain MEPs. Currently, we are planning to engage with the Rapporteur and Shadow Rapporteurs to influence the outcome of the shadow meetings.

2. PEPP review

Background:

On 20 November 2025, the European Commission published a package aimed at boosting supplementary pensions to help ensure adequate retirement income, as part of its broader Savings and Investments Union (SIU) strategy, including a proposal on the PEPP review.

On 11 May 2026, the EP EMPL committee published its draft opinion. The rapporteur for the opinion is MEP Liesbet Sommen (EPP, BE), prepared a document that pushes back on many aspects of the Commission proposal, including the tax provisions that are removed, and emphasizes the need to respect national fiscal sovereignty. On 22 June 2026, MEPs of the EP EMPL committee discussed the committee's draft Opinion on the PEPP review published in May 2026 and the amendments published in early June 2026.

On 3 June 2026, MEPs of the ECON committee and the EC had their first exchange of views on the PEPP. The EC explained the rationale of the PEPP proposal that aims to supplement public pensions, not replace them.

On 24 June 2026, at the COREPER level, the Council reached a general approach on the PEPP review. Regarding the Workplace PEPP, the text modifies Article 47 of the EC proposal by removing the reference to auto-enrolment. In addition, further modifications in Recital 22 aim to clarify that PEPP remains a personal pension product and that the PEPP contract is between the PEPP saver and the PEPP provider.

European Parliament

A. ECON committee (responsible)

On 28 July 2026, the [draft report](#) of the rapporteur Stéphanie Yon-Courtin (Renew, FR) was published. It broadly supports the Commission's aim of strengthening the attractiveness of the PEPP but proposes changes to rename the Basic PEPP, to avoid discriminatory measures on PEPP taxation and to indicate that workplace PEPP '*should not interfere with existing occupational pension schemes*'. ».

She proposes the following changes to the Commission proposal:

- Workplace PEPP: While supporting in principle the EC Workplace PEPP proposal, she tabled amendments (12, 43, 44) to clarify its third pillar dimension, to specify that the workplace PEPP "*present a valuable opportunity to bridge the gap in those Member States or sectors where no second-pillar pension schemes exist and where few viable third-pillar pension products are available to consumers.*". However, she also foresees the Workplace PEPP being offered to the employee as an additional and optional option if a second pillar scheme exists and keeps the possibility of having a Workplace PEPP using auto-enrollment, but only "*where no existing second-pillar occupational pension scheme is available in the Member State concerned*".
- Tax treatment: She calls (AMs 1, 17) for non-discriminatory tax treatment for PEPPs compared to comparable national personal pension products, using [Article 110 of the TFEU](#), and introduces a provision allowing the EP to request EC action, using [Article 258 of the TFEU](#), where MSs appear to discriminate against PEPPs.
- VfM: The rapporteur rejects the EC proposal to introduce a VfM framework, deleting provisions (AMs 2, 5,6,7, 25) that would require PEPP providers to show VfM before registration (as well as related supervisory powers to NCAs) and instead replacing it with reinforced product oversight and governance (POG) requirements (AM 4, 18,23).
- Basic PEPP: She also proposes different modifications by creating a "EuroPension Product" label (AMs 9,39,40) believing that it would increase consumer confidence and visibility, reintroducing the possibility for an advice (AM 11,15,33) and removing the quantitative limits for the Basic PEPP (AM 41) highlighting that they would be inconsistent with the SIU objectives.
- Transfers: She creates a symmetry of transfer between PEPPs and national pension products (AMs 45,46,47).

On 2 September, the ECON committee had an exchange of views on the PEPP review, where political groups exchanged general statements on the PEPP review.

The rapporteur Stéphanie Yon-Courtin (Renew, FR) indicated the following priorities to ensure the functioning of the PEPP:

- Rename the Basic PEPP as the 'EuroPension' product, as she thinks that it would increase the accessibility of the PEPP for consumers.
- Enhance its investment potential for the Basic PEPP through a life-cycle approach and the prudent person principle instead of rigid quantitative investment thresholds;
- Advice must continue to be provided for the Basic PEPP, digitally by default or in person if requested by the consumer;
- Support of the Workplace PEPP and provisions linking this to auto-enrollment under certain conditions: a distinction should be made whether pillar 2 schemes exist or not.
 - An auto-enrolled Workplace PEPP should be possible only when no second pillar product exists in the country or in the sector. When such a second pillar product exists, it should be proposed by the employer to the employee as an option;
- Ensure a consistent framework with existing legislation (IORP II for the prudent person principle, RIS for the VfM);
- Strengthen the tax provision (Article 3) proposed by the Commission.

- Improve the readability of the PEPP online register, which is currently difficult to read, to make it more consumer-friendly;
- Facilitate PEPP portability, including between Workplace PEPPs and between PEPP and national PPPs.

The EPP shadow, Regina Doherty (IE) explained the importance of PEPP 2.0 as part of the SIU agenda to create a genuine pool of long-term capital connecting people who want to save for their retirement while recognizing the importance of subsidiarity, particularly regarding the taxation regime. She insisted on the importance of making PEPP attractive for providers through reforms to fees, advice, and reducing red tape.

She highlighted that maximum flexibility on advice is important, explaining that mandatory advice on Basic PEPP can create undue cost, and indicated the necessity of flexibility for asset diversification. She also called for greater openness to potential cross-over of occupational pension with personal pension and the role that PEPP could play in that context. She referred to her previous experience as Irish Minister for Social Protection, and Ireland's work on automatic enrollment, stressing that Member States followed different approaches to occupational pensions.

For the S&D, MEP Jonas Fernandez (ES) spoke on behalf of rapporteur Francisco Assis (PT) to contest the narrative behind the PEPP review. He insisted that pay-as-you-go should be reformed, not replaced. According to him, the Basic PEPP should be simple, portable, and low-cost to ensure adequate retirement for savers. He emphasised that taxation is probably the main challenge for the success of the PEPP: the S&D knows that this is an MS competence, but equivalent tax treatment with comparable national pension products is important to create a European personal pension product.

He also made reservations about the direction chosen by the EC, which identifies the lack of supply as a reason for the low uptake of the product, and expressed concerns about changes proposed by the EC that would increase the margins of the providers without benefiting the consumers. **Finally, he stressed that reforms to the PEPP should not weaken collective bargaining in the design of second-pillar pension products.**

For the Greens, MEP Damien Boeselager (DE) took the floor (shadow rapporteur Virginijus Sinkevicius wasn't there) and indicated the intention of the group to table amendments to foster investment in innovative start-ups.

B. EMPL committee (for opinion)

On 2 September, the MEPs [voted](#) on their opinion: 31 in favor, 8 against, and 13 abstentions. At the time of writing, the opinion as adopted by the EMPL committee wasn't available on the EP website.

PensionsEurope advocacy and next steps:

The deadline for AMs at the ECON committee for the PEPP review is on 21 September, and the vote is planned for the 1 December 2026. Trilogues on the PEPP might start at the end of 2026 or early 2027.

We continue our outreach to the rapporteur and shadow rapporteurs, to influence the outcome of the EP legislative process, based on our [positioning](#) and proposed [amendments](#). On 4 September 2026, we met the assistant of the EPP shadow rapporteur in the ECON committee.

3. SFDR Review: European Parliament approaches key vote

Background:

On 20 November 2025, the European Commission [published](#) its proposal to revise the Sustainable Finance Disclosure Regulation (SFDR). The proposal seeks to simplify the framework and replace the current Article 8 and Article 9 classifications with three sustainability product categories: Transition, ESG Basics and Sustainable.

State of play:

The Council adopted its General Approach on 24 June 2026, while negotiations in the European Parliament have continued over the summer. By way of reminder, the Council introduced some flexibility relevant for pension funds, notably by allowing certain EU public-sector issuances to contribute towards the Transition threshold, subject to a 15% cap. However, it retained the categorisation framework for pension products and mandatory PAI requirements for the Transition and Sustainable categories.

In Parliament, the rapporteur and shadow rapporteurs were discussing a further set of compromise proposals on 2 September, ahead of an ECON Committee vote currently scheduled for 10 September. The latest Parliament compromises retain the three categories and the 70% qualifying threshold but seek to resolve several outstanding issues. In particular, the latest proposals would differentiate PAI requirements between the categories, with lighter requirements for ESG Basics and more extensive requirements for Transition and Sustainable products. They would also introduce clearer criteria for assessing credible transition plans and refine the conditions under which fossil-fuel companies could qualify for the Transition category.

Some targeted flexibility is also retained. Products investing through categorised underlying products could count qualifying underlying investments towards their own 70% threshold and rely on the corresponding disclosures. For non-categorised products investing in categorised underlying products, the text also clarifies the information to be disclosed. IORPs would continue to benefit from specific flexibility in how sustainability information on non-categorised products is communicated to members and beneficiaries.

Significance for pension funds:

The latest compromises are mixed from a pension fund perspective. The clearer treatment of underlying-product structures, greater differentiation between the categories and IORP-specific communication provision could make parts of the framework more workable.

However, PensionsEurope's main concerns remain. IORPs would continue to fall within the categorisation framework, while general-purpose public-sector debt would generally not count towards the 70% threshold for Transition and Sustainable products. This differs from the Council's more flexible approach to certain public-sector issuances under the Transition category. More broadly, the increasing detail around eligibility criteria, exclusions and disclosures continues to raise questions about whether the revised framework will ultimately deliver the intended simplification.

Where things are heading:

The immediate focus is the ECON Committee vote currently expected on 10 September. If the Parliament adopts its position, the next stage will be negotiations with the Council and Commission.

While the three-category structure is increasingly settled, important differences remain over how the categories should operate in practice, particularly regarding sovereign and public-sector debt, PAI requirements and the degree of flexibility available to financial products.

PensionsEurope activities:

PensionsEurope continues to engage with EU policymakers, advocating for a proportionate framework that better reflects the characteristics of occupational pension funds and long-term diversified portfolios. Our priorities remain appropriate treatment of sovereign debt, avoiding mandatory categorisation for IORPs and ensuring that the review delivers genuine simplification.

We have also continued to monitor wider stakeholder positions. Most recently, the French financial associations AMAFI, FBF and AFPDB published proposals on 31 August emphasising simplification and clearer differentiation between the three categories, while warning against adding requirements that could make the new framework unnecessarily complex.

We will continue to follow the Parliament negotiations closely and update members following the ECON vote.

4. EC omnibus digital package: Parliament negotiations move into amendment phase while the Council is refining its general approach

Background:

In November 2025, the European Commission [published](#) its Digital Omnibus proposals as part of its wider digital simplification agenda. The package seeks to reduce regulatory overlap and administrative burden across EU digital legislation, including through changes to the GDPR, cybersecurity incident reporting and the implementation of the AI Act.

On 26 June 2026, co-rapporteurs Aura Salla (EPP, Finland) and Marina Kaljurand (S&D, Estonia) published their [joint draft report](#) on the Digital Omnibus Regulation. The draft report places significant emphasis on the Data Act, which accounts for a large share of the proposed amendments but also contains important elements for the broader digital simplification agenda.

At the end of June 2026, the Cypriot Presidency failed to reach a consensus among the MSs after the latest compromise risked facing a blocking minority. A group of Member States led by Germany, including Austria, Portugal, Denmark, Czechia, Sweden, Poland, and Italy, called for more time to discuss the proposal and pursue further simplification of EU digital rules.

State of play:

A. Digital Omnibus on AI:

The Digital Omnibus on AI has completed the legislative process and [was published](#) in the Official Journal on 24 July 2026. Among its main changes, the regulation postpones the application of the high-risk AI rules until 2 December 2027 for stand-alone high-risk AI systems and 2 August 2028 for high-risk AI systems embedded in products. It also introduces targeted changes to other elements of the AI Act, including prohibited practices, registration, and supervision.

The wording of Article 4 (AI literacy) obligations of the AI Act for the “*providers and deployers of AI systems*,” which can include pension funds, has been lightened compared to the previous version of Article 4, as the new wording of the digital omnibus on AI reduces the level of expectations of such obligations. It also gives a supporting role to the EC, MSs, and the European Artificial Intelligence Board (The Board) in helping the deployers of AI systems to be compliant with the obligation of Article 4 (see second and third paragraphs).

B. Digital omnibus regulation:

European Parliament

Negotiations on the main Digital Omnibus are continuing in both the Council and European Parliament. In Parliament, the joint LIBE and ITRE Committees have published 1,762 amendments, of which approximately 700 concern the GDPR and around 100 relate to the proposed Single-Entry Point for incident reporting. ([here](#), [here](#), [here](#), [here](#), [here](#), [here](#), [here](#), [here](#), [here](#))

The amendments underline the political differences over how far simplification of the GDPR should go. Key areas of debate include the definition and treatment of personal and pseudonymised data, the use of legitimate interest for AI development and the processing of sensitive data in AI systems. At the same time, there is greater support for practical harmonisation, including common EU guidance, compliance tools and more consistent approaches across Member States.

- The AM 1040 from EPP MEPs creates a new Article 9(2)-point Ia in the GDPR, modifying Article 3(1) of the digital omnibus regulation to establish a legal basis to process health data for the sole purpose of assessing whether the retirement benefit should be provided.

Cybersecurity incident reporting is another important part of the negotiations. There is broad support for reducing duplicate reporting, although views differ on whether reporting should be channelled through a central ENISA-operated Single-Entry Point or through national entry points. Several amendments also seek common reporting templates and greater alignment of requirements across EU legislation, including DORA:

- MEPs from the S&D, Green, Renew, and ECR broadly support the SEP, while MEPs from the P/E and ESN groups, unsurprisingly, support national entry-point systems. Moreover, MEPs from the EPP group are divided, and the Renew and ECR groups are heterogeneous, while the GUE didn't table amendments on the SEP. Furthermore, only one MEP from the ESN group tabled AMs on the SEP.

Council:

In the Council, Member States submitted further comments over the summer after the previous compromise failed to generate consensus. The definition of personal data remains an important point of disagreement, and the Irish Presidency prepared a revised compromise for discussion on 11 September 2026.

Significance for pension funds:

The Digital Omnibus regulation remains relevant for pension funds because the negotiations could affect their obligations under the GDPR and DORA.

A particularly positive development is Amendment 1040, which closely reflects a [proposal](#) made by PensionsEurope. The amendment, if taken up, would provide a specific legal basis under the GDPR for processing health data where strictly necessary for the recognition, management or payment of pension and related benefits. This would help address legal and operational uncertainty in Member States where the existing GDPR framework can create difficulties in processing health data needed to administer certain pension benefits.

There are also potentially positive developments on incident reporting. Several amendments seek to simplify and better align reporting requirements across EU legislation, while some support national reporting channels rather than a fully centralised ENISA model. These proposals move in the direction of PensionsEurope's calls to avoid additional reporting layers and reduce duplication under frameworks such as DORA.

Where things are heading:

The large number of amendments will now need to be consolidated into compromises between the political groups, with negotiations and shadow meetings beginning in September. Given the volume of amendments and the complexity of the joint LIBE-ITRE procedure, the joint committee vote is currently expected in early 2027.

In parallel, the Irish Presidency will continue negotiations in the Council. The coming months should therefore provide a clearer indication of where political agreement is possible. Practical simplification and harmonisation appear to offer greater scope for convergence, while changes affecting the core GDPR framework remain more contested.

PensionsEurope activities:

PensionsEurope continues to engage with both Parliament and Council on the Digital Omnibus. We previously met the office of rapporteur MEP Aura Salla to present our priorities, and Amendment 1040 represents a particularly encouraging reflection of our position on pension-related health-data processing.

We are currently assessing the full set of Parliament amendments against our [position paper](#) and will discuss the latest developments with members at the Financial Markets and Reporting Working Group meeting on 16 September.

5. SRD II Review: consultation points towards targeted improvements rather than fundamental reform

In February 2026, the European Commission [launched](#) its evaluation and review of the Shareholder Rights Directive II (SRD II), as part of its broader work under the Savings and Investments Union. The review considers whether the current framework remains effective and proportionate and whether changes could make it easier and less costly for investors, intermediaries and issuers to operate across Member States.

It covers areas including shareholder identification and information transmission, cross-border voting, transparency requirements for institutional investors and asset managers, proxy advisors and the functioning of general meetings.

State of play:

The Commission published its [factual summary](#) of the public consultation in August, following the closure of the consultation on 6 May. It received 112 responses from institutional investors, asset managers, issuers, intermediaries, business associations and other stakeholders.

The consultation results did not point to broad support for a fundamental overhaul of SRD II. Instead, respondents generally favoured targeted improvements to address practical barriers to the exercise of shareholder rights, particularly in cross-border situations. These included problems with information transmission and digitalisation across intermediary chains, cross-border voting procedures and deadlines, fees and the proxy adviser framework.

This direction is further reflected in an introductory paper prepared by the Commission services for the 7 September meeting of the Company Law Expert Group (CLEG). The paper indicates that the Commission is currently considering targeted amendments building on the existing framework rather than a broad redesign of SRD II. In particular, it identifies the following issues for possible action:

- **Deadlines for general meetings and cross-border voting:** possible greater transparency or alignment of key dates and deadlines, including meeting notices, distribution of materials, record dates and voting cut-off dates.
- **Costs:** greater transparency and comparability of fees charged for shareholder-rights services, particularly in cross-border situations.
- **Digitalisation and interoperability:** greater use of structured, machine-readable and interoperable information, common standards and more automated processes across intermediary chains.
- **Proxy advisers:** possible improvements to transparency around methodologies, information sources and conflicts of interest, mechanisms to address factual inaccuracies and potentially more consistent supervision.
- **Shareholder identification:** possible further clarification of shareholder definitions and a more consistent approach to national identification thresholds.
- **General meetings:** consideration of minimum elements for meaningful online participation and wider availability of hybrid or digitally accessible meetings.
- **Paper-based requirements:** possible removal or simplification of documentary requirements where secure digital alternatives are available.
- **Other securities:** consideration of whether elements of the identification framework could be extended to holders of other securities, including bonds and unlisted shares.

Importantly, the Commission notes that feedback on engagement, remuneration and related-party transactions has been mixed and does not indicate broad support for amendments to the existing rules in these areas. Its work at this stage therefore appears primarily focused on targeted solutions to the operational and cross-border barriers identified through the evaluation and consultation.

This is also consistent with PensionsEurope's exchange with DG JUST in June, when the Commission indicated that its attention was primarily focused on the operational provisions covering shareholder identification, information transmission and the exercise of shareholder rights.

Significance for pension funds:

The direction of the review remains broadly positive from a pension fund perspective. In particular, the Commission's current work does not point towards a significant expansion of engagement obligations, which is consistent with PensionsEurope's position that the existing comply-or-explain approach should be preserved.

There are nevertheless several areas to monitor. Any further clarification of engagement policies or investment strategies should not result in new de facto mandatory engagement activities or additional disclosure requirements. The distinction between direct and indirect investment structures also

remains important. Pension funds investing through investment funds or external asset managers do not exercise shareholder rights in the same way as direct shareholders, and additional requirements at pension fund level could duplicate activities already undertaken by asset managers.

The possible changes to the proxy adviser framework will also be relevant. PensionsEurope recognises the important operational role played by proxy advisers, particularly given the volume and seasonality of shareholder meetings, while investors retain responsibility for their final voting decisions.

At the same time, measures addressing practical problems with cross-border voting, information transmission, digitalisation and fees could benefit pension funds investing across EU markets, provided that changes remain proportionate and do not create additional requirements for institutional investors.

Where things are heading:

The Commission is now preparing its evaluation report and an impact assessment examining possible policy options. According to the timetable presented to CLEG, the impact assessment is expected to be submitted to the Regulatory Scrutiny Board on 18 November 2026, followed by a hearing on 16 December 2026. Adoption of the Commission's legislative proposal is currently envisaged for March 2027.

PensionsEurope activities:

PensionsEurope submitted responses to both the Commission's Call for Evidence and public consultation in May and subsequently held an exchange with DG JUST in June.

We will continue to follow the Commission's work and engage as the policy options develop, focusing on preserving the existing comply-or-explain approach, avoiding additional mandatory engagement and disclosure requirements, recognising the distinction between direct and indirect investment, and preventing duplication of responsibilities across the investment chain.

6. Direct taxation omnibus directive

Background:

On 24 June 2026, the Commission proposed a [tax simplification package](#) that includes an omnibus tax directive with a very positive element for our sector: exempting pension funds from withholding taxes on dividend payments through amendments to the [Parent-Subsidiary Directive](#). That proposal aims to simplify EU tax rules, decreasing the compliance burden for companies and reinforcing the competitiveness of the single market.

Regarding [FASTER](#), the tax omnibus modifies its scope to make sure that it covers refunds (and relief at source) in the event of IRD/PSD exemptions claimed on publicly traded securities.

Latest developments:

On 3 September 2026, the Member States had a discussion on the tax omnibus focused on the proposed Pillar 2 carve-out from the Anti-Tax Avoidance Directive (ATAD) Controlled Foreign Corporation (CFC) rules. The Commission defended its provisions on that issue, explaining the carve-

out should guarantee that undertakings remain subject either to Pillar 2 or to CFC rules, preventing opportunities for aggressive tax planning or avoidance.

Next steps and PensionsEurope advocacy:

A special legislative procedure is applicable for EU tax files with an unanimity decision-making system at the Council level (no QMV), with the EP having only a consultative role. On 15 July 2026, the tax omnibus file was attributed to the Renew group. The next Council working group meeting on the tax omnibus will take place at the beginning of October, as the Irish presidency plans a monthly meeting on the file.

We have already liaised with EFAMA, Accountancy Europe and Business Europe regarding the possibility of publishing a joint statement and have had preliminary exchanges with DG TAXUD. On 26 August 2026, we circulated a first draft position paper, to be commented on by 18 September 2026.