PensionsEurope Newsletter 2026/09

Table of Contents

1. IORP II review 2

2. PEPP regulation review 4

3. SFDR Review: Trilogue negotiations underway 7

4. Digital Omnibus Regulation: The Council agrees its negotiating mandate as the Parliament continues its work 8

5. Direct taxation omnibus directive 11

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 IORPII 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. There were 4 more shadow meetings which took place.

At the end of October, the Rapporteurs finalised the file. The vote in the ECON committee will take place on the 10 November 2026. See below the main parts of the Parliaments negotiating position:

Scope and application of Directive, definitions and activities:

I. IORPs which also operate compulsory employment-related pension schemes that are considered to be social security schemes shall be covered by this Directive in respect of their non-compulsory occupational retirement provision business.
II. The MEPs are also maintaining the optional application of the directive to first pillar pension funds.
III. Concerning proportionality, on the size criterion, MEPs are following the EC's proposal and therefore it is deleted.
IV. There is the introduction of a new article 5a concerning the introduction and development of IORPs in Member States. This article states that Member States may provide that Articles 18a, 23, 26, 28, 33, 36, 37, 37a, 38, 39, 40, 42, 43, 44, 44b, 44b and 49 (1c) do not apply or partially apply to IORPs newly authorised in their territory which have fewer than 2500 members, for a period not exceeding 3 years from the date of their first authorisation or registration.

V. Where, IORPs are authorised to provide personal pension products, all assets and liabilities, corresponding to the personal pension provision business shall be ring-fenced, without any possibility to transfer those assets and liabilities to the other retirement provision business of the institution.

Authorization and operating requirements:

I. Member States shall require competent authorities to perform a prudential assessment (Article 9) as part of the authorisation of IORPs. The assessment shall be proportionate to the nature, scale and complexity of the activities of the IORP concerned. The IORPs should submit a business plan detailing the financial resources available to cover current and future operating costs. The business plan shall contain projections of at least three years of the IORP's income and expenses and a breakdown of the IORP's operational costs. The EP also removes potential guidelines from EIOPA.
II. There is a new compromise made by the MEPs to solve the issue of the self employed. Member States may facilitate that at least one IORP operating in their territory accepts sponsorship from any undertaking and from self-employed persons that are not subject to mandatory membership in a pension scheme under national law.
III. For operating requirements (Article 10), EIOPA's mandate to issue guidelines is also deleted.

Cross Border Activities and Transfers (CB and domestic):

I. Concerning the cross-border transfers (Article 12), they shall be subject to prior approval by a simple majority of the members and beneficiaries concerned, or where applicable, a simple majority of their representatives. The simple majority shall be calculated based on the received responses. Member States may provide that, for a transfer to be approved, a participation threshold of up to 25 % of the members and beneficiaries concerned shall be reached.
II. On domestic transfers (Article 12a), the MEPs have deleted the requirement to have approval a priori. They have only introduced the requirement for adequate supervision.

Quantitative requirements:

I. Concerning the solvency margin (Article 17), delegated acts are deleted. This was one of our main positions and a very positive outcome.
II. Concerning the internal stress tests (Article 18a), EIOPA's guidelines are deleted. MEPs propose the following:
    a. Competent authorities shall take into account the nature, scale and complexity of the activities of an IORP when determining the extent, level of detail and frequency of the stress tests.
    b. Where the results of the stress tests are negative, Member States shall ensure that the competent authority may require the IORP to submit a proportionate convergence plan. Member States may treat defined contribution and defined benefit schemes differently.
    c. There are no climate stress tests.

Investments (Article 19):

I. MEPs have introduced a new article stating that ''Member States shall ensure that, in applying the prudent person principle, IORPs give due consideration, in their investment policy, to the contribution that productive investments, including through primary capital investments as defined in Article 6, can make to the delivery of adequate long-term returns in the best interests of members and beneficiaries''

II. MEPs mention that within the prudent person principle, IORPs shall take into account sustainability risks, in their investment decisions and for that purpose, IORPs shall take into account the potential long-term impact of their investment strategy and decisions on sustainability factors. That shall be done in a proportionate manner, taking into account the nature, scale and complexity of the activities of IORPs. Sustainability risks and sustainability factors may be interpreted in accordance with the definitions set out in SFDR.
III. On sustainability preferences, Member States shall require that investment decisions of IORPs reflect the sustainability preferences of members and beneficiaries where IORPs are able to gauge those membership preferences and to the extent those preferences are consistent with the investment principles.

Information to be given to prospective members, members and beneficiaries:

I. According to the Article 37a, Member States shall establish or designate a pension tracking system that covers all pension entitlements administered by IORPs authorised in their territory. Member States may include within the tracking system entitlements that cover public statutory pensions and supplementary pensions other than those provided by IORPs.
II. Concerning PBS (Article 38), the introduction of delegated acts is deleted.
III. Article 41a about underperformance and benchmarks is deleted. This is a positive development as we clearly mentioned in our position paper, and it was communicated to MEPs by PensionsEurope.

Business Conduct:

In this article, the MEPs modified the original proposal by introducing stricter requirements in case the Members bear investment ricks. IORPs shall ensure whether the costs and charges of the pension scheme are justified and proportionate in view of its objectives, the characteristics, needs and risk profile of the relevant members and beneficiaries, and the expected long-term net outcomes.

Supervision:

Article 49a about the supervisory dialogue is deleted. This is a very positive development, and we had advocated very strongly about it.

Final provisions

Article 64a, which gives the right to introduce delegated acts, is deleted. Minimum harmonization framework is maintained by the parliament as well.

PensionsEurope reaction and advocacy:

A virtual IORP WG meeting will be organised on the 13 November 2026 at 14:00 to discuss and evaluate the outcome of the European Parliament. During this meeting, PensionsEurope's priorities will also be decided concerning the upcoming trialogue.

2. PEPP regulation 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 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.

The ECON rapporteur Stéphanie Yon Courtin (Renew, FR) published its draft report at the end of July. It broadly supports the Commission's aim of strengthening the attractiveness of the PEPP but proposes: (1) changes to rename the Basic PEPP (rebranding it as Europension), (2) provisions to avoid discriminatory measures on PEPP taxation and (3) that workplace PEPP '*should not interfere with existing occupational pension schemes'* while clarifying its third pillar dimension.

On 10 September 2026, the EMPL committee published its opinion on the PEPP review, which was adopted on 2 September by 31 in favor, 8 against, and 13 abstentions.

The opinion has the following features:

- General amendments: The opinion highlights that the PEPP's development must fully respect MSs' competences in organizing pension systems (AM 28, 40), including taxation and labour law (AM 7). It also emphasizes the importance of statutory pensions, complemented by occupational pensions (AM 1 & 2), to prevent old-age poverty, and underlines that promoting the PEPP and the PPPs should not weaken it (AM 21).
- Workplace PEPP: The document removes all the provisions establishing this (AMs 29, 32, 34, 42, 47).

European Parliament: ECON committee (responsible)

On 13 October 2026, the EP published the ECON amendments to the PEPP review.

EP ECON members tabled close to 350 amendments. Interestingly, the EPP seems to be divided, as many EPP MEPs such as Markus Ferber (DE) tabled amendments that are not fully aligned with the EPP shadow rapporteur Regina Doherty (IE). Please find below the changes tabled by the MEPs on the two most important items for our sector: (1) workplace PEPP and (2) taxation treatment of the PEPP.

Workplace PEPP:

- **Shadow Auke Zijlstra (PfE, NL)** considers the establishment of the workplace PEPP framework as an option for the MSs and clarifies that it remains a third pillar pension product (AM 127). It modifies the review clause to assess the impacts of the workplace PEPP regarding any potential substitution with existing occupational pensions (AM 396) and also aims to ensure that the employee keeps a choice regarding the Workplace using auto-enrolment (AM 353).
- **Shadow Martin Schirdewan (GUE, DE)** deletes the EC provisions related to the Workplace PEPP (AMs 125 & 341).

- **Shadow Francisco Assis (S&D, PT)** and MEPs Carla Tavares (S&D, PT) & Jonás Fernández (S&D, ES) also remove all the provisions related to the Workplace PEPP (AM 342).
- **Shadow Regina Doherty (EPP, IE)** insists on the workplace PEPP using auto-enrolment being "*based on the circumstances and existing arrangements in that Member State"* (AM 351). She also expanded quite significantly the workplace PEPP provisions of the EC by facilitating, for instance, employers' contributions for SMEs (AMs 346, 347,348) :
  - However, MEP Isabel Benjumea (EPP, ES) adds a provision specifying that the Workplace PEPP should not lead to a (partial or full) substitution with occupational pension schemes (AM 344): "*Contributions to a PEPP shall not replace or reduce mandatory or collectively agreed contributions to an occupational pension scheme applicable to the employee.*
- **Shadow Virginijus Sinkevicius (Green, LT)** clarifies that the workplace PEPP remains a third pillar product and limits the possibility of having a Workplace PEPP using auto-enrolment (AM 345).
- **Shadow Marlena Malag (ECR, PL)** removes the provisions allowing a Workplace PEPP using auto-enrolment, thus aligning with the Council's general approach (AM 349).

Preliminary assessment: Clearly, many political groups/MEPs are pushing back on the EC provisions on the Workplace PEPP. The fragmentation of the EPP group and other groups such as Renew -we note that the rapporteur & MEP Anouk Van Brug (Renew, NL) disagreed on the removal of a mandatory advice, for instance) complicates the assessment, but we can expect the rapporteur will need to adjust its provisions on the workplace PEPP (and some other provisions as well) carefully to find a majority in the ECON committee.

Tax treatment:

- **Shadow Auke Zijlstra (PfE, NL)** insists that the 2017 Commission recommendation remains relevant, aims to preserves the direct taxation competences of the MS and restricts the EC provisions to non-discrimination to ensure cross border neutrality (AMs 79 and 159).
- **Shadow Marlena Malag (ECR, PL)** removes the EC provisions explaining that it "*may infringe upon Member States' competences in the field of income tax.* » (AMs 77 & 158).
- **Shadow Martin Schirdewan (GUE, DE)** removes the EC provisions (AM 156).
- **Shadow Francisco Assis (S&D, PT)** and MEPs Carla Tavares (S&D, PT) & Jonás Fernández (S&D, ES) keep the tax provisions of the Commission and introduce a requirement for the MSs to notify the EC regarding *"the tax treatment of PEPPs vis-a-vis other personal pension products in Member States*" (AM 162).
- **Shadow Regina Doherty (EPP, IE)** removes the tax provisions of the EC proposal because of an inappropriate legal basis (Ams 83 & 157);
  - However, MEP Markus Ferber (EPP, DE) keeps most of the Commission's proposal, adds a provision explaining that it is "*without prejudice to the application of Member States' tax laws"* while creating for the MSs a system of notification duty to the Commission for the tax treatment of PEPPs (AMs 81 & 160).
- **Shadow Virginijus Sinkevicius (Green, LT)** takes a critical stance on the tax incentives, explaining that they have anti-redistributive effects and increase inequalities, but keeps most of the Commission's provisions (AM 80).

On 20 October 2026, the rapporteur and the shadows started the negotiations on the PEPP review.

At this stage, only the issues perceived as (relatively) non-sensitives such as the transfers, EIOPA public register and the disclosure requirements have been discussed.

PensionsEurope advocacy and next steps:

The negotiations will accelerate in November as the rapporteur sticks to the initial planning of having the vote in ECON on 1 December 2026.

An exchange of views on the tabled amendments will take place on 3 November 2026.
Trilogues on the PEPP will start early 2027 under the Lithuanian presidency.

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.

3. SFDR Review: Trilogue negotiations underway

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:
Following the adoption of the Council's and the European Parliament's negotiating positions, the first trilogue took place on 22 October 2026 in Strasbourg, marking the formal start of interinstitutional negotiations. The co-legislators acknowledged that their positions are relatively close, particularly regarding the overall architecture of the framework, which maintains the three product categories and a 70% qualifying asset threshold. However, several political and technical issues remain to be resolved.

The first trilogue focused on identifying the main areas of disagreement and establishing a mandate for further technical negotiations. The principal outstanding issues include exclusions for fossil fuel companies within the Transition category, PAI indicators, disclosures on engagement strategies, the treatment of sovereign debt, Taxonomy-alignment thresholds, sustainability data requirements and exemptions for products intended exclusively for professional investors.

On several issues, the discussions revealed important differences between the institutions:

- **Sovereign bonds:** The co-legislators acknowledged broad convergence on the treatment of sovereign debt, including a pathway allowing general-purpose EU sovereign bonds to count towards the 70% asset allocation threshold for the Transition category.
- **PAI indicators:** The Parliament favours mandatory disclosure of greenhouse gas emissions and fossil fuel exposure, alongside a biodiversity indicator for Sustainable products. The Council supports greater flexibility, allowing financial market participants to select three indicators relevant to their investment strategies.
- **Engagement strategies and additional disclosures:** The Parliament is seeking product-level engagement disclosures and certain entity-level information on categorised assets, while the Council has raised concerns about additional reporting burdens.
- **Sustainability data:** Differences remain regarding the availability and disclosure of ESG data providers' methodologies, with the Council emphasising the importance of avoiding further restrictions on data availability.
- **Implementation timeline:** The Parliament and the Council are aligned on applying the revised framework 24 months after its entry into force, allowing additional time for implementation and the preparation of secondary legislation.

Technical meetings are scheduled for 4, 5, 10 and 11 November, ahead of the next political trilogue on 19 November in Brussels.

Significance for pension funds:
The Council and Parliament positions contain several improvements relevant to occupational pension funds, including more workable treatment of sovereign and public-sector debt, recognition of investments through underlying financial products under Article 9a, Parliament's acknowledgement of IORPs' specific communication needs, and the removal of entity-level PAI disclosures.

However, practical concerns remain regarding the ability of IORPs to rely on sustainability information provided by external asset managers and underlying investment products, disclosures for non-categorised products, additional reporting obligations and implementation timelines. The specific treatment of IORPs and their communications with members and beneficiaries has not yet been addressed as a separate political issue in the trilogues.

Where things are heading:
With the overall framework largely agreed, negotiations are now focused on resolving outstanding differences and developing workable compromises. For PensionsEurope, the priority is to preserve the improvements achieved while addressing remaining practical concerns, particularly around proportionality, data availability and implementation.

The upcoming technical meetings ahead of the next trilogue on 19 November provide an opportunity to advance these issues.

PensionsEurope activities:
PensionsEurope's March position remains the basis of our advocacy, particularly our request to allow Member States to exclude IORPs from mandatory categorisation. As neither co-legislator has taken up this proposal, we published a follow-up position paper on 6 October, following consultation with the WG LTSI. It proposes targeted amendments to clarify IORP communications with members and beneficiaries, allow IORPs to rely on sustainability information from external asset managers and underlying investment products, and address requirements for ESG Basics, disclosures for non-categorised products, additional reporting obligations and implementation timelines.

Since then, we have intensified our outreach to the European Parliament, the Council and the Commission to present our proposals and discuss outstanding concerns. This included a recent meeting with the Italian Permanent Representation, where we outlined our priorities and the practical implications of the proposed framework for pension funds.

We will continue engaging with relevant policymakers throughout the trilogues to promote our proposed amendments and keep members informed of developments.

4. Digital Omnibus Regulation: The Council agrees its negotiating mandate as the Parliament continues its work

Background:

In November 2025, the European Commission published its Digital Omnibus proposals as part of its wider digital simplification agenda. The package aims to reduce regulatory overlap and administrative burdens across EU digital legislation, including through amendments to the GDPR, cybersecurity incident reporting requirements and the Data 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 joint LIBE and ITRE committees subsequently received more than 1,700 amendments, reflecting significant differences over the proposed simplification measures, particularly concerning data protection and cybersecurity reporting.

State of play:

The Council

On 21 October 2026, the Council agreed its negotiating mandate on the Digital Omnibus Regulation, following several rounds of negotiations under the Irish Presidency. The agreement was reached after further adjustments to the GDPR and the Data Act, particularly concerning proportionality for low-risk data processing and the protection of trade secrets.

The final Council mandate, published on 22 October, contains several provisions relevant to pension funds and providers:

- **Cybersecurity incident reporting and DORA:** The Council maintains a decentralised reporting system based on national entry points, rather than the centralised EU Single Entry Point initially proposed by the Commission. ENISA would provide information, technical support and coordination, while major ICT-related incidents under DORA would continue to be reported to the relevant competent authorities with the support of national entry points. This approach is broadly consistent with PensionsEurope's position against unnecessary centralisation of reporting.
- **Pseudonymisation (GDPR Article 25a):** The text clarifies that pseudonymised data may not constitute personal data for third-party recipients who cannot reasonably identify the individuals concerned, subject to safeguards.
- **Processing of health data (GDPR Article 9):** The mandate does not introduce a specific legal basis for processing health data necessary for administering retirement, disability or dependency benefits. This remains an important outstanding PensionsEurope priority.
- **Information obligations (GDPR Article 13):** The proposed exemption for non-data-intensive activities remains restrictive, particularly where processing involves large amounts of personal data, complex operations or sensitive information. Its practical benefits for many pension funds are therefore likely to be limited.
- **Personal data breach reporting (GDPR Article 33):** The Council retains the higher notification threshold, limited to breaches likely to result in a high risk to individuals, and extends the notification deadline to 96 hours. A common EU notification template is also envisaged.
- **Proportionality (GDPR Article 97):** The Commission would be required to review certain GDPR obligations for smaller and non-commercial organisations carrying out low-risk processing activities. While potentially positive, this would not provide immediate regulatory relief for pension funds.

The agreement also strengthens trade-secret protection under the Data Act, particularly where disclosure to third countries could pose risks.

The European Parliament

Negotiations within the joint LIBE and ITRE committees are ongoing. Following the first shadow rapporteurs' meeting on 1 October, the first compromise texts are being revised to put forward second compromise texts.

The joint committee procedure and significant differences between political groups, particularly on GDPR simplification and cybersecurity reporting, make the negotiations technically and politically complex.

Further technical discussions are expected in November, ahead of another shadow rapporteurs' meeting scheduled for 3 December. The joint committee vote is currently expected in February 2027.

Significance for pension funds:

The Council's agreement represents an important step forward, particularly regarding cybersecurity incident reporting, where the preference for national entry points is broadly aligned with PensionsEurope's position. The proposed changes to pseudonymisation and personal data breach notifications could also contribute to greater legal clarity and reduced administrative burdens.

However, important concerns remain. In particular, the absence of a clear legal basis for processing health data in pension administration leaves a key PensionsEurope request unaddressed, while the proposed exemptions for non-data-intensive activities may offer limited benefits to pension funds processing substantial volumes of personal and sensitive data.

The final impact of the Digital Omnibus will therefore depend on whether the negotiations deliver meaningful simplification while taking account of the specific activities and regulatory obligations of occupational pension funds.

Where things are heading:

With the Council's negotiating mandate now agreed, attention is shifting towards the Parliament's position. Negotiations within the joint LIBE and ITRE committees are expected to continue into the first quarter of 2027, with trilogue negotiations potentially beginning in the second quarter once the Parliament has adopted its mandate.

For PensionsEurope, the priority will be to preserve the Council's approach to cybersecurity reporting while continuing to seek improvements on health-data processing, proportionality and the reduction of overlapping compliance requirements.

PensionsEurope activities:

PensionsEurope continues its institutional outreach to the Council and the Parliament, building on our position paper published in March 2026.

On 9 October, we met with the office of Aura Salla (EPP, Finland), the ITRE co-rapporteur, to present our priorities and discuss the implications of the proposed changes for occupational pension funds. We have also engaged with representatives of the Council and the Parliament to explain our concerns and proposed improvements.

Following the adoption of the Council's mandate, we will continue our outreach, particularly towards the Parliament's negotiating teams, focusing on the outstanding issues concerning health-data processing, cybersecurity reporting and proportionality. We will monitor developments closely as the Parliament works towards its negotiating position.

5. Direct taxation omnibus directive

Background:

On 24 June 2026, the Commission proposed a tax simplification package that includes an omnibus tax directive with an exemption for qualifying 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.

In mid-September 2026, two Council documents (here and here) provided an overview of the preliminary positioning of the MSs on the Commission proposal:

In late September 2025, the ECON committee appointed the following MEPs for the taxation omnibus directive:

- Ludovit Odor (Renew, SK) as rapporteur;
- Jonas Fernández (S&D, ES) as shadow rapporteur;
- Tomas Kubin (PfE, CZ) as shadow rapporteur;
- Marion Aubry (GUE, FR) as shadow rapporteur

State of play:

The Member States had several meetings to discuss the tax omnibus:

- On 13 July 2026, Member States had their first discussion with a presentation from the Commission;
- On 3 September 2026, the Member States had a discussion focused on the proposed Pillar 2 carve-out from the Anti-Tax Avoidance Directive (ATAD) Controlled Foreign Corporation (CFC) rules, where the EC explained that 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;
- On 5 October 2026, the Member States had a meeting on the tax omnibus directive where they discussed the Anti-Tax Avoidance Directive (ATAD) and Tax Merger Directive (TMD), based on an EC presentation;
- On 19 October 2026, the Members discussed the PSD and IRD provisions of the tax omnibus, including the exemption for qualifying pension institutions.

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. The objective of the Commission is to have an agreement on the text by the end of 2027. However, it is likely that the negotiations will extend beyond 2027 given the political sensitivity of the directive.

The EP is expected to approve its (non-binding) opinion in July 2027.

On 15 September 2026, we met DG TAXUD (see summary). We co-signed a joint statement on the EC taxation omnibus package, which was published on 28 October.

On 15 October 2026, we also published our position paper. On 29 October 2026, we had a meeting with the Dutch Permanent Representation. We will continue our outreach towards MSs.