

IORP-REPORTING

Regulatory requirements and deadlines defined by EIOPA

In connection with the EU Directive on the activities and supervision of institutions for occupational retirement provision (IORPs), the European Insurance and Occupational Pensions Authority (EIOPA) has conducted a public consultation to specify the regulatory requirements for IORPs. Following this consultation, the Board of Supervisors came to a decision regarding these requirements in mid-April¹. This decision provides an overview of the main cornerstones of the supervisory requirements:

1. Who?: affected IORPs
2. What?: reporting content
3. When?: deadlines and first reports
4. How?: transmission of reports

The criteria that determine which IORPs are obliged to report are defined at European level. Essentially, this obligation is determined by the size of the company and, in particular, by the balance sheet total. Basically, all IORPs with a balance sheet total of more than EUR 1 billion are required to report. Furthermore, the five largest IORPs of a member state are subject to reporting, provided that the balance sheet total of the respective IORP exceeds EUR 100 million. On the basis of these criteria, the national supervisory authorities determine the specific list of IORPs with reporting obligations. At the same time, the national supervisory authority has the right to exempt small IORPs from reporting obligations. Smaller IORPs may be excluded from reporting obligations altogether, if the balance sheet total is less than EUR 25 million or if the number of members, including beneficiaries, is less than 100. However, the national supervisory authority may only exempt small IORPs from reporting obligations as

¹ See EIOPA publication “EIOPA-BoS / 18-114” dated April 10, 2018.

long as 80% of IORPs (in terms of total assets) submit reports. During the transitional period until 2022, a limit of 75% applies.

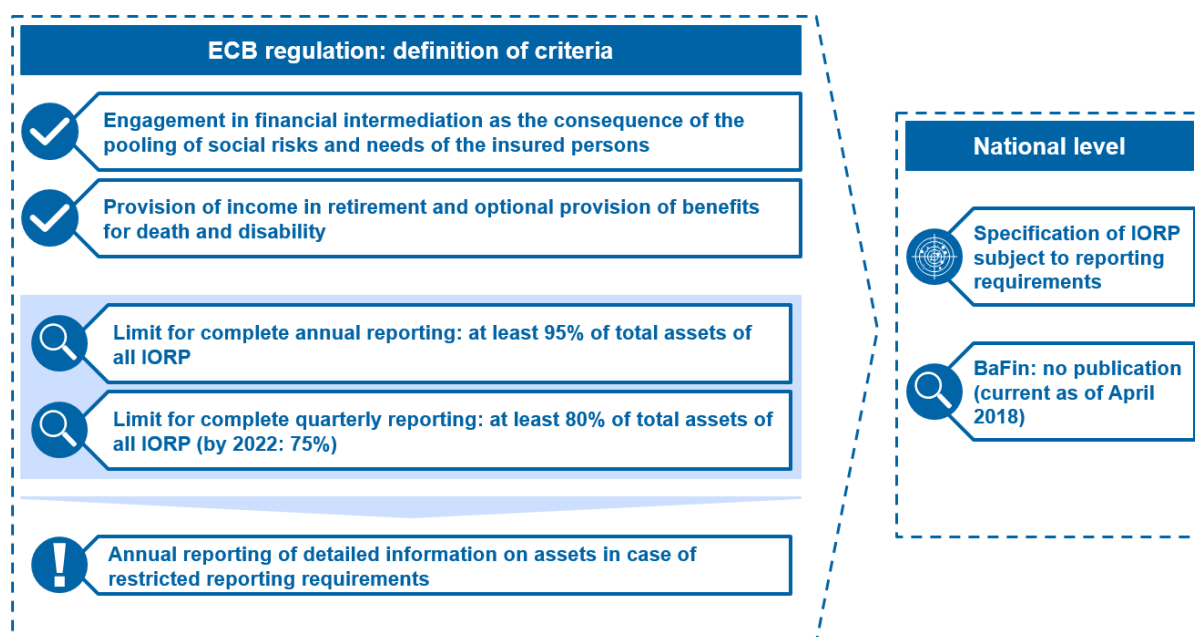


Figure 1: Who is affected?

In the quarterly report, the balance sheet of an IORP and a list of assets are reported. In addition to the contents of a quarterly report, the annual report includes cross-border activities, costs, investment income, changes in technical provisions and information on members.

The first annual report will be prepared at the end of 2019, while the first quarterly report will be prepared for the third quarter of 2019. To begin with, the reporting deadline for the annual report is set at 20 weeks after the end of the year, plus 20 working days. This deadline will be reduced by 2 weeks per year until 2022, so that in the end, the deadline will be 14 weeks plus 20 working days. For quarterly reports, at first the reporting deadline is 10 weeks after the end of the quarter, plus 10 working days. This deadline is reduced by 1 week per year until 2022, so that in the end, the deadline will be 7 weeks plus 10 working days.

Reporting will be in XBRL format, analogous to Solvency II.

Challenges

The implementation of IORP² reporting is connected to similar requirements and challenges as the implementation of Pillar III for Solvency II in the insurance sector:

- The taxonomy issued by EIOPA defines the functional and technical basis for the deliverable content. The submission of information to the supervisory authority is to take place in XBRL format. From the user's point of view, XBRL is a rather complex data

² Institutions for Occupational Retirement Provision.

format which can only be interpreted with expert know-how. In light of this, creating meaningful XBRL files requires technical support.

- As we have seen with Solvency, it can be expected that, in the course of time, changes to the taxonomy and thus to the types of results to be supplied to the supervisory authority will be made. Regular changes must be promptly followed up in the systems or processes of the IORP.
- The taxonomy includes validation rules regarding the deliverables. In the case of incorrect data sets (i.e. validation errors), the supervisory authority will reject the delivered results of the IORP and request a correction of the result data. In order to ensure a successful and timely provision of the data, the validation rules must be observed by the IORP, and it is therefore advisable to test them beforehand.
- The reporting dates are continually moving closer to the last day of the reporting period. Therefore, the processes and systems in the IORP need to support reporting deadlines that become shorter over time. Depending on the design of the initial processes, a substantial acceleration of the reporting processes to meet future reporting deadlines is to be expected over time.
- For the generation of reports, audit-proof processes and systems are required. IDP and manual processes have to be reduced, which in many cases requires system support for the reporting process.

Solution approaches

With zeb.control.regulatory - IORP Reporting, based on the experience and solution approaches in connection with Solvency II, zeb can provide a solution to cover the new challenges for IORPs as well as expert knowledge in dealing both with XBRL and reporting requirements.

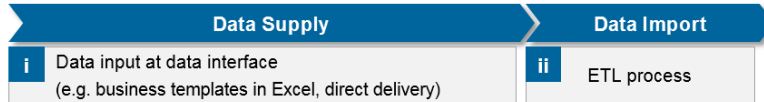
In this context, zeb.control supports the generation of reports with a field-tested process and covers many challenges of the IORPs' reporting requirements.

zeb.control.regulatory – IORP reporting relies on established processes in zeb.control for regulatory reporting



Technical and procedural implementation scheme of EIOPA pillar 3 for pension funds

A. Processes at the interface to the IT solution



B. Processes within the IT solution

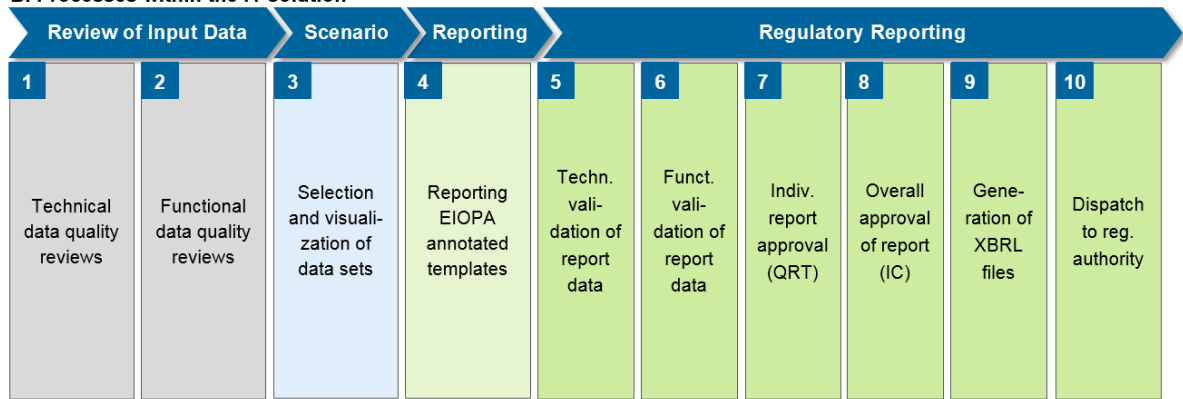


Figure 2: IORP reporting process

- The reporting process is mapped in zeb.control. The user is supported with a workflow-based and time-saving end-to-end process which includes simple data collection with integrated data quality checks, visualization and validation of the data with correction options and audit-proof approval according to the 4-eyes principle.
- As a result, an XBRL file fulfilling the EIOPA technical requirements is supplied which can then be forwarded directly to the supervisory authority. XBRL complexity is managed entirely by the system and hidden from the user.
- Expected changes to the requirements (of the taxonomy) are implemented in zeb.control and made available to users in a timely manner.

The functionalities of zeb.control.regulatory – IORP Reporting can be demonstrated in live presentations. Two well-known reference clients in Germany with a pension fund of > EUR 1 billion (total assets) have already seen the system and its benefits and will install the first version of zeb.control.regulatory – IORP Reporting.

For each QRT there is a separate report within zeb.control for technical review



zeb.control.regulatory – IORP Reporting: Screenshots

abstract

PF.06.02.24: List of assets				
Businessvariante: ari				
Company	Demo Pensionskasse AG			
Key date	12/31/2017			
Result set	IORP -- Regulatory Reporting - 36			
PF.05.03.24: Expenses				
Businessvariante: ari				
Company	Demo Pensionskasse AG			
Key date	12/31/2017			
Result set	IORP -- Regulatory Reporting - 36			
PF.06.02.24.01: Information on positions				
Line identification	Asset ID Code and Type of code	Portfolio/pension scheme type	Country of custody	
C0001	C0010	C0030	C0040	
1	ISINDE0005140008	Defined benefit and Defined benefit part of Mixed	GERMANY	
PF.50.01.24: Member data				
Businessvariante: ari				
Company		Demo Pensionskasse AG		
Key date		12/31/2017		
Result set		IORP -- Regulatory Reporting - 36		
PF.02.01.24: Balance sheet				
Businessvariante: ari				
Company		Demo Pensionskasse AG		
Key date		12/31/2017		
Result set		IORP -- Regulatory Reporting - 36		
PF.50.01.24.01: Member data				
Member data				
Active members				
Deferred members				
Beneficiaries				
Flow data				
New members				
Deaths				
Commutations				
Other exits				
New beneficiaries of which new retired members				
PF.02.01.24.01: Balance sheet				
Assets				
	DB C0010	DC C0020	Hybrid C0030	Total C0040
Investments	R0010	1,548,415,125	468,297,041	2,016,712,167
Property (other than for own use)	R0020	11,014,368	3,613,473	14,627,841
Equities	R0030	206,717,661	66,400,014	273,117,675
Equities - listed	R0040	193,773,554	62,507,982	256,281,536
Equities - unlisted	R0050	12,944,126	3,892,032	16,836,159
Bonds	R0060	475,876,399	141,399,965	617,276,363
Government Bonds	R0070	38,723,508	11,912,803	50,636,311
Corporate Bonds	R0080	437,152,890	129,487,162	566,640,052
Financial	R0090			
Non-financial	R0100			
Bonds other than Government Bonds and Corporate Bonds	R0110		0	0
Investment fund/shares	R0120	853,963,479	256,604,269	1,110,567,749

Figure 3: Overview of IORP Reporting

We are happy to provide trial access to the [demo environments of zeb.control](#) upon request. The online demo environment and the first release of zeb.control.regulatory – IORP Reporting will be available from September 2018.