[EIOPA publishes advice on potential undue short-term pressures from financial markets]

The European Insurance and Occupational Pensions Authority (EIOPA) has today published [advice on the potential undue short-term pressure from financial markets on corporates].

EIOPA found no clear evidence of undue short-termism in insurance and institutions for occupational retirement provision (IORPs), although their investment practices are sensitive to macroeconomic circumstances such as the persistent low interest rate environment. More specifically, adaptation to macroeconomic circumstances may imply a shift in their role as long-term investors and insurance and pensions providers to their clients.

In its advice, EIOPA provides recommendations, including:

1. Developing a cross-sectorial framework with the aim of promoting long-term investments and supporting sustainable economic growth at European level.

- General principles should guide the consistent implementation across the financial system of defined objectives in this matter and should help to assess performance against concrete targets as well as potential deviations at sectoral or sub sectoral level.
- The promotion of long-term focus needs to be, respectful with the principle of freedom of investment, commensurate with the risks taken, always ensure the viability of individual business models, be compatible with an adequate level of protection for policyholders, members and beneficiaries, and be stable at a systemic level.

1. Facilitating the generation and publication of long-term performance benchmarks to increase the focus on long-term value creation rather than immediate shareholders’ interests or excessively short-term profitability objectives.
    - The availability of transparent and commonly understandable long-term benchmarks should benefit both providers and customers.

The advice is published in response to a request from the European Commission to all three European Supervisory Authorities (ESAs) to collect evidence and stakeholders’ views on this issue. Both the European Banking Authority and the European Securities and Markets Authority have also published their advice today.