

EIOPA publicly consults on its approaches for regulating key aspects of the Pan-European Personal Pension Product (PEPP)

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Frankfurt, 2 December 2019 – Today, the European Insurance and Occupational Pensions Authority (EIOPA) launched the public consultation of its approach to the regulatory and implementing standards, and technical advice to the European Commission on delegated acts, as mandated by the Pan-European Personal Pension Product (PEPP) Regulation.

The Consultation Paper sets out EIOPA's current stances to approach the regulation of key aspects of the PEPP, underpinning the idea of establishing a simple, safe and cost-efficient savings product.

In developing its proposals, EIOPA sought input from the supervisory community of the insurance and pension sectors, the other European Supervisory Authorities, and conducted an active dialogue with EIOPA's stakeholder groups and the Expert Practitioner Panel on PEPP.

The resulting key considerations are:

- PEPP information documents: pre-contractual and annual information on the PEPP and its investment options have to be highly standardised to allow for comparability between PEPPs and for the consumer to track the performance of the chosen PEPP. The information needs to be relevant and tailored to the pension objective of the PEPP. The proposals are built on the experience with packaged retail investment and insurance-based products (PRIIPs) and the Directive on the activities and supervision of institutions for occupational retirement provision (IORP II), yet tailored to the specificities of PEPP, in particular its long-term nature, whilst making the PEPP ready for digitalisation.
- Cost cap of the Basic PEPP: the cost-efficiency of the Basic PEPP is enforced by the introduction of a cost cap. In line with the PEPP's policy objective, an 'all inclusive' approach is suggested, while ensuring a level playing field amongst providers offering different features and in particular a guarantee on the capital invested.

- Risk-mitigation techniques: it is necessary to set out the principle objectives for the risk-mitigation techniques to foster investment strategies leading to better pension outcomes. Clear and auditable criteria are needed to ensure the effectiveness of the chosen risk-mitigation technique.
- Supervisory Reporting and cooperation between NCAs and EIOPA: enabling an efficient functioning of the PEPP market requires close monitoring and effective product supervision both from a home and host perspective - which is only possible with regular information exchange on PEPP business.
- EIOPA's product intervention powers: relevant criteria, tailored to the PEPP, have been developed, building on past experience with product intervention powers at the level of the ESAs.

Stakeholder feedback is necessary to further develop the proposals and to ensure that the regulation delivers on the promise of the PEPP as an effective tool to complement pension savings in Europe.

The consultation ends on 02 March 2020.

Gabriel Bernardino, Chairman of EIOPA, said: 'The current macro-economic environment with persistent low and negative yields requires the rethinking of long-term retirement savings solutions. The implementation of the PEPP Regulation is an opportunity to build an appropriate regulatory basis for the design and monitoring of innovative and cost-effective products that could enable European savers to reap the benefits of sustainable growth.'

EIOPA invites all stakeholders to contribute to this consultation in order to ensure that the PEPP will be a success for the benefit of European citizens.'