

<b>Comments Template for Discussion paper on a possible EU-single market for personal pension products</b>		<b>Deadline 16 August 2013 18:00 CET</b>
Name of Company:	Ministry of Finance of the Czech Republic	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.  <i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word <b>Public</b> in the column to the right and by inserting the word <b>Confidential</b>.</i>	<b>Public</b>
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering</u> in the column "question"; if you change numbering, your comments cannot be processed by our IT tool.</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.               <ul style="list-style-type: none"> <li>○ If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.</li> <li>○ If your comment refers to parts of a question, please indicate this in the comment itself.</li> </ul> </li> </ul> <p style="text-align: center;"><b>Please send the completed template, <u>in Word Format</u>, to <a href="mailto:personalpensions@eiopa.europa.eu">personalpensions@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p>		

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<b>Question</b>	<b>Comment</b>	
General Comment	<p>Dear colleagues: Below you find general comments regarding some of the issues presented in the discussion paper. The comments are only an indication of the approach the Ministry of Finance of the Czech Republic takes and are not its final and official policy position.</p> <p>It is necessary to bear in mind the powers of MS to organise their pension systems e.g. also set the conditions for retirement products and their providers. It seems that the paper generally works with the idea that the provider develops a product which then sells to consumers, but it has to be reflected that there also exist the whole systems which are set by national law with all the conditions for benefits, investment rules, state motivation aspects etc. which the provider has to follow if he wants to provide such services.</p> <p>As regards taxation we have to point out that the Czech Republic is not in favour of harmonisation of direct taxes. The Czech Republic of course respects the EU primary law and the case law of the CJEU. In the tax law of the Czech Republic there is fully respected the principle of non – discrimination (the tax reliefs are applicable both for national and foreign pension providers and participants).</p>	
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Q8	Transferability of accumulated capital would be the most convenient solution for the participant. As the MS systems require to meet certain conditions before obtaining the benefits from the private pension systems there would have to exist common EU rules for benefits/termination etc. which seem not be feasible at this moment. In any case, transferability is technically very difficult, especially when the products in MS considerably differ. At the moment, it is unlikely, that MS would come to an agreement as to the conditions of transferability.	
Q9		
Q10	No, we do not think it is feasible. At least as regards insurance products, the maximum interest rate, i.e. guarantee, must be left to be set by the national regulator, so as to correspond to actual conditions of a national market (moreover later the Solvency II Directive will apply)	
Q11		
Q12	The Czech Republic of course respects the EU primary law and the case law of the CJEU. In the tax law of the Czech Republic there is fully respected the principle of non – discrimination (the tax reliefs are applicable both for national and foreign pension providers and participants).	
Q13	The principle of non-discrimination covers the most of the tax obstacles connected with cross-border functioning of pension providers and personal pension plans with the exception of problem described under letter d) on page 13 of the discussion paper - Differences in MSs' tax arrangements, which describes different approaches of taxation of contribution, investment income and benefits.	
Q14		
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Q16	In our opinion it is not feasible to create a single market for products, because it is in the domain of MS to organise and set conditions for funded pillars in which the means of a state budget are diverted. This is also the reason why MS must rely on home supervision. We do not even see a need to create a single market for these products. In connection to the topic of cost savings at the level of providers when allowing for cross boarder operation we would like to point out that it is a nature of for-profit providers to maximise their profits and thus to search in the open market for opportunities which allow them to do it. For this	

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	reason not so developed markets are a big opportunity. We can see these trends for example in banking sector where the consumers in CEE are not yet that cost sensitive for products. The profits are then redirected to parent company in other MS. This situation is not in the interest of consumers of private pension products and thus the regulation of fees charged on the national level is essential for the protection of participants of personal pension plans. In the area of pension products it is always necessary to decide in whose favour a particular regulation serves. Should it benefit the providers or the participants of the personal pension plans ? Who should benefit from the EU regulation?	
Q17	The regulation would have to take into account that the providers differ considerably according to products they offer and the regulation cannot be based on particular existing directive for one particular sector in financial market. A completely new regime would have to be created.	
Q18	In our opinion it is not feasible to create a single market for these products, because it is in the domain of MS to organise and set conditions for funded pillars in which the means of a state budget are diverted. This is also the reason why MS must rely on home supervision which would be problematic in general passporting regime.	
Q19	Some systems may be of a specific nature when the collection of part of contributions is done via state bodies and thus would require continual (day to day) presence of the provider in MS.	
Q20	As we regard regulation of pension products as such at the EU level very problematic, the 2nd regime could be more feasible. Nevertheless it is not clear how would it coexist with the fact, that national pension products are having direct or indirect motivation from the state. As regards the tax regulation it would be essential for a succes of the 2nd regime to provide for uniform taxation regime for such a product. We see the above mentioned obstacles as very difficult to remove, but as in general we see this approach as more feasible then passporting, we would welcome further elaboration by EIOPA on this issue.	
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Q24	In order not to exclude the other providers it cannot be only insurance based product e.g. just DB. If it would be DC it could be more feasible to create a common prudential framework. At the same	

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	time, we do not think that the 2 <sup>nd</sup> regime could comprise product rules only without at least some standard of providers rules. In our opinion, the 2 <sup>nd</sup> regime products could be provided by already existing providers (CRD, UCITS, IORP, Solvency II) as well as new providers as long as they meet a given set of prudential requirements.	
Q25	In our opinion the way to calculate technical provisions should be the same for all providers providing 2 <sup>nd</sup> regime PPP. The same applies to the capital. In this connection we think that the PPP business should be separated from other business the entity provides. This is necessary for prudential reasons. At the same time, if the entity provides more kinds of businesses (e.g. insurance and PPP) it would have to hold additional capital to cover additional risks.	
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