	Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		**Deadline 05 October 2015 23:59 CET**
Name of Company:	EIOPA's Occupational Pensions Stakeholders Group		
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public	
	Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to CP-15-006@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.** The numbering refers to the Consultation Paper on the the creation of a standardised Pan-European Personal Pension product (see Annex 3 of consultation paper)		
Reference	**Comment**		
General comment	Personal pensions play a key role in today's pension landscape in many EU member states and together with occupational pensions, they are likely to become even more important in the future. In all the Member States, the aging population is posing a major challenge to the sustainability of pension systems and adequacy of pension revenues. Stimulating individual retirement savings can be one of the solutions, as they have a strong potential of enhancing the adequacy and resilience of multi-pillar pension systems, as outlined in the EC White Paper on Pensions of 2011. It is a win-win situation because on the one hand it is		

	good for future retirees and, on the other hand, long-term savings favour investments and economic growth. It is well established that consumers' demand for personal pension products (PPPs) varies across countries, especially in terms of their expectations towards security of pension pay-out, returns and built-in flexibility. Therefore, should a Pan-European Personal Pensions product (PEPP) be introduced, national consumer demand and expectations to risk-taking should be analysed and considered. The introduction of a PEPP poses some challenges. For instance, it could lead to a mere shift from existing domestic products to a 2nd regime PPP, without increasing volumes and customer base. However, provided such risk is properly taken account of, the OPSG sees the opportunity that a PEPP, if designed in a proper way, might encourage new consumers to save for their retirement. This product should be secure and sufficiently attractive to make people save for retirement on a voluntary basis in countries where pension savings are not mandatory, enlarging the overall coverage of private pensions provision. This is particularly important for young people. Furthermore, a standardised product might provide for enhanced portability across border. The OPSG believes that the PEPP should be an individual savings product aimed for retirement purposes. It should present features that differentiate it from pure savings and investment products. Its use should be clearly for retirement purposes. From a consumer protection perspective, it is important to recognise that pension products – even pure DC products – are more complex than pure savings or investment products and require a certain regulatory environment. Conduct of business and investor protection rules should also be provider and distributor neutral, meaning that all PEPP providers and distributors should be subject to equivalent conduct of business and investor protection rules.	

	The OPSG believes that a PEPP should entail an appropriate level of security for policyholders and appropriate conduct of business requirements. Disclosure should be as comprehensive and as synthetic as possible. Standardised communication provisions for a PEPP should allow for transparency, simplicity and comparability.	
Question 1 **Do stakeholders think there is a need for a stand-alone authorisation requirement or would existing Union law sufficiently cover all potential PEPP providers, including those who would issue PEPPs but who are not already authorised by another existing authorisation regime?**	The OPSG believes that it is not necessary to introduce an additional authorisation process for those financial institutions which are already authorised and are carrying out activities under specific EU legislation. However, for those institutions which do not fall under the scope of any specific EU law, the OPSG believes that they should be subject to a thorough authorisation procedure, with particular emphasis to guarantee that providers are fit and proper. Furthermore, such authorization procedure should be fully harmonised at European level. This is essential, if PEPP providers benefit from a European passport. The OPSG appreciates that allowing providers not authorised under any EU financial services legislation to offer PEPPs could potentially increase the offering of PEPPs across Europe. However, as mentioned in its response to Q9, the OPSG believes that a PEPP should be provider-neutral. This means that all providers offering a PEPP with the same characteristics should be subject to the same prudential rules, thus guaranteeing a level playing field. The prudential treatment should reflect the long-term nature and the riskiness of the product.	
Question 2 **Do stakeholders agree that a highly prescriptive 2nd regime will achieve the policy objectives of ensuring a high minimum standard of consumer protection and**	Although the PEPP should be a 'simple' product, the OPSG suggests that pension products are generally complex because of their long-term horizon and purpose to deliver a retirement income. At the present stage, the OPSG believes it would be premature to assess whether a standardized 2nd regime product would encourage more EU citizens to save for an adequate retirement income, even though it acknowledges that the initiative could have the potential to ensure a high	

encouraging more EU citizens to save for an adequate retirement income?	minimum standard of consumer protection. In markets with a well developed pension product offer, the OPSG believes there might be a risk that consumers merely move from existing products to PEPP. More evidence is required before any decisions are taken. In all events, simplicity should be a key principle and the PEPP should have clear regulatory rules on standards for consumer protection. The OPSG also suggests that the impact of differences in national legislation, e.g. tax regulations, social insurance regulations, should be further invstigated. As long as those fields of regulations are not properly analysed, it is difficult to see how a second regime can be created or how EU citizens will see the added value of a PEPP over a national PPP. Tax factors will continue to impact the system. The OPSG further stresses that a cost-benefits analysis will be necessary, before concluding that a second regime is the best option. it would be appropriate to study other options in detail, establishing a clear list of obstacles and identifying those that would remain if a second regime would not be established. Individual choice and responsibility is increasing in the pension's world. The defined benefit structures are disappearing and state benefits will in general be less generous and paid at an higher retirement age. Within defined contribution schemes and personal pensions, there are usually several products to choose from. There are more opportunities and more risks for consumers. Moving into a world of more individual choice, control and responsibility with regard to pension planning suggests that individual advice will still play a key role in relation to pension planning. Pensions are arguably the most complex and important financial products that a person will purchase. Indeed, in the pension field it is appropriate to have a close look at the interdependence of a pension product and the personal situation of a PEPP holder, also with view to the legal and tax	

environment.

With regard to the PEPP design outlined in the consultation paper, the OPSG believes that decisions made on the following questions will be key to ensure the viability of the PEPP initiative:

- The PEPP should be an individual savings product aimed for retirement purposes
- It should present features that differentiate it from pure savings and investment products Its use should be clearly for retirement purposes.
- it should be a cost-effective product
- PEPP‘s default investment options should be suitable, simple, and appropriate
- PEPPs should strike a balance between long-term commitments and the flexibility for consumers to access their savings before retirement
- the openness and flexibility on the eligibility of investments : Keep it Simple and Short (KISS principle), otherwise it will not earn the trust of EU citizens
- PEPP providers should take in due consideration EIOPA’s draft guidelines for Product Oversight and Governance Arrangements (October 2014) and its Technical Advices on conflicts of interest (January 2015) and on product intervention powers (July 2015), which are essential for a high minimum standard of consumer protection
- While PRIIPs can be a good starting point for developing PEPP’s pre-contractual information, it would be essential that the PEPP’s KID contains pension specific information (eg decumulation options available at retirement, biometric risk coverage, tax treatment, minimum investment periods etc.)

	- We propose that PEPPs should include these basic principles : • Any PEPP must guarantee a life-long annuity as one of the decumulation / pay out options. • In principle, pay-outs should not decrease once started, unless specific forms of decumulation allow for this.	
Question 3		
Question 4 **Do stakeholders believe that an investment option containing a guarantee, e.g. a 0% minimum return guarantee, does not in addition require a life cycling strategy with de risking?**	Yes. An investment option containing a guarantee does not necessarily need to have a life-cycling strategy in addition. The OPSG believes that a 0% nominal return guarantee does not provide an ideal outcome. The PEPP’s KID should clarify that such a nominal guarantee does not protect savings from inflation.	
Question 5 **Do stakeholders agree to limit the number of investment options, e.g. to five?**	The OPSG would like to highlight that a multitude of investment choices does not in reality generate choice. This is illustrated by the desire for default options. The OPSG acknowledges the PEPP should be easily understandable for a large group of consumers. The main goal of the current PEPP concept seems to be that consumers have limited choices. However, some consumers might prefer to be more engaged and would expect a broader choice of options for their pension product. The OPSG believes that this type of behaviour should be encouraged. One way to do this is to give consumers more choices, rather than limiting the offer. Limiting the number of investment options may lead to a situation where investment options will be very similar between providers, with little choices for consumers. Also, we should take into account that one of the objective of the EC Call for Advice is to stimulate competition and innovation on the PPP market. Limiting investment options doesn’t leave too much room for innovation. A large range of default options should, however, not prevent	

	providers and distributors from using various appropriate techniques to distribute PEPPs. We refer to the time-tested success of the IRA (Individual Retirement Account) in the US, which bears none of such regulatory constraints. In fact IRA holders can even if they so wish invest directly in listed securities such as shares and bonds. This provides full flexibility for those who would wish to do that and provides a level playing field for securities versus « packaged » (and more fee-laden) products, such as investment funds or even more packaged products such as unit-linked insurance contracts (which bear at least two layers of fees instead of usually only one for investment funds and none for direct equity investments). Any investment options related to the payment / contribution phase should not endanger the necessary optimisation of the performance of the pay-out phase (in particular how to adjust any “life cycle” approach to the different options of pay-out: portfolio derisking timing would have to be very different if paying out a life long annuity at age 65 or if using lump sum capital pay-out until death age like 90).	
Question 6 **Do stakeholders agree that the default investment option should either be based on a life cycle strategy with de risking or be assisted by a guarantee, e.g. a 0% minimum return guarantee?**	The best chance for consumers to get value for money is to encourage them to take a more active stance and not to rely blindly on default options, tagged as best-suited. It would indeed be beneficial for consumers if they exercised choices to drive the market and made informed decisions based on knowledge and experience. Reality however tells us that consumers want simple guidance and defaults. The creation of sensible defaults tested on consumer behaviour and linked to the decumulation phase are the key. The default investment option should meet the needs of individuals who are not familiar with finance and are unable to choose between different options when saving for retirement. They should not be perceived as the highest return option, but should rather provide decent returns. Even for the default option it should be considered that a standardised product will not always match the particular situation (family, wealth, …) of every consumer. The OPSG agrees that there should be only one default investment option for a given PEPP.	

	Providers should, however, be able to choose, among the following 3 categories, which type of investment strategy they offer as their one default option: - Life-cycling with derisking: these strategies are built to generate high returns in the initial stage of the product (ie by investing mostly in equities), and increasingly derisking (eg by switching into bonds) when getting older. While life-cycling can provide for very good returns, it does not offer any minimum return guarantee, ie pension savers might, in a worst case scenario, incur losses and receive less than the paid-in capital. - Long-term collective investment with pooling and smoothing: with these investment strategies, pension savers can in all likelihood expect “average” returns, while enjoying less risk than with life-cycling thanks to the benefits of risk pooling and smoothing of returns and losses. As such, it prevents individual savers from potentially having higher returns or higher losses, as compared to the life-cycling strategy. Like the life-cycling option, it does not provide any minimum return guarantee, ie pension savers might in a worst case scenario also incur losses, which are, however, less pronounced than in a life-cycling option (average). Finally, the “long-term collective investment with smoothing” option could involve lower transaction costs, as there is no need to rebalance individual portfolios. - Guarantees: A default investment option with a capital-backed guarantee can comfort individuals who are not familiar with finance and unwilling to bear any financial risk in the whole accumulation period and want to be certain as to the minimum return their PEPP will provide. However, the cost of a guarantee reduces the expected return of savings. As stated in our response to Q4, a 0% nominal return guarantee would not be appropriate. The OPSG believes that for all investment options, the potential maximum loss should be made clear in PEPP’s pre-contractual information. This information should be also provided when savers choose the default investment option.	

| Question 7
Do stakeholders agree that providers should have a duty of care concerning the suitability of investment options? What should be its extent? Should for example providers prevent switching to high risk investment options close to retirement? | The OPSG agrees that PEPP providers should have a duty of care concerning the suitability of investment options with regard to the respective target market.

The OPSG agrees that the consumers should be provided with fair, clear and not misleading information which allow for a comparison between different products on the market. On this basis the consumer will be able to make a well-informed choice. For instance, in case of a life-cycling default option which automatically starts derisking when a consumer turns 50, the OPSG holds that it should be possible for the consumer to "opt-out" from the derisking strategy, ie to take more risk, provided that he has received appropriate information as to the risks he would bear.

The OPSG would encourage EIOPA to clarify that "duty of care" does not mean "fiduciary duty". | |
| Question 8
Alternatively, would it be better for all investment options to contain either a life-cycling strategy with de risking or a guarantee? | No. The OPSG believes that there is no need for all investment options offered within a PEPP to be based either on a life-cycling strategy or on a guarantee.

The best chance for consumers to get value for money is to encourage them to take a more active stance and not to rely blindly on default options, tagged as best-suited. It would indeed be beneficial for consumers if they exercised choices to drive the market and made informed decisions based on knowledge and experience. Reality however tells us that consumers want simple guidance and defaults. The creation of sensible defaults tested on consumer behaviour and linked to the decumulation phase are the key.

The default investment option should meet the needs of individuals who are not familiar with finance and are unable to choose between different options when saving for retirement. They should not be perceived as the highest return option, but should rather provide for decent returns..

The OPSG agrees that there should be only one default investment option for a given PEPP. Providers should be able to choose, among the following 3 categories, which type of investment | |

	strategy they offer as default option: - Life-cycling with derisking: these strategies are built to generate high returns in the initial stage of the product (ie by investing mostly in equities), and increasingly derisking (eg by switching into bonds) when getting older. While life-cycling can provide for very good returns, it does not offer any minimum return guarantee, ie pension savers might, in a worst case scenario, incur losses and receive less than the paid-in capital. - Long-term collective investment with pooling and smoothing: with these investment strategies, pension savers can in all likelihood expect “average” returns, while enjoying less risk than with life-cycling thanks to the benefits of risk pooling and smoothing of returns and losses. As such, it prevents individual savers from potentially having higher returns or higher losses, as compared to the life-cycling strategy. Like the life-cycling option, it does not provide any minimum return guarantee, ie pension savers might in a worst case scenario also incur losses, which are, however, less pronounced than in a life-cycling option (average). Finally, the “long-term collective investment with smoothing” option could involve lower transaction costs, as there is no need to rebalance individual portfolios. - Guarantees: A default investment option with a capital-backed guarantee can confort individuals who are not familiar with finance and unwilling to bear any financial risk in the whole accumulation period and want to be certain as to the minimum return their PEPP will provide. However, the cost of a guarantee reduces the expected return of savings. As stated in our response to Q4, a 0% nominal return guarantee would not be appropriate. The OPSG believes that for all investment options, the potential maximum loss should be made clear in PEPP’s pre-contractual information. This information should be also provided when savers choose the default investment option.	
Question 9	As stated in our response to the Capital Market Union consultation (Question 13), the OPSG	

Could you elaborate on whether PEPP providers, offering a PEPP with minimum return guarantees, should be subject to one identical solvency regime to back these guarantees or whether it would be sufficient that different, but equivalent, solvency rules apply?	believes that the PEPP should be provider-neutral. This means that all providers offering a PEPP with the same characteristics should be subject to the same prudential rules, thus guaranteeing a level playing field. The prudential treatment should reflect the long term nature and the riskiness of the product. In addition, the OPSG questions whether any equivalence assessment of different solvency rules would work, in practice. However, the OPSG is inclined to recommend looking into each sectoral PEPP provider how equivalent rules can be found for offering guarantees. If an identical (und.) guarantee is given (for ex. nominal interest rate during 35 years; conversion table of capital into annuity, i.e. including a biometric risk) it seems logic that the same solvency rules apply as in insured products. Finally, the OPSG stresses that it is in consumers' interest that the provider is guaranteed to be secure.	
Question 10 **Considering the fact that the PEPP aims to maximise returns outweighing inflation, should retirement savers be allowed to buy a PEPP if the remaining duration of the product is, e.g., only 5 years?**	Yes. It will be more and more complex to define a remaining duration because experience shows that Member States tend to introduce more flexibility in the date of retirement (with rewards or penalties depending of the date) and the way pension benefits are delivered. Moreover, people tend to live older and some of them may experience dependency in their old age. So it is necessary, in principle, to let them save even when they are close to retirement and even after retirement date. The OPSG therefore holds that pension savers should be allowed to buy a PEPP if the remaining duration of the product is short, e.g. only 5 years. First, we understand the question relates to the remaining accumulation time only. The decumulation phase will add another 20 years or more on average. More importantly, there is no reason to prevent pension savers from starting to save even at a late stage. Third, we do not see why stating to save 5 years from retirement would make it more difficult to « maximise returns outweighing inflation ». Even short term savings products are already providing inflation protection. In other words, it is not difficult to achieve a zero real return even before five years.	

| Question 11
What is stakeholders' view on the desire of PEPP holders on the one hand to have the comfort of knowing they can switch products or providers compared with the desire on the other hand to maintain the benefits of illiquid, long term investments? | The right balance between long-term commitments and the flexibility for consumers to access their savings must be thoroughly assessed when designing a PEPP.

Indeed, for a standardised product to potentially increase the allocation of premiums/contributions towards long-term illiquid investments, PEPP providers should be able to generate long-term liabilities and/or to invest with a long term horizon.

However, consumers should not in principle be prohibited to access their long-term savings, as already foreseen in some member states for specific cases (ie when purchasing a home).

With regards to the need to find a balance on such aspect, the OPSG believes that:
- In general, there should be a principle of switching between providers against market prices, provided that a customer continues contributing to a PEPP. This market price should be explained in a transparent way (ie no "hidden" charges).
- There could be a right to surrender before retirement only against market prices. In order to accommodate the need for a PEPP provider to invest in long term and illiquid assets, consumers might be allowed to surrender only a limited part of their savings at particular exit dates. Furthermore, in order to address the challenge of future pension adequacy, the OPSG recommends member states to develop ad-hoc fiscal incentives to make sure that consumers keep saving on the long-term and surrender only in exceptional cases.
- There could be limited borrowing options against the capital accrued.

Minimum investment periods are fundamental to pension products. Indeed, the very nature of these products requires customers to save for a long time without being able to encash their pension pot before retirement. Similarly, switching between providers could only be allowed at specific points in time, ie at the end of a minimum investment period.

As a result, the OPSG recommends that the PEPP framework should be sufficiently flexible to allow providers to design the number and length of minimum investment periods embedded in their products. Providers should be also able to design PEPPs with the possibility of switching at | |

	any time. The OPSG stresses that information on minimum investment periods and switching possibilities should be included in PEPP’s pre-contractual and ongoing information. Consumers should also receive information on the benefits of long-term saving (ie illiquidity premiums) , which would help to increase consumer awareness of the importance of saving for their retirement. If minimum investment periods are regulated (eg number or length), the first period should be sufficiently long. In addition to allowing long-term investments, a long duration also enables the smooth amortisation of distribution and advice costs. Switching between PEPPs and national PPPs means switching between potentially different prudential frameworks, consumer protection rule, conduct of business rules, IT systems and tax incentives. In our opinion, these are significant barriers to switching. Consequently, The OPSG recommends not including this provision as a key feature of PEPPs.	
Question 12 **Under what conditions do stakeholders think that the concepts of periodically switching providers and illiquid, long term investment are reconcilable?**	Long-term investments and switching are compatible as long as switching is allowed at specific points in time. Switching between providers generates costs (eg administration, divestment). However, the OPSG suggests that switching could be allowed for free, at the end of a minimum investment period. Outside these specific points in time, switching could be allowed in particular circumstances, such as the two cases envisaged in the paper (ie when PEPP providers increase the cost loading of their PEPP or if a merger between PEPP providers take place). Moreover, the OPSG recommends that, when allowed, the modality of such transfers must be framed in order to prevent detrimental prudential impact: assets must be valued at their market price and the new provider must have the freedom to substitute features of PEPP offered by the initial provider with its own ones, without bearing the cost of such a transfer.	

	Overall, switching as an easily available option raises the issue of an excessively short-term approach by pension savers, which would not be in their interest with a pensions product (which is inherently long term).	
Question 13 **What do stakeholders believe is an appropriate interval for switching without incurring additional charges?**	The OPSG recommends that the PEPP framework should be sufficiently flexible to allow providers to design the number and length of minimum investment periods embedded in their products. Providers should be also able to design PEPPs with the possibility of switching at any time. If minimum investment periods are regulated (eg number or length), the first period should be sufficiently long. A long duration enables the smooth amortisation of distribution and advice costs. Furthermore, in case of a life-cycling investment option, this would ensure that consumers keep saving when their portfolio is subject to eg short-term volatility. This would also prevent divestment from pension pots at the wrong moment. The OPSG stresses that information on minimum investment periods and switching possibilities should be included in the PEPP’s pre-contractual and ongoing information. Furthermore, PEPP’s pre-contractual and ongoing information should provide pension savers with clear information on the (possible) costs of early switching. The OPSG invites EIOPA to assess whether in order to protect consumers from unfair practices, the regulation should set a maximum penalty which the consumer may face if he or she changes provider earlier. Such maximum penalty should however reflect the cost structures of the different investment strategies offered. Exit fees in all cases should not be prohibitive to switching and should therefore reflect the true frictional cost of switching.	
Question 14 **What do stakeholders think of the proposition that the starting point for disclosure**	The PRIIPS KID can be a good starting point for pre contractual information. As a matter of fact, it might be easier for savers to compare between PEPPs if the information given respects the same standards. In particular, the principles and format of the PRIIPs KID are	

during the pre-contractual phase should be the PRIIPs disclosure elements? Please explain any aspects of these which you believe would be specifically unsuitable for PEPPs?	good : short, formatted and in plain English. However, as EIOPA highlights in paragraph 4.2.10.8., a PEPP pre-contractual disclosure cannot simply “copy“ the PRIIPs KID. The PEPP KID should include specific pension features like : ▪ decumulation options available at the moment of retirement; ▪ tax incentives applicable to PEPPs; ▪ biometric risk coverage, if offered; ▪ minimum investment periods and early switching costs (if any) ▪ potential maximum loss that the pension savers can incur. With regard to retirement projections, the OPSG highlights that these elements represent a very touchy and complex issue. As a matter of fact, projections would have to be made on a very long term horizon and the result will highly depend on the assumptions made, eg: ▪ amount saved each year/month, ▪ choosen investment option, ▪ financial returns by asset class (stocks, bonds…), ▪ date of retirement, ▪ inflation assumptions, ▪ interest rates EIOPA should assess whether these assumptions can be standadized for all PEPP providers. To some extent, pension savers might also want to compare PEPPs with other types of products. For this purpose, using the PRIIPs KID as a starting point might facilitate comparability. However, the main risk of using a similar template with PRIIPs KID, is that consumer may not see the diference between the two products and would be missing essential information relevant to a pension product. The OPSG suggests that specific consumer testing on the specific aspects is needed and care needs to be taken, for example, in drawing conclusions as to what consumer testing in one Member State might imply for other Member States. A “one size fits all” approach is rarely	

	appropriate in practice	
Question 15 **What do stakeholders think of facilitating sales of PEPPs via the internet? What should be the consumer protection requirements for internet sales?**	In terms of consumer protection, a level playing field approach should be ensured in the case of internet-distributed sales. The rules in this respect should be channel-neutral. Even if the product would be "simple" or "standardised", the specific situation of the consumer will always be complex. For banking, investment and insurance products the web becomes more and more relevant. It will probably be the same for pension products in the near future. All the PEPP features should be designed taking into account that they should be distributable by as many as possible channels. Consumer protection can be achieved with a clear information on the key items disclosed in the pre-contractual phase (please see response to Q14) (eg – at least partially (drawdowns) - unavailability of capital until retirement, risks/return of investment options, decumulation options, costs) and an automatised "guidance" in their choices (level of contributions, investment, decumulation form). A lot of providers (e.g. "fintechs") have already developed some web tools to guide customers. Of course, like for investment products, national authorities will have to check that correct information and correct conduct rules are met, even in case of distribution using the internet. Rules of distributions, especially distributor remunerations rules, should be the same for all kind of providers. One of the risks faced by consumers on internet sales for financial products is that information documents are not placed in a visible space. This is already seen for example in the way UCITS fund are sold, for example. While KIID is present on the web page of the provider, this is often positioned in the lower part of the page and, in this way, it passes unnoticed by online visitors. In order to better protect consumer in online environment, regulators should take into account the way consumers read online pages (eg upper area of the page is always more visible, while lower part of the page is not usually accessed, if you have to scroll down too much). Furthermore, providers should be forced to present legal information documents in a visible space on the webpage.	

	In Romania, for example, insurance companies are forced by regulators to show for 3 seconds a popup on the homepage of the website, where they state the number of complaints they received from customers. This is one way to make sure the needed information is received by consumers. A market research should be done by EIOPA in order to investigate the consumer behaviour when reading information online. Results should be use to set standards for the way to present information documents to consumers when selling financial products online. To safeguard the consumer there are practical steps to be taken. MiFID would place some responsibilities for appropriateness on providers but more is needed and EIOPA should consider this aspect in further detail.	
Question 16 **Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?**	If the European legislator wants a broad distribution target, the PEPP has to be simple to understand, not misleading for the consumer and simple to distribute. Moreover, if we assume that internet is a good way to distribute PEPPs, individualized advice will be less sought after than under the classical way (face to face meeting with an advisor). As the PEPP will be designed to be simple to understand with a limited range of options, if an appropriateness test is required, it has to be very simple and easy to fill in. Moreover, when the consumer chooses the default option, an appropriateness test may be not be mandatory. A different approach, eg a requirement to perform an appropriateness test, could be adopted for non-default investment options. At least, rules should be the same for all providers. Furthermore, the OPSG suggests that the possibility to receive advice should not be underestimated or excluded, as the appropriateness test could be used or filled in in an inappropriate manner. In the field of personal pensions, advice is beneficial, both at the accumulation stage and the decumulation stage of taking benefits, with most people now needing to plan for circa 25-30 years in retirement. The future implications and prolonged timelines (e.g. 40 years off retirement age) could mean that consumers may become disengaged or too casual in their attention to detail	

	and buy-in of a PEPP if this is done without personalised guidance.	
Question 17		
Question 18 **With regard to offering biometric risk covers should providers offering a PEPP with biometric risk cover be subject to identical or equivalent solvency requirements? Please motivate your answer.**	We assume this question refers to biometric risk coverage provided only during the accumulation phase, which is common practice in some markets. As a general remark, The OPSG would like to emphasise that currently only insurers and IORPs do generally provide coverage against biometric risks, either as product features or to other providers offering long-term savings products. In the OPSG's view, consumers should be allowed to ask for additional biometric risk coverage, It should be highlighted that these requirements can be mandatory by law in some markets and are often fundamental components of long-term products offered by insurers. Since pension products are generally defined by their objective (ie to provide an income in retirement), national rules often require that protection against longevity risk is made available to consumers. Consequently, the protection against longevity risk should be considered as a main option for PEPP as well, in line with existing national legislation.	
Question 19 **What do stakeholders think of requiring a cap on the level of costs and charges of PEPPs, or a cap on individual components of costs and charges?**	Costs and charges should be transparent, comprehensive and understandable. Member State rules may already have an element of capping built in as in the UK. However if the cap relates only to some of the costs and charges that reduce the yield for the consumer it will create a water-bed effect in charges. The OPSG believe a thorough assessment should be carried out before introducing any caps on costs and charges for PEPP's default investment options. Default option annual costs and charges could be capped at 1% maximum (annual total charge on accumulated PEPP savings, like in the UK for stakeholder accounts for example) and without entry and exit fees (except penalty fees for early switching or redemptions). This is for example already the case for the stakeholder schemes in the UK. But other EU Member States have also put caps	

	on pension product fees. However, should any cap be introduced, regulators should consider that investment strategies eligible as PEPP's default options(eg guarantees, life-cycling and long-term collective investments with smoothing) differ in cost structure. If the PEPP is an annuity insurance the reference parameter for all costs and charges could be the gross premium. A cap of 5% of the gross premium for acquisition and administrative costs could be considered.	
Question 20		
Question 21 **Do stakeholders agree with the concept of a "product passport" comprising notification/registration of PEPPs? If not what alternative would they suggest?**	The proposed concept of "product passport" comprising notification and registration of PEPPs is a positive step towards a Single Market for personal pension products. However, the "product passport" concept cannot be fully assessed, given that EIOPA does not address the following key issues: - Information to notify the host member state authority - Authorisation procedure, either based on the notification or on a subsequent authorisation from the host member state authority Furthermore, the product passport is relevant if there is a level playing field between all (types of) PEPP providers. This means that all PEPP providers should be subject to the same prudential treatment, in order to avoid regulatory arbitrage between prudential frameworks. In order for passporting to work, it is essential that all member states have robust approaches to dealing with potential consumer detriment.	