



EIOPA-16-341  
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**Final Report**  
**on**  
**Public Consultation No. CP-15/006 on the**  
**creation of a standardised Pan-European**  
**Personal Pension product (PEPP)**

## Table of Contents

<b>1. Executive summary .....</b>	<b>3</b>
<b>2. Feedback statement .....</b>	<b>5</b>
2.1. Investments: default and limited investment options and duty of care .....	6
2.2 Switching .....	8
2.3 Solvency rules that should apply .....	9
2.4 Distribution channels and advice .....	10
2.5 Authorisation and product passport .....	11
<b>3. Annexes .....</b>	<b>12</b>
Annex I: IRSG Response to the Consultation Paper on the creation of a PEPP.....	12
Annex II: OPSG Response to the Consultation Paper on the creation of a PEPP.....	27
Annex III: Resolution of Stakeholder comments .....	51

# 1. Executive summary

## Introduction

Following the European Commission's (COM) July 2012 request to develop technical advice on an EU Internal Market for personal pension schemes or products (PPPs), the European Insurance and Occupational Pensions Authority (EIOPA) responded to that request by publishing a Discussion Paper in May 2013 and a Preliminary Report in February 2014. Following on from the conclusions of that report, the Commission sent a Call for Advice (CfA) on personal pensions to EIOPA in July 2014.

The CfA built on EIOPA's preliminary report and sought to obtain further advice and evidence from EIOPA on a wide range of issues, including the possible prudential regulation and consumer protection measures for an EU-wide framework for the regulation and supervision of PPPs.

In February 2015, the Commission issued a Green Paper on the Capital Market Union (CMU). The goal of the CMU is to unlock investment in Europe's companies and infrastructures. Among the measures envisaged to foster the supply of long-term financing, the CMU Green Paper explicitly refers to the potential of introducing a standardised personal pension product, "for example through a pan-European or "29th regime" here referred to as the "2nd regime".

Due to the specific attention given to the 2nd regime PPP in COM's CMU Green Paper, EIOPA decided - in agreement with the Commission - to initially focus the scope of its work on the envisaged creation of a 2nd regime introducing a pan-European personal pension product (PEPP).

On 7 July 2015, EIOPA launched a Public Consultation on creating a standardised Pan-European Personal Pension product (PEPP). EIOPA received feedback from Stakeholders, including a survey carried out amongst its Members, during a public hearing, in dialogue with (potential) personal pensions providers and during the Public Consultation which ended on 5 October 2015. Having analysed and weighed this feedback EIOPA published its final advice on the PEPP on 1 February 2016<sup>1</sup>.

The analysis of this feedback confirmed EIOPA's views that a standardised PEPP with a defined set of regulated, standardised elements, including some flexible ones, would be best placed to support sustainable pensions via personal pension savings. The PEPP, to be introduced through a 2nd regime Regulation, should be safe, cost-effective, transparent and sufficiently flexible to accommodate the current economic and labour market environment in Europe. The PEPP is complementary to the 1st and 2nd pillar pensions systems in Member States. It therefore has the potential to promote a Single Market for personal pensions, while at the same time facilitating the CMU. EIOPA supports strengthening all 3 pension pillars that support Europeans in providing for an adequate retirement income.

This Final Report (feedback statement) reflects:

- A summary of Stakeholder feedback received during the Public Consultation of 2015; and
- The way in which EIOPA addressed the feedback in its final advice on PEPP of February 2016, after having analysed and weighed this feedback.

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<sup>1</sup> EIOPA's final advice on PEPP is included in the Consultation paper on EIOPA's advice on the development of an EU Single Market for personal pension products (PPP) - CP-16/001

## **Content**

This Final Report includes a summary of Stakeholder feedback received during the 2015 Public Consultation and the conclusions EIOPA undertook for the purpose of writing its final advice on PEPP in February 2016. Annexes I and II contain the Feedback Statements EIOPA received from EIOPA's Insurance and Reinsurance and Occupational Pensions Stakeholder Groups (IRSG and OPSG) and Annex III the Resolution of Comments Document prepared by EIOPA.

## **Next steps**

The conclusions drawn by EIOPA after the 2015 Public Consultation have been integrated into EIOPA's final advice on the creation of a standardised PEPP<sup>2</sup> which was published and made available to COM on 1 February 2016.

The February 2016 consultation paper contained, besides EIOPA's final advice on the PEPP, consultation questions with regard to the development of an EU Single Market for personal pension products (PPP). After the Public Consultation with regard to these questions has ended on 26 April 2016, EIOPA will publish a final advice on the development of a Single Market for PPPs.

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<sup>2</sup> see footnote 1

## **2. Feedback statement**

### **Introduction**

EIOPA welcomes the feedback provided by EIOPA's Insurance and Reinsurance Stakeholder Group (IRSG) and Occupational Pension Stakeholder Group (OPSG) and all other Stakeholders<sup>3</sup>, to the questions included in Consultation Paper EIOPA-CP-15/006. Their valuable comments have enabled EIOPA to issue its final advice with regard to the introduction of the PEPP; especially with regard to the key product characteristics the PEPP should have, the supervisory regime for PEPP providers/distributors, the potential of a single market for providers/distributors and consumers alike and the product governance and consumer protection rules that should apply.

EIOPA firmly believes, having thoroughly analysed all stakeholder inputs and available options, the introduction of a PEPP based on a 2nd regime legislative approach can be a successful prospect for PEPP manufacturers, distributors as well as consumers.

### **General comments**

The majority of respondents expressed support for introducing the standardised PEPP through a 2nd regime EU Regulation, although some Stakeholders questioned the need for such a regime.

Some respondents also underlined that it is important to clearly distinguish the PEPP from 2nd pillar occupational pension regimes. Stakeholders with an occupational pensions background expressed the view that EIOPA's efforts should focus on strengthening 2nd pillar occupational pension regimes, instead of introducing a 3rd pillar personal pension regime.

Many respondents pointed out that EIOPA should have been more detailed about regulating the decumulation phase of the PEPP at EU level, instead of indicating that the accumulation phase of the PEPP should be followed by a decumulation phase. EIOPA chose not to advise on any specific form of decumulation for the PEPP. Due to the diversity of decumulation practices in Member States, at this moment, EIOPA does not strive to seek a common European approach, allowing the PEPP to adapt to MS specificities during the decumulation phase.

Overall there was significant support that a prescriptive 2nd regime would achieve the policy objectives of ensuring an appropriate standard of consumer protection and encouraging more EU citizens to save for an adequate retirement income. Many of the respondents also agreed with the level of standardisation and the flexible elements of the PEPP proposed by EIOPA. The majority of Stakeholders agreed that the proposed level of standardisation of the PEPP would facilitate achieving critical mass, cost-effectiveness and the delivery of value for money. In this respect, many stakeholders agreed with EIOPA on the role internet distribution can play, including where the cross-border marketing of PEPPs is concerned. Many Stakeholders pointed out however that differing national taxation rules should be harmonised (or standardised) as much as possible or that the specific form of decumulation in the PEPP should be regulated at European level. It needs to be emphasised that taxation issues do not lie in EIOPA's remit.

When asked whether EIOPA had identified the correct challenges with regard to introducing a 2nd regime for PEPPs, many Stakeholders confirmed EIOPA's views with

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<sup>3</sup> EIOPA received responses to its 2015 Public Consultation on the PEPP from (representatives of) the following industries/sectors: insurance, occupational pensions, asset management, banking, consulting firms, intermediaries, actuarial organisations, consumer organisations and private parties.

regard to the nature of these challenges. They referred to widely varying national taxation regimes, differing social and labour law requirements and decumulation practices and varying contract law and distribution rules. Some respondents also indicated differing national requirements with regard to providing advice to consumers as a potential challenge with regard to introducing a 2nd regime for PEPPs.

Many respondents agreed with the proposal that the starting point for disclosure during the pre-contractual phase should be the PRIIPs disclosure elements. The most common objection expressed by stakeholders was that PRIIPs L2 rules are not yet finalised and it is therefore too early to adapt this approach. Moreover, pension products are exempted from the PRIIPs KID regime until 2018.

Below, grouped in coherent topics, is a summary of the key feedback EIOPA received during the public consultation and EIOPA's resolutions with regard to the issues raised.

## **2.1. Investments: default and limited investment options and duty of care**

### *a. Summary of Stakeholders' responses*

Some respondents argued that the number of possible investment options in the PEPP should not be limited at all. They referred to the fact that part of the potential PEPP consumer base might seek a retirement savings product with sufficient investment options and not providing this option might stifle innovation and competition. The large majority of Stakeholders, however, agreed that the number of investment options in PEPPs should be limited, but that EIOPA should refrain from advising to regulate an exact, maximum number of investment options allowed for PEPPs at EU level.

There was wide-spread consensus regarding the mandatory inclusion of a default investment option in case a provider offers a PEPP with more than one investment option.

With regard to the default investment option - which seeks to meet a range of needs suitable for a large proportion of consumers and will have an inherent high level of built-in consumer protection - opinions differed on whether it should contain a life cycling strategy with de-risking or a (e.g. a minimum return) guarantee. A relatively small number of respondents indicated that the mechanism of pooling and/or smoothing of returns also constitutes an investment strategy suitable for the PEPP default investment option. The overall picture that emerged was that - due to the specific nature of the default investment option and the protection it aims to offer consumers - the PEPP default investment option should preferably contain one of the protective investment features proposed by EIOPA. When collective investment options are offered in a PEPP, EIOPA strongly believes pre-contractual information should provide absolute clarity with regard to how and when returns will be allocated to individual policy holders. Absolute clarity with regard to how and when returns will be allocated to individual policy holders will be required.

With regard to the question if alternative PEPP investment options - other than the mandatory default investment option - should always contain a lifecycling with de-risking strategy or a guarantee, the majority of Stakeholders indicated this would not be appropriate. They argued other investment mechanisms might also be appropriate for the alternative PEPP investment options. The majority of Stakeholders furthermore indicated they did not believe EIOPA should advise that investment options containing a guarantee would additionally require a lifecycling strategy with de-risking to be added to that investment option.

A large majority of respondents agreed that a duty of care with regard to investment options offered should apply to PEPP providers. At the same time arguments were brought forward that the approach towards and interpretation of the duty of care principle should be flexible. For example, the application of the principle should not lead to consumers not being allowed to switch towards more risky investment options when they approach retirement. Others indicated that, due to different interpretations of the duty of care principle across Member States, implementing the principle might prove to be difficult. The minority of respondents that did not favour the introduction of the said principle instead favoured ensuring that consumers would receive appropriate information with regard to investment options offered and investment decisions made.

As far as the possible introduction of caps on charges is concerned - the majority of respondents indicated they would not be in favour of such a measure because it would potentially distort the market and limit innovation. They instead favoured the introduction of clear disclosure rules with regard to costs and charges for providers in order to avoid excessive pricing of the PEPP. Some respondents indicated that, if such a measure were to be introduced, a cap on charges should only apply to the default investment option.

*b. EIOPA resolution*

EIOPA has come to the conclusion that, in order to help address consumers' choice overload and resulting potential inertia, the PEPP should include a default investment option and, if provided, a limited number of alternative investment options.

The default investment option should consist of investment vehicles that are suitable for a large proportion of consumers. PEPPs can also include a limited set of alternative investment options to the default investment option to make decision-making as simple as possible for consumers. The alternative investment options should offer a range of funds from several broad investment strategies that work and are suitable for most consumers. Self-investment whereby financial sophisticated consumers build their own portfolio should not be offered in PEPPs as an investment option. Providers must offer PEPP following the principle of guided choice architecture<sup>4</sup> and clear labelling of investment options where the default in PEPP represents one investment option located within a set of limited straightforward alternatives that do not overwhelm consumers. EIOPA considers that non-advised distribution has a key role to play, particularly in the context of a highly-standardised PEPP and its proposed "default" option, which will have an inherent high level of built-in consumer protection.

With regard to introducing a duty of care - providers must adhere to the Prudent Person Principle and act solely in the best interest of consumers with respect to investment matters. Because one of PEPP's objectives is to help consumers secure a source of retirement income, investment options available in PEPPs, and in particular the default investment option, must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocations as they approach retirement or other appropriate means. Providers must assess the appropriateness of PEPPs for potential customers nearing retirement. Providers must regularly assess the ongoing appropriateness of the default investment option for PEPP holders against the objective of PEPPs. In the event that the investment

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<sup>4</sup> For background on the principle of guided choice architecture please refer to Chapters 2.4 and onwards of EIOPA's "Report on investment options for occupational DC scheme members, 2015". The concept of guided choice architecture as described in the Report explains that the way in which (investment) choices are presented by product providers to people can have a significant impact on actual (investment) decisions and outcomes.

strategy, including costs, of the default investment option is no longer appropriate, providers must act promptly in the sole and best interest of PEPP holders and adjust the investment strategy. Any change in the default investment option must be supported by timely, transparent and easily understood communications to consumers in the default option.

All investment options in PEPPs including the default option need to provide good quality and value for money to PEPP holders, which includes the objective to maximise returns at defined risk levels for that investment option so that it is beneficial to save in a PEPP. Providers are required to disclose standardised charges information in a consistent way annually to consumers.

As far as introducing mandatory caps on costs and charges is concerned, EIOPA concurs that this might not be the best option. Setting caps could potentially prevent healthy competition. Instead, market pressure through disclosure might prove to be more effective. However, considering consumers' cognitive biases and any shortcomings in full standardisation of products like the PEPP, it might prove to be necessary to set caps on cost and charges - at least for the default investment option - in the interest of the consumer. Setting the right level of the cap is left to the Member States' discretion to tailor it to local cost structures. These considerations have led EIOPA to conclude not to require a cap on costs at European level.

As PEPP holders bear investment risk, EIOPA believes that it is essential to put in place a suitable supervisory framework, which empowers national authorities to check on the mandatory elements of the PEPP including:

- The PEPP's investment options, for instance, their performance, compliance with the Prudent Person Principle, and the execution of the investment policy;
- The default investment option including monitoring its ongoing suitability to generate good outcomes and value for money for PEPP holders.

## **2.2 Switching**

### *a. Summary of Stakeholders' responses*

A large majority of respondents agreed that PEPP holders should have the right to switch providers or product as this would lead to enhanced competition which in turn would increase market discipline. At the same time many respondents indicated that a switch should not by definition be either free of charge or at specific intervals, as some other respondents would prefer. These respondents indicated consumers should be made well aware of the implications of switching and the costs it might involve. A small number of respondents did not favour switching as - so they argued - this is costly and not in the interest of the consumer. They felt minimum investment periods were needed in order for providers to be able to offer cost-effective PEPPs.

With regard to the question if switching is reconcilable with long-term, illiquid investing, the majority of respondents answered - while indicating consumers should not be encouraged to taking short-term views - investment portfolios will usually contain significant levels of liquid assets and the two are therefore reconcilable provided some reasonable constraints would apply to switching<sup>5</sup>. Some respondents expressed a preference for initial minimum lock-in periods and that switching outside of these periods could incur high costs. A small number of respondents expressed the opinion that switching cannot be reconciled with long-term, illiquid investing.

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<sup>5</sup> Reasonable constraints could consist of, e.g.; allowing for minimum holding periods or allowing for the transfer of assets between retirement savings products at market value.



While a small number of respondents indicated they do not favour switching - arguing that switching costs are too high and that a more prominent focus should be placed on fair and transparent costs and charges - the majority of Stakeholders brought forward their views with regard to switching intervals/policies they deem appropriate.

*b. EIOPA resolution*

EIOPA does not favour periodical cost-free switching periods in itself. Initially, EIOPA contemplated free-of-charge switching provisions at specified points in time. Other options would have been to completely prevent switching to emphasise the long-term nature of those contracts. Eventually EIOPA came to the conclusion to propose to regulate switching and transfer of funds, in a principle-based manner.

In order to avoid a large mismatch between short-term liabilities and long-term investments and to support sustainable retirement saving, some limitations on switching, such as minimum holding periods, should be envisaged. However, setting specific dates or time periods for free transfers, as previously proposed, could negatively influence consumer behaviour and be potentially against their own interests.

Costs for switching provider or product should be fair and transparent and consist of a relatively minor fee that reflects the true costs borne for administering the switching process. Therefore, there should be no implicit or explicit commercial barriers forcing consumers to stay with the same provider at any point in time.

## **2.3 Solvency rules that should apply**

*a. Summary of Stakeholders' responses*

With regard to the question which solvency rules should apply to PEPP providers who have opted to add guarantees or biometrical risk covers to their PEPP, views were evenly split.

While one section of respondents expressed the view that identical solvency rules should apply - in that case a preference for applying Solvency II was often mentioned - to all PEPP providers, the other section believed solvency rules did not necessarily have to be identical for all PEPP providers, but that the application of existing sectoral solvency requirements to PEPP providers would suffice. Some of these respondents motivated their view by indicating that PEPP providers could enter into a partnership with other financial institutions in order to be able to offer guarantees or biometrical risk covers for their PEPP.

*b. EIOPA resolution*

EIOPA is of the view that, when imposing capital requirements, the focus should lay on the product and not on the provider. Consumers will expect an equal level of protection against adverse developments irrespective of the provider. More research has to be undertaken however to understand if and where existing solvency requirements have to be touched to achieve the goal of developing a relevant framework for PEPP. It does not seem proportionate to design one solvency regime that fits all possible PEPP providers and characteristics of possible PEPPs.

Regarding biometric cover and guarantees, EIOPA confirms the possibility of offering them as optional elements of a PEPP.

## **2.4 Distribution channels and advice**

### *a. Summary of Stakeholders' responses*

EIOPA, in its Consultation Paper and without favouring one distribution channel over the other, brought forward the view that the internet would be a suitable channel for distributing PEPPs. The majority of respondents agreed with this proposition. A small number of respondents were opposed to facilitate distribution of PEPPs via the internet.

The distribution via the internet raises questions with regard to the adequacy of non-advised sales and the need for appropriateness testing.

Applying an appropriateness test was supported by many respondents in cases where advice is not provided to consumers. Some of these respondents further specified their view by stating that appropriateness testing should only be required - as far as the investment options of a PEPP are concerned and having a MiFID like approach in mind - if a specific investment option is deemed complex. That position was often accompanied by the view that the default investment option should in all cases be constructed in such a manner that appropriateness testing is not necessary. Some respondents expressed a preference for a straightforward online test.

Finally, some respondents indicated appropriateness testing in an internet environment is unsuited for consumers and instead preferred advice as the only appropriate channel for distributing PEPPs.

### *b. EIOPA resolution*

EIOPA believes online distribution could help to alleviate information asymmetry between PEPP providers and PEPP holders. Consumers may also derive benefits from online distribution, particularly in the area of cost savings. Further benefits may be realised when disclosure requirements and product comparability of the highly standardised PEPP are able to facilitate effective comparisons between different PEPP offerings.

Therefore, EIOPA believes it would be beneficial, also in view of aiding the development of the single market, to facilitate non-advised online distribution of the PEPP, by ensuring that the default investment option of the PEPP is always designated – by virtue of its strong regulation – as “non-complex” so as to avoid the application of appropriateness requirements, as required for complex instruments under MiFID and complex IGGIPs under IDD. EIOPA is mindful that a digital PEPP market offers the above-mentioned benefits to consumers but that it may also introduce new specific consumer detriment due to the nature of the internet. It will be important for policymakers and distributors alike to be alert to the potential for such developments and work proactively to manage them in the best interests of consumers<sup>6</sup>. EIOPA will continue to monitor developments in this area.

The above does not mean however that EIOPA advises that providing advice - also in a PEPP context - should not be possible. Access to advice is likely to be important for many consumers, even though EIOPA does not consider a mandatory advice regime to be appropriate in the PEPP context with simple and standardised products. The long term nature of PEPPs necessitates a long term focus in the provision of distribution services, including "advising" customers: This relates, amongst other things, to the support consumers will need at future trigger points - for the correct ongoing

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<sup>6</sup> Please see EIOPA's 2014 Report on Good Practices on Comparison Websites and EIOPA's 2015 Opinion on sales via the Internet of insurance and pension products

monitoring of their PPP arrangements, and the need to plan ahead when approaching retirement.

## 2.5 Authorisation and product passport

### a. *Summary of Stakeholders' responses*

The large majority of respondents - while acknowledging the need for a level playing field and that regulatory arbitrage should be prevented - indicated they did not believe a stand-alone authorisation regime for PEPP should be introduced. This would cause an excessive regulatory burden and added costs.

Most of them motivated this view by stating the concern that insufficiently regulated providers would be allowed to enter the PEPP market and that, therefore, only providers that are authorised under existing EU Directives<sup>7</sup> should be allowed to develop and market PEPPs.

A small portion of respondents indicated that - instead of introducing a 2nd regime for PEPPs, including a stand-alone authorisation regime - only PEPP product regulation should be introduced.

On the other hand, almost all respondents expressed strong support for the introduction of a PEPP product passport. Some of them cited UCITs- and AIFMD-like and freedom to provide services arrangements as being a good basis for setting up an effective PEPP product passport mechanism.

Some respondents also indicated EIOPA should maintain a register of passported PEPP providers or should be the entity that certifies PEPPs of individual providers.

### b. *EIOPA resolution*

EIOPA is of the view that current authorisation regimes should be used and that the provision of PEPP should be limited to those providers authorised under a relevant European Directive. Consequently, the authorisation received may limit the range of PEPPs that can be offered according to this authorisation.

In order to keep the regulatory burden to the minimum, EIOPA can therefore see the merits of not requiring an additional authorisation regime for PEPP providers.

As PEPP is intended as a standardised product, for the notification procedure it should be satisfactory to enable cross-border marketing based upon a product notification. Such a notification should be (in line with UCITS and AIFMD) feasible based upon a certification that the provider simultaneously complies with the EU harmonised regime applicable to its activity (provider authorisation according to current Directives for the respective sector) and a certification that its PEPP complies with the EU rules for PEPPs (proposed 2nd regime).

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<sup>7</sup> For example providers authorised under:

**Directive 2009/138/EC** of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance;

**Directive 2006/48/EC** of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast);

**Directive 2003/41/EC** on the activities and supervision of institutions for occupational retirement provision;

**Directive 2009/65/EC** of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

### 3. Annexes

#### Annex I: IRSG Response to the Consultation Paper on the creation of a PEPP

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:	Insurance and Reinsurance Stakeholder Group (IRSG)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Confidential/Public
<p>Please follow the following instructions for filling in the template:</p> <p>Do not change the numbering in the column "reference"; <b>if you change numbering, your comment cannot be processed by our IT tool</b></p> <p>Leave the last column empty.</p> <p>Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty.</p> <p>Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</p> <p>Please send the completed template, in Word Format, to <a href="mailto:CP-15-006@eiopa.europa.eu">CP-15-006@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</p> <p>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)</p>		
Reference	Comment	
General comment	The IRSG welcomes that the PEPP is a long-term savings product with the aim to provide income in retirement. It is also welcome that the proposed design allows for the recognition of existing national practices.	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product

Deadline  
05 October 2015  
23:59 CET

The IRSG believes that the following key design features should be incorporated into the PEPP:

Minimum investment periods are fundamental to PEPP product design, as they will enable good returns to be generated over the long-term, in addition to allowing funding for long-term illiquid investments as intended by the creation of a Capital Markets Union.

We believe the PEPP product should have a 10 to 12 year minimum investment period with a possibility to surrender/switch at that point or to continue with a minimum investment period of 5 to 10 years. Furthermore early switching or surrender maybe possible, although this will lead to cancellation costs being passed onto consumers, due to the disinvestment in the illiquid assets or the need to recoup costs. The cancellation periods can therefore depend on the investment strategy of the provider. Additionally, minimum investment periods would allow for amortisation of distribution and advice costs over several years.

PEPP providers should be free to offer PEPPs with default options based on the following investment strategies:

Guarantees

Long-term collective investments with a smoothing of returns

Life cycling with de-risking

The decision about permitted default options should take into account that products with guarantees offer a higher level of protection than life-cycling strategies or balanced funds. In the latter, consumers are exposed to the risk of losing their capital and therefore having a lower retirement income than expected.

The IRSG is highly sceptical about equivalence assessments of prudential regimes applicable to different types of financial institutions. The Solvency II framework should be applicable to all PEPP providers offering products with

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p> <p>The PEPP should come with the option for the consumer to ask for additional biometric risk coverage during the accumulation phase, regardless of the type of PEPP provider. It should be noted that in some markets this is a mandatory feature for personal pension products and insurance products.</p> <p>Public pensions are always paid as annuities. Given that pension products aim to provide an income during retirement, the protection against longevity risk should be promoted among these options.</p> <p>Costs and charges should not be capped at European level. Competition should be allowed between providers. Consumers can be provided with clear and concise information in pre-contractual and on-going information, regarding the number and length of a particular PEPP's minimum investment periods, as well as the associated costs for switching early.</p>	
Question 1	<p>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?</p> <p>It is not necessary to have a stand-alone authorisation requirement for financial institutions already authorised under EU regulation, such as Solvency II.</p> <p>For institutions that are not covered by any existing EU law, it is paramount that they are subject to an EU harmonised authorisation procedure.</p> <p>In order to ensure a level playing field between all types of PEPP providers, the same prudential standards should apply to all providers. This is vital in order to avoid regulatory arbitrage, and even more so because PEPPs are granted an EU product passport (further elaborated upon in question 21).</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	The Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.	
Question 2	<p>Do stakeholders agree that a highly prescriptive 2nd regime will achieve the policy objectives of ensuring a high minimum standard of consumer protection and encouraging more EU citizens to save for an adequate retirement income?</p> <p>While a prescriptive 2nd regime may theoretically lead to a high standard of consumer protection and ensure confidence in the product, it is important not to define excessively prescriptive rules at EU level, given the close links to areas of national competence (ie the principle of subsidiarity) and the different features of PPPs already being sold across Europe. The IRSG would invite EIOPA to clarify the relationship and interaction between the 2nd regime framework and the national rules of general good, especially with reference to the applicability of these rules in all cases.</p> <p>To equally achieve the policy objectives of ensuring a high level of consumer protection and encouraging EU citizens to sufficiently save for retirement, the IRSG believes the PEPP would need to be adapted to national practices and demand. Specifically, there is a need to adapt product features to national practices and rules of general good, such as the presence of long-term guarantees, profit-sharing mechanisms, risk coverage, pay-out options and surrender options.</p> <p>Furthermore, the IRSG believes that the PEPP initiative is dependent on the fiscal treatment of the product at national level (ie tax incentives).</p> <p>Finally, the IRSG would like to comment on the proposed clusters of national rules of general good. In particular, with regard to cluster 6 (National requirements with regard to decumulation practices): the PEPP should not only</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>include but also promote life-long retirement income (annuities) as an option consumers can choose. Public pensions are always paid as annuities. Therefore, the PEPP initiative should include regulation with regard to decumulation. In countries that have no legal requirements for providers to offer a life-long pay out, providers and consumers may choose other options.</p> <p>It should be reminded that in page 13 (Section 3.4.1) of the European Commission's Green Paper towards adequate, sustainable and safe European pension systems it was clearly reflected that "it is not always clear what differentiates general saving from pensions. This raises the question whether the label 'pension' should not be restricted to a product that has certain features such as security and rules restricting access including a payout design which incorporates a regular stream of payments in retirement."</p>	
Question 3	<p>Do stakeholders agree that EIOPA has identified the correct challenges associated with introducing a 2nd regime? If so, how might these challenges be overcome? If not, what do stakeholders believe might be other challenges associated with introduction a 2nd regime?</p> <p>The IRSG welcomes that EIOPA addresses the risk of a regulatory arbitrage among the challenges of introducing a standardised pension product. A level playing field between all types of providers is essential to a functioning internal market.</p> <p>However, a number of other challenges remain to be resolved:</p> <p>The different national pension tax treatment and legislation would pose a significant challenge to the implementation of the PEPP initiative.</p> <p>While The IRSG notes that switching between PEPPs and/or PEPP providers is a key feature of EIOPA's proposal, more information should be disclosed on a number of issues, eg a minimum investment period, automaticity of the procedure, responsibility for putting the old and new providers in contact, prevention of surrender when switching, provision of tax authorities with the relevant information, allocation of costs generated by switching, language</p>	



Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>applicable to the procedure.</p> <p>Decumulation is in many markets an intrinsic aspect of pension products. The IRSG thus believes that the PEPP should consider aspects related to decumulation with the aim to guarantee the best outcome for the consumer. National practices should be duly considered.</p>	
Question 4	<p>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?</p> <p>Yes the IRSG agrees.</p> <p>With regard to a 0% minimum return guarantee, the IRSG believes this should not be a mandatory requirement. Rather, providers should be able to offer different types of guarantees.</p>	
Question 5	<p>Do stakeholders agree to limit the number of investment options, e.g. to five?</p> <p>No, there should not be a regulatory limit to the number of investments options. The need for simplicity can be dealt with through the default option. Consumers should have the opportunity to choose from more options. Furthermore, a regulatory limit would hamper innovation.</p>	
Question 6	<p>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?</p> <p>The IRSG agrees that PEPPs should contain a default investment option. However, PEPP providers should be allowed to determine how this default option is designed, based on one of the following investment strategies:</p> <p>Guarantees</p> <p>Long-term collective investments with a smoothing of returns</p> <p>Life cycling with de-risking</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
Question 7	<p>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?</p> <p>The IRSG is supportive of the idea that PEPP providers should have a duty of care concerning the suitability of investment options for consumers in relation to the target market, depending on the consumers level of involvement. The IRSG also believes that consumer's choice should not be restricted. Consumers who wish to take on more risk should be allowed to do so, provided that they have received fair, clear and not misleading information, which allows for a comparison between different investment strategies. In the instance of a life-cycling option, which automatically starts de-risking when a consumer turns 50 years old for instance, the IRSG believes that the consumer should be allowed to choose to take more risk, provided that the he has received information regarding these risks.</p> <p>Furthermore, equity exposure close to retirement date could be relevant when particular decumulation options apply.</p>	
Question 8	<p>Alternatively, would it be better for all investment options to contain either a life-cycling strategy with de risking or a guarantee?</p> <p>No, it should be possible to sell a PEPP without risk mitigation. However, we agree that the default option should always include a risk mitigation mechanism. Collective investments with a smoothing of returns is a suitable and potentially superior risk reducing mechanism than life-cycling, and should therefore be considered as a default option. PEPP providers should thus be free to offer PEPPs with default options based on the following:</p> <p>Guarantees</p> <p>Long-term collective investments with a smoothing of returns</p> <p>Life cycling with de-risking</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product

Deadline  
05 October 2015  
23:59 CET

There are advantages and disadvantages to each of these three options:

Guarantees provide full protection, but at a cost.

Long-term collective investments provide a smoothing of returns and losses, reducing individual risk exposure and thus delivering average returns/losses. there can be no guarantee offered.

Life cycling can provide for good returns, but consumers may incur higher losses than with long-term collective investments with smoothing and receive less than the capital they paid-in.

The decision about permitted default options should take into account that products with guarantees offer a higher level of protection than life-cycling strategies or balanced funds. In the latter, consumers are exposed to the risk of losing their capital and therefore having a lower retirement income than expected. Further analysis and back testing should be made by EIOPA in order to assess the behaviour of life-cycling strategies in the past, especially during the last crisis and comparing it to the smoothing of returns.

Investment options based on life-cycling can in principle offer some benefits in terms of returns. However, it should be recognised that in this case, the PEPP would be a pure individual Defined Contribution (DC) product that do not provide any real guarantee or minimum return. In fact, in the absence of a guarantee, consumers might even incur losses and receive less than the paid-in capital. This risk should be made clear in the PEPP pre-contractual information.

It should be reminded that in page 14 (Section 3.4.1) of the European Commission's Green Paper towards adequate, sustainable and safe European pension systems it was stated that "today, nearly 60 million Europeans are enrolled in DC schemes. Such schemes are much more prevalent today than they were a decade ago and will continue to grow in importance. [...] But a key implication is that they shift the investment, inflation and longevity risks to scheme members, who are less well placed to bear these risks individually".

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>[...] Collective risk sharing through hybrid schemes, such as a DC scheme with a minimum return guarantee or a part-DB and part-DC scheme, could change the current trend to individualised DC schemes."</p> <p>In addition, consumers should be provided with a disclosure of the maximum returns and minimum of returns (potentially top 5% and bottom 5%), highlighting how the product would have performed in the past (ie back-testing).</p>	
Question 9	<p>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?</p> <p>To ensure a level playing field between all types of PEPP providers, the same prudential standards should apply to all types of providers. This is key to achieve true provider-neutrality and is particularly important as PEPPs are granted an EU product passport.</p> <p>The Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p>	
Question 10	<p>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?</p> <p>Retirement savers should in principle be allowed to buy a PEPP when the remaining duration of the product, is for example, 5 years; in the case where shorter maturity surrender rules will apply.</p>	
Question 11	<p>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</p>	

investments?

Minimum investment periods are fundamental to PEPP product design, as they will enable good returns to be generated over the long-term, in addition to allowing funding for long-term illiquid investments as intended by the creation of a Capital Markets Union. Therefore, PEPP providers should be allowed to design products with a minimum investment period of 10- 12 years with a possibility to surrender/switch at that point or to continue with a minimum investment period of 5 to 10 years.

Switching between providers should only be allowed after a specific period of time, for instance, at the end of minimum investment period of 10-12 years, for the following reasons:

Early switching will lead to cancellation costs being passed onto consumers, due to the disinvestment in the illiquid assets backing the long-term liabilities. The cancellation periods can therefore depend on the investment strategy of the provider. Consumers can have two options for switching:

Flexible periodic switching and transfer the market value of the assets reduced by cancellation costs incurred, due to the disinvestment of illiquid assets.

Benefit from higher returns generated by long-term illiquid assets by having a longer cancellation period, after which consumers can switch free of charge, according to the surrender rules (still to be agreed).

The information on the number and length of a particular PEPP's minimum investment periods should be included in pre-contractual and on-going information.

It should be noted that switching between PEPPs and national PPPs is impractical and includes significant barriers, such as switching between potentially different prudential frameworks, consumer protection rules, conduct of business rules, IT systems and tax incentives. Such options should therefore be dropped.

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>Even though switching between PEPPs and/or PEPP providers is intended to be an important element, the following issues remain:</p> <p>Automaticity of the procedure, eg it would be essential that the new provider is not forced to comply with the contractual rules of a PEPP offered by initial providers</p> <p>Responsibility for putting the old and new providers in contact</p> <p>Provision of the relevant information to tax authorities</p> <p>Language applicable to the procedure</p> <p>In the absence of a suitable framework, the switching feature could lead to adverse impacts for the PEPP provider, where management costs are increased, leading to higher premiums for customers.</p>	
Question 12	<p>Under what conditions do stakeholders think that the concepts of periodically switching providers and illiquid, long term investment are reconcilable?</p> <p>The concepts of switching providers and illiquid, long-term investments are reconcilable, as long as switching is allowed at a specific point in time. For instance, at the end of minimum investment period of 10-12 years. Distribution and advice costs will require an amortisation within several years; this should be specified within the surrender rules.</p>	
Question 13	<p>What do stakeholders believe is an appropriate interval for switching without incurring additional charges?</p> <p>PEPP providers should be allowed to design products with different lengths of a minimum investment period.</p> <p>Switching between providers might be possible after a sufficiently long period of time, for instance, at the end of minimum investment period of 10-12 years with a possibility to surrender/switch at that point or to continue with a minimum investment period of 5 to 10 years.</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
Question 14	<p>What do stakeholders think of the proposition that the starting point for disclosure 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?</p> <p>The IRSG supports the aim of PRIIPs regulation to ensure greater transparency. However, it is premature at this stage to analyse whether aspects of the PRIIPs Key Information Document (KID) are unsuitable for PEPPs. Particularly considering that the regulatory technical standards (RTS) regarding the presentation and content of the PRIIPs KID are still in the process of being developed by the European Supervisory Authorities (ESAs). Note that this RTS will be submitted to the Commission in March 2016.</p> <p>Moreover, it is debatable whether the PRIIPs KID for PEPPs is a good basis for the PEPPs pre-contractual information, given that it is specifically designed for investment products. The specific features of pension products should therefore be taken into account (eg decumulation options available, biometric risk coverage, minimum investment periods, PEPP's tax treatment, possible maximum loss pension savers can incur)</p>	
Question 15	<p>What do stakeholders think of facilitating sales of PEPPs via the internet? What should be the consumer protection requirements for internet sales?</p> <p>The IRSG supports the option of selling PEPPs via the internet. The IRSG believes that all distribution channels should remain a possibility, allowing for consumer convenience and freedom of choice. Legislation should not prevent or favour one channel over the another.</p> <p>The IRSG believes that consumers should be aware of the risks the products bear, and have the option to access advice. For example, it could be useful for advice to highlight consumers specific retirement income needs.</p> <p>When designing the key features of the PEPP it should be guaranteed that there will be a neutral framework that ensures a level playing field between all types of distributors. Special protection requirements should be established for</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>cross-border internet sales (eg accuracy of translation, cultural differences, possible tax consequences, language for claims, applicable insolvency guarantee scheme, court to appeal to, etc).</p> <p>Moreover, in accordance with national rules, the sale of all insurance products should remain possible without advice. The need to obtain advice will impact consumer choice and prevent their ability to access products if they were not in a position to afford advice. In the case where sales are conducted without advice, the IRSG believes that all relevant information should still be provided to consumers in a clear, concise and easy to understand manner.</p>	
Question 16	<p>Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?</p> <p>In the case of non-advised sales, the IRSG does not believe that there should be a requirement for distributors to apply an appropriateness test on a mandatory basis. Such a requirement might be unnecessary, given that the PEPP would be a standardised product.</p>	
Question 17	<p>What are stakeholders' views on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of this paper? Is the level of standardisation sufficient bearing in mind the objective to achieve critical mass, cost effectiveness and the delivery of value for money?</p> <p>A high level of standardisation is preferred at least to facilitate the cost factor, however, the IRSG welcomes that the PEPP design accounts for national practices, by respecting national rules of general good (chapter 3.6 of the Consultation Paper). The IRSG would encourage EIOPA to further investigate this aspect of the PEPP framework, given that the national rules of general good is not exhaustive, as stated in paragraph 3.6.7 of the Consultation Paper. Furthermore, EIOPA should consider standardised prudential rules and solvency requirements.</p> <p>Regarding PEPP's conduct of business requirements in chapter 4.2.9 of the Consultation Paper. The IRSG agrees that a consumer-centric focus should be</p>	



Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>maintained throughout the duration of the PEPP. Product oversight and governance (POG) practices can be useful to ensure that the interests of consumers are respected. The IRSG agrees with EIOPA's belief that the product development process should remain under the control of the provider as far as possible, due to their expertise in this area.</p> <p>It should be noted that rules already exist on POG, conflict of interest or are in the final stage of adoption by the European legislator (ie IDD). These rules will also apply to the development and sale of PEPP. Having a different system of governance for the PEPP would add further complexity and expense, deterring potential providers from entering this market.</p>	
Question 18	<p>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.</p> <p>The PEPP should come with the option for the consumer to ask for additional biometric risk coverage during the accumulation phase, regardless of the type of PEPP provider. It should be noted that in some markets this is a mandatory feature for personal pension products and insurance products. Longevity risk should be considered for the retirement phase as well.</p> <p>Furthermore, as mentioned in response to question 9, in order to ensure a level playing field between all types of PEPP providers, the Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p>	
Question 19	<p>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?</p> <p>Costs and charges should not be capped at European level. Competition should be allowed between providers.</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	Customers who wish to gain access to their funds before the minimum investment period would have to take on the market risk and other potential costs to be addressed under surrender rules.	
Question 20	<p>Do stakeholders believe that other flexible elements could be offered by PEPP providers?</p> <p>PEPP providers should be allowed to design their PEPPs by including other flexible elements, in line with their national practice and demand.</p>	
Question 21	<p>Do stakeholders agree with the concept of a "product passport" comprising notification/registration of PEPPs? If not what alternative would they suggest?</p> <p>The concept of an EU product passport, consisting of notification and registration of PEPPs is a step in the right direction towards a Single Market for PEPPs. However, EIOPA does not address the following key issues with this concept:</p> <p>A duty to notify the host member state authority</p> <p>Authorisation procedure, either based on the notification or on a subsequent authorisation from the host member state authority</p> <p>The language applicable to the procedure</p> <p>The product passport is appropriate if there is a level playing field between different types of PEPP providers. This means that the Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p> <p>Moreover, with regard to the EU product passport, EIOPA should refrain from introducing procedures which would require authorisation at product level.</p>	

## Annex II: OPSG Response to the Consultation Paper on the creation of a PEPP

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
<p>Please follow the following instructions for filling in the template:</p> <p>Do not change the numbering in the column "reference"; <b>if you change numbering, your comment cannot be processed by our IT tool</b></p> <p>Leave the last column empty.</p> <p>Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty.</p> <p>Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</p> <p>Please send the completed template, in Word Format, to <a href="mailto:CP-15-006@eiopa.europa.eu">CP-15-006@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</p> <p>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)</p>		
Reference	Comment	
General comment	<p>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.</p> <p>In all the Member States, the aging population is posing a major challenge to</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>the sustainability of pension systems and adequacy of pension revenues.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>is particularly important for young people. Furthermore, a standardised product might provide for enhanced portability across border.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
<p>Question 1</p> <p>Do stakeholders think there is a need for a stand-alone authorisation requirement or would existing Union law</p>	<p>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.</p> <p>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</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
<p>sufficiently cover all potential PEPP providers, including those who would issue PEPPs but who are not already authorised by another existing authorisation regime?</p>	<p>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.</p> <p>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.</p>	
<p>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 encouraging more EU citizens to save for an adequate retirement income?</p>	<p>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.</p> <p>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 minimum standard of consumer protection.</p> <p>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.</p> <p>In all events, simplicity should be a key principle and the PEPP should have</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product

Deadline  
05 October 2015  
23:59 CET

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 investigated. 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 a 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

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product

Deadline  
05 October 2015  
23:59 CET

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.



Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	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?	<p>Yes. An investment option containing a guarantee does not necessarily need to have a life-cycling strategy in addition.</p> <p>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.</p>	
Question 5 Do stakeholders agree to limit the number of investment options, e.g. to five?	<p>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.</p> <p>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</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>from using various appropriate techniques to distribute PEPPs.</p> <p>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).</p> <p>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).</p>	
<p>Question 6</p> <p>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?</p>	<p>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.</p> <p>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</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product

Deadline  
05 October 2015  
23:59 CET

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

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>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.</p> <p>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.</p>	
<p>Question 7</p> <p>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?</p>	<p>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.</p> <p>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.</p> <p>The OPSG would encourage EIOPA to clarify that "duty of care" does not mean "fiduciary duty".</p>	
Question 8	No. The OPSG believes that there is no need for all investment options offered	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
<p>Alternatively, would it be better for all investment options to contain either a life-cycling strategy with de-risking or a guarantee?</p>	<p>within a PEPP to be based either on a life-cycling strategy or on a guarantee.</p> <p>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.</p> <p>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..</p> <p>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:</p> <p>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.</p> <p>Long-term collective investment with pooling and smoothing: with these</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>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.</p> <p>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.</p> <p>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.</p>	
<p>Question 9 Could you elaborate on whether PEPP providers, offering a PEPP with minimum return guarantees, should be subject to one identical</p>	<p>As stated in our response to the Capital Market Union consultation (Question 13), the OPSG 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.</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
<p>solvency regime to back these guarantees or whether it would be sufficient that different, but equivalent, solvency rules apply?</p>	<p>In addition, the OPSG questions whether any equivalence assessment of different solvency rules would work, in practice.</p> <p>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.</p> <p>Finally, the OPSG stresses that it is in consumers' interest that the provider is guaranteed to be secure.</p>	
<p>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?</p>	<p>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.</p> <p>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</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	zero real return even before five years.	
<p>Question 11</p> <p>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?</p>	<p>The right balance between long-term commitments and the flexibility for consumers to access their savings must be thoroughly assessed when designing a PEPP.</p> <p>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.</p> <p>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).</p> <p>With regards to the need to find a balance on such aspect, the OPSG believes that:</p> <p>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).</p> <p>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.</p>	



Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product

Deadline  
05 October 2015  
23:59 CET

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

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	significant barriers to switching. Consequently, The OPSG recommends not including this provision as a key feature of PEPPs.	
<p>Question 12</p> <p>Under what conditions do stakeholders think that the concepts of periodically switching providers and illiquid, long term investment are reconcilable?</p>	<p>Long-term investments and switching are compatible as long as switching is allowed at specific points in time.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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).</p>	
<p>Question 13</p> <p>What do stakeholders believe is an appropriate</p>	<p>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</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
interval for switching without incurring additional charges?	<p>PEPPs with the possibility of switching at any time.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Exit fees in all cases should not be prohibitive to switching and should therefore reflect the true frictional cost of switching.</p>	
Question 14 What do stakeholders think of the proposition that the starting point for	<p>The PRIIPS KID can be a good starting point for pre contractual information.</p> <p>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 good : short, formatted and in</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
disclosure 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?	<p>plain English.</p> <p>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 :</p> <ul style="list-style-type: none"> <li>decumulation options available at the moment of retirement;</li> <li>tax incentives applicable to PEPPs;</li> <li>biometric risk coverage, if offered;</li> <li>minimum investment periods and early switching costs (if any)</li> <li>potential maximum loss that the pension savers can incur.</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>amount saved each year/month,</li> <li>chosen investment option,</li> <li>financial returns by asset class (stocks, bonds...),</li> <li>date of retirement,</li> <li>inflation assumptions,</li> <li>interest rates</li> </ul> <p>EIOPA should assess whether these assumptions can be standadized for all PEPP providers.</p> <p>To some extent, pension savers might also want to compare PEPPs with other</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>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 difference between the two products and would be missing essential information relevant to a pension product.</p> <p>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</p>	
<p>Question 15 What do stakeholders think of facilitating sales of PEPPs via the internet? What should be the consumer protection requirements for internet sales?</p>	<p>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.</p> <p>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.</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	<p>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.</p> <p>Rules of distributions, especially distributor remunerations rules, should be the same for all kind of providers.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
	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.	
<p>Question 16</p> <p>Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?</p>	<p>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).</p> <p>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 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.</p> <p>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.</p> <p>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.</p>	

Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
Question 17		
<p>Question 18</p> <p>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.</p>	<p>We assume this question refers to biometric risk coverage provided only during the accumulation phase, which is common practice in some markets.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
<p>Question 19</p> <p>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</p>	<p>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.</p> <p>The OPSG believe a thorough assessment should be carried out before introducing any caps on costs and charges for PEPP's default investment options.</p>	



Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product		Deadline 05 October 2015 23:59 CET
charges?	<p>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.</p> <p>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.</p>	
Question 20		
<p>Question 21</p> <p>Do stakeholders agree with the concept of a "product passport" comprising notification/registration of PEPPs? If not what alternative would they suggest?</p>	<p>The proposed concept of "product passport" comprising notification and registration of PEPPs is a positive step towards a Single Market for personal pension products.</p> <p>However, the "product passport" concept cannot be fully assessed, given that EIOPA does not address the following key issues:</p> <ul style="list-style-type: none"> <li>Information to notify the host member state authority</li> <li>Authorisation procedure, either based on the notification or on a subsequent authorisation from the host member state authority</li> </ul> <p>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.</p>	

	Comments Template on Consultation Paper on the creation of a standardised Pan-European Personal Pension product	Deadline 05 October 2015 23:59 CET
	In order for passporting to work, it is essential that all member states have robust approaches to dealing with potential consumer detriment.	

### Annex III: Resolution of Stakeholder comments

Summary of Comments on Consultation Paper - EIOPA-CP-15/006 CP-15-006 Consultation Paper on PEPP	EIOPA-TFPP-15-006 30 March 2016
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EIOPA would like to thank Pensioenfederatie, Pensionskasse der Mitarbeiter der Hoechst-Gruppe, aba – Arbeitsgemeinschaft für betriebliche Altersv, ACA, Actuarial Association of Europe, Af2i Association française des investisseurs insti, AFG, Allianz, Amundi, ANASF, APFIPP – Associação Portuguesa de Fundos de Invest, Association for Financial Markets in Europe (AFME), Association of British Insurers, Assofondipensione, Assoprevidenza and Mefop, Assogestioni, Better Finance, BIPAR, Blackrock, Bund der Versicherten e.V. (BdV – German Associati, Cardano Risk Management, Community Life GmbH, Deutsche Aktuarvereinigung (DAV) – German Associat, Deutsche Bank, EFAMA, EIOPAs Occupational Pensions Stakeholders Group, European Association of Paritarian Institutions, European Federation of Financial Advisers and Fina, European Financial Congress, Fairr.de GmbH, Fédération Française des Sociétés dAssurances, Fidelity International, Financial Services Consumer Panel, FSUG, German Insurance Association (GDV), Hristina Mitreva – member of OPSG, employees repre, ICI Global, Insurance and Reinsurance Stakeholder Group (IRSG), Insurance Europe, Intesa Sanpaolo Vita S.p.A., KBC Asset Management NV, Legal & General Group plc, Mercer, Ministry of Finance of the Czech Republic, Ministry of Finance of the Netherlands, NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF), Nationale-Nederlanden Group, PensionsEurope, Previnet outsourcing Solutions, SIFA, State Street Corporation, The Association of International Offices (AILO), The Danish Insurance Association, The Finnish Pension Alliance Tela, The investment association, Vanguard Asset Management, Limited, VOIG, VPB, VVO, Vzbv, WIT, Working Group on Shariah financial and insurance p, and Zurich Insurance Group

The numbering of the paragraphs refers to Consultation Paper No. EIOPA-CP-15/006.

No.	Name	Reference	Comment	Resolution
A.	EIOPAs Occupational Pensions Stakeholders Group	General comment	<p>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.</p> <p>In all the Member States, the aging population is posing a major challenge to the sustainability of pension systems and adequacy of</p>	

		<p>pension revenues.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Agreed, with regard to analysis performed by EIOPA please see ch. 1.1 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Partially agreed, although EIOPA believes this shift will only occur if existing domestic products do not deliver upon their promise</p> <p>Agreed, although EIOPA's research indicates that 3rd pillar retirement</p>
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			<p>#</p> <p>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.</p> <p>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.</p>	<p>savings also occur in Member States with a strong 2nd pillar</p> <p>Agreed, please see p. 11 of the consultation paper on creation single market PPP of 1 Feb 2016. EIOPA envisages a PEPP to be a product that can be clearly distinguished from regular investment products – hence the link that is made between accumulation and decumulation phase</p> <p>Agreed, EIOPA envisages a PEPP regime where equivalent rules apply to all providers and distributors, see e.g. ch. 2.3.1</p>
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			<p>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.</p>	<p>and onwards of the consultation paper on creation single market PPP of 1 Feb 2016 and the fact that the same high level investment principles will apply to all PEPP providers</p> <p>Agreed, please see ch. 2.2 of the consultation paper on creation single market PPP of 1 Feb 2016</p>
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	General comment	<p>The IRSG welcomes that the PEPP is a long-term savings product with the aim to provide income in retirement. It is also welcome that the proposed design allows for the recognition of existing national practices.</p> <p>The IRSG believes that the following key design features should be incorporated into the PEPP:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Minimum investment periods are fundamental to PEPP product design, as they will enable good returns to be generated over the long-term, in addition to allowing funding for long-term illiquid investments as intended by the creation of a Capital Markets Union.</li> <li><input type="checkbox"/> We believe the PEPP product should have a 10 to 12 year minimum investment period with a possibility to surrender/switch at that point or to continue with a minimum investment period of 5 to 10 years. Furthermore early switching or surrender maybe possible,</li> </ul>	<p>Partially agreed, please see p. 52 and onwards of consultation paper on single market PPP of Feb 2016</p>

		<p>although this will lead to cancellation costs being passed onto consumers, due to the disinvestment in the illiquid assets or the need to recoup costs. The cancellation periods can therefore depend on the investment strategy of the provider. Additionally, minimum investment periods would allow for amortisation of distribution and advice costs over several years.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> PEPP providers should be free to offer PEPPs with default options based on the following investment strategies: <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees</li> <li><input type="checkbox"/> Long-term collective investments with a smoothing of returns</li> <li><input type="checkbox"/> Life cycling with de-risking</li> </ul> </li>   <li><input type="checkbox"/> The decision about permitted default options should take into account that products with guarantees offer a higher level of protection than life-cycling strategies or balanced funds. In the latter, consumers are exposed to the risk of losing their capital and therefore having a lower retirement income than expected.</li>   <li><input type="checkbox"/> The IRSG is highly sceptical about equivalence assessments of prudential regimes applicable to different types of financial institutions. The Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</li>   <li><input type="checkbox"/> The PEPP should come with the option for the consumer to ask for additional biometric risk coverage during the accumulation phase,</li> </ul>	<p>EIOPA advises that the PEPP should provide a guarantee or suitable de-risking strategy closer to retirement, in particular for the default investment option</p> <p>Noted</p> <p>Disagreed, EIOPA believes the introduction of one solvency regime does not seem feasible or proportionate</p> <p>Partially agreed, PEPP providers</p>
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			<p>regardless of the type of PEPP provider. It should be noted that in some markets this is a mandatory feature for personal pension products and insurance products.</p> <p><input type="checkbox"/> Public pensions are always paid as annuities. Given that pension products aim to provide an income during retirement, the protection against longevity risk should be promoted among these options.</p> <p><input type="checkbox"/> Costs and charges should not be capped at European level. Competition should be allowed between providers. Consumers can be provided with clear and concise information in pre-contractual and on-going information, regarding the number and length of a particular PEPP's minimum investment periods, as well as the associated costs for switching early.</p>	<p>are not obligated to offer biometric risk covers.</p> <p>Noted</p> <p>Agreed</p>
1.	Pensioenfederatie	General comment	<p>An important goal of EIOPA should in our view be to ensure an adequate definition of a PEPP, in which a personal pension product (PEPP) will be clearly distinguished from 2nd pillar occupational pension schemes. A PEPP is according to us a 3rd pillar product and as such in no way comparable to occupational, work related pensions.</p> <p>While we question the need for yet another pension product in the third pillar, we would like to underline that the organisation of pension systems falls under the remit of the Member States' competence. From the perspective of social protection, occupational pensions have a clear advantage over purely commercial products and therefore we invite the European Commission to do more for the further spreading of occupational pensions in Europe and for sharing best practices in this respect. They contribute greatly to the adequacy and sustainability of European pension systems while allowing for solidarity, the sharing of risks and the participation of all stakeholders in the governance. On the contrary, in personal pensions as described in the consultation, the initiative and risk are entirely shifted towards the individual. We therefore doubt whether this will add to better retirement outcomes in the end.</p>	<p>Agreed, see page 11, par. 1 of consultation paper on creation single market PPP of 1 Feb 2016</p> <p>EIOPA's efforts have focussed on 3rd pillar products as described on p. 11, par. 1 of consultation paper on creation single market PPP of 1 Feb 2016 solely and has always acknowledged</p>



			<p>In addition, we question whether such a product will really lead to more people saving for pensions or whether such a product will only be available for the happy few who have money left over to put in such retirement plans. Therefore EIOPA should do some research on the possible demand from the consumer's point of view for such product.</p> <p>We also have doubts about the capacity of personal pensions to contribute to the long term investment plan and finally to the further development of a capital market union.</p>	<p>the importance of pensions in the 2nd pillar (and 3rd pillar).</p> <p>With regard to point on research - please see chapter 1.1 of consultation paper on creation single market PPP of 1 Feb 2016 (increased trust should lead to more take-up of personal pensions products)</p> <p>Disagreed, EIOPA believes long-term investing in PEPPs can bolster CMU. Also see analysis on topic of switching (p. 52 of consultation paper on creation single market PPP of 1 Feb 2016)</p>
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			<p>Personal pension products are often characterised by high degrees of freedom of choice for consumers (including the possibility to opt for a lump sum payment at any moment) and the possibility to shift from one risk profile to the other and from one provider to the other. As a result, capital related to these personal pensions will in general be less suitable for long-term financing.</p>	<p>Disagreed, EIOPA believes that it is feasible/desirable to develop PEPPs that enable consumers to save in long-term investment options</p>
2.	<p>aba – Arbeitsgemeinschaft für betriebliche Altersv</p>	<p>General comment</p>	<p>Key questions remain unanswered:</p> <p><input type="checkbox"/> Is there really a need for a PEPP? If so, in which Member States? Without a clearly identified need, we see no reason for introducing a new regime!</p> <p>What are the existing problems that should be solved with a PEPP? Where are the problems? The connection with “1st pillar up” is unclear to us.</p> <p><input type="checkbox"/> What added value does PEPP - a standardized EU product modified at the level of all 28 Member States have for savers, providers and Member States?</p>	<p>EIOPA is convinced the need for PEPP exists. See analysis in chapters 1.1 (why personal pensions?) and 1.2 (rationale for single market PPPs) in consultation paper on creation single market PPP of 1 Feb 2016</p> <p>See previous resolution</p> <p>A clearly recognisable, highly</p>

			<p><input type="checkbox"/> What constitutes "pensions" (in particular, are biometrics included; so far no EU consensus could be reached; see definition in Article 6 IORP Directive)? What are the differences between a PEEP and a "normal" financial product? Who can and should define this?</p> <p><input type="checkbox"/> How should the PEPP be taxed? An equal tax treatment for different quality requirements (3.6.11.) may not appear justifiable by all Member States in the same way. An equal tax treatment for products with the same quality requirements in Germany is given. For example, the Riester pension products can be offered in Germany by providers from other EU Member States, too (§ 1(2) AltZertG).</p>	<p>standardised and cost-effective product, that incorporates high levels of consumer protection and is subject to strong supervision will increase trust and should lead to increased personal pensions savings</p> <p>EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase. This aspect differentiates a PEPP from a normal investment product.</p> <p>Taxes are not within EIOPA's remit. EIOPA believes that PEPPs that meet the criteria for receiving beneficial tax</p>
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			<p>The EIOPA approach is not convincing:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The basic assumption of EIOPA is that people have enough income left to save. EIOPA disregards the existing reality in many Member States. In addition, even in "rich" Member States with an ongoing robust economy there are low-income earners with a lack of saving capacity.</li> <li><input type="checkbox"/> The creation of a new 2nd regime is obviously a "greenfield" project. In doing so, however, EIOPA defines standards for an EU savings product without addressing possible impacts on existing second and third pillars. In Germany, about 60 percent of employees active in the private sector are members of an occupational pension scheme. Over 16.3 million people have pension saving contracts and benefit from "Riester incentives" (Federal Ministry of Labour and Social Affairs).</li> </ul> <p><input type="checkbox"/> We need more funded pensions in Europe, but with the focus on</p>	<p>treatment in Member States, should not be discriminated against.</p> <p>Disagreed, although it is obvious that citizens without sufficient resources cannot save additionally for retirement, analysis shows that even in some Member States with a robust 2nd pillar, 3rd pillar savings are of considerable size. In Member States where 1st and 2nd pillar pension systems do not provide for sufficient retirement income a solid 3rd pillar product does fulfil a need</p> <p>EIOPA</p>
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			<p>occupational pensions: Demographic developments paired with cuts in state pension provision create the need to supplement state retirement income by private pensions. The first choice in this regard are occupational pensions. Because of the involvement of employers, occupational pensions can be organised on a collective level. Occupational pensions are therefore good value for money, particularly for those on low incomes. They balance security against returns and provide a life-long pension for their beneficiaries, who share the risks around death and invalidity. In contrast to personal pensions, occupational pensions can therefore address these risks without undertaking an individual assessment. In contrast to personal pension products, occupational pensions are mainly governed and protected by social and labour law.</p> <p><input type="checkbox"/> These advantages should be used. Occupational pensions should be strengthened further in all 28 Member States, thus ultimately preventing old age poverty while at the same time relieving public finances. It cannot be the primary task of regulation or financial supervisory authorities to create retirement provision in the Member States on the basis of considerations the central regulator alone deems as suitable. However, authorities should contribute through an adequate design of the regulatory framework so that citizens can build up a funded retirement provision efficiently. Existing systems should be further developed and enhanced to reach their potential before additional systems are established and supported.</p> <p>Any Member State should encourage and motivate employers, companies and social partners - with the help of incentives - to</p>	<p>recognizes that the impact of PEPP will be greater in Member States with a less developed 2nd pillar pension system. EIOPA analysis has shown that there is an economic rationale for introducing a 2nd regime for PEPPs – see chapter 1.2 in consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, EIOPA believes 3rd pillar retirement products have an important role to play in order to achieve more funded pensions</p> <p>EIOPA supports any initiative to strengthen existing pension</p>
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			<p>introduce, maintain and develop efficient occupational pension systems.</p> <p>We generally do not support the introduction of a 2nd regime. The requirements for receiving tax relief, which vary by Member State and function of the personal pension, should be determined at the national level. The tax framework mainly depends on the financial means available as well as on the level and structure of state and occupational pensions in each Member State. In addition, experience shows us that it would be more beneficial and efficient to foster occupational pensions.</p>	<p>systems and pillars and believes the PEPP can help to achieve that</p> <p>Disagreed, see consultation paper on creation single market PPP of 1 Feb 2016 - inter alia analysis in chapters 3.2, 5.2 and p. 56 (top). EIOPA does not favour one pension pillar over the other.</p>
3.	ACA	General comment	<p>ACA, the Luxembourgish Association of Insurance and Reinsurance companies is pleased to communicate you below its answers to the questions listed in the above mentioned consultation:</p>	-
4.	Actuarial Association of Europe	General comment	<p>Currently there is a wide range of PEPP products offered by a wide range of providers. For consumers it is difficult to see whether the product is serving them to the full extent. It would be an advantage for the consumer to know that any PEPP they are considering meets basic requirements that are all meant to assure that the product is in their interest. This would contribute to building or where necessary restoring their trust in products and providers.</p> <p>We do have some basic considerations and questions that we think need to be addressed. The consultation refers to a pension product. Nevertheless it primarily seems to focus on the saving/accumulation</p>	<p>Agreed</p> <p>Agreed, EIOPA believes that the PEPP</p>

			<p>phase and very little on the actual pension/decumulation phase (even admitting this on page 39). The consultation text seem to imply that pension/decumulation is mathematically a function of saving/accumulation, i.e. the end is a function of savings. However, when we talk of pensions the target should always be adequate income in retirement. Our approach would be to start with the retirement income and try to create a saving/accumulation pattern leading to anticipated income in retirement. Then, we would have a totally different approach where accumulation is a function of decumulation. In cases where there exist basically two products, one for the accumulation phase and one for the decumulation phase (which may be offered by different providers), the accumulation product should ideally be shaped in such a way that it serves the policyholder best by anticipating the desired way of decumulation.</p> <p>The consultation paper refers to consumer protection as an important objective. We agree. Having the same requirements on product level and for the providers of those products in all Members States adds value from the consumer perspective. We would expect that the possibility for providers to bring their product to the market in more Member States contributes to establishing a level-playing-field for providers and will thus enhance competition which we expect to be advantageous for consumers. This would add to consumer protection and to the trust that consumers should rightly have in any PEPP offering.</p> <p>Consumer protection in our view is not necessarily the same as certainty on a financial outcome. Consumer protection for us is much more about providing good insights and background to the products and clarity about what, and in which circumstances, the consumer can expect from a product. A PEPP based on unit-linked model for example</p>	<p>accumulation phase should take into account the specificities of the decumulation option chosen. However standardising the specific form of decumulation at EU-level, due to member state specific regulation in this field, would require further analysis</p> <p>Agreed</p> <p>Agreed, please see EIOPA analysis on topic of</p>
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		<p>would not provide a guaranteed capital. The consumer should however know what the risks are. There should additionally be clarity about the costs and governance of the product. The same is true for the decumulation phase. The consultation paper states that “a certain predictability of retirement income” and “a level of stability during the decumulation period” is required (e.g. see par 3.1.3). We agree with this wording, but we would like to stress that certainty in the accrual phase and a guaranteed income in the decumulation phase are not necessarily serving the consumer best. Consumer protection for us is linked to full transparency of the product characteristics and to the advice that should start with the individual situation and preferences of the consumer. For some predictability and stability are a must whereas for others this could be less the case. We state this because sometimes we feel that consumer protection is understood to mean guarantees and certainty in all situations. We should bear in mind that guarantees and certainty come with a cost, making that clear is also part of consumer protection.</p> <p>On several places in the consultation a reference is made to a money back guarantee. Although this may sound attractive to policyholders, it should be made very clear that a zero return would almost certainly result in a significant loss of purchasing power. In the field of pensions one would normally aim to keep up with the development of prices of goods that form the base for a normal living. In such cases it is essential to use the real interest rate as the benchmark. We wouldn't be eager to see many money back guarantee offerings as it gives a feeling of certainty for the policyholder while it isn't. Additionally, it creates a risk for the provider which result into solvency requirements that are similar to any other long-term guarantee that is given in the financial industry.</p> <p>4.2.9.4: clarity about “consumer detriment” is needed. A low or negative investment return is to the consumer detriment but would generally not require remedial action.</p>	<p>disclosures/transparency in consultation paper on creation single market PPP of 1 Feb 2016 inter alia, chapter 2.2.3)</p> <p>Agreed, although EIOPA envisages a PEPP where a guarantee can be added</p> <p>Agreed, guarantees have advantages and disadvantages.</p> <p>Agreed, please see consultation paper on creation single market PPP of 1 Feb 2016 (inter</p>
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			<p>In relation to what we have been arguing before (the accumulation should be a function of the decumulation) we would say that the a lifestyle strategy depends on the decumulation option chosen (or permitted in a Member State) and cannot be standardized in isolation.</p> <p>We think that good governance also contributes to consumer protection. P48 talks of demonstrating trustworthiness through communication and seems to ignore the importance of having strong governance in place in the providers of the products, overseen by appropriate conduct regulation. Having professionally qualified experts, like actuaries, in providers can be an important contribution to consumer protection.</p> <p>Although we very much support the possibility of on-line distribution in principle, we were somewhat surprised to see no mention of “vulnerable customers”. We would suggest to add one or two paragraphs to this topic.</p> <p>As a final remark: We need to bear in mind the requirement that the PEPP will be a standardised (and hence simple) product, and may be sold via internet with limited financial advice. Hence the proposal to have few funds, and nothing too complex.</p>	<p>alia, chapters 3.1.1 and 4.1</p> <p>Agreed</p> <p>Agreed</p>
5.	Af2i Association française des investisseurs insti	General comment	The Af2i association welcomes the EIOPA consultation paper about the envisaged creation of a 2nd regime introducing a pan-european personal pension product as it is a mandatory issue to be explored to make sure that the financial scope of the retirement matters in Europe has been completed.	Agreed

			<p>We agree that the definition of a 2nd regime is a fair way to explore from that perspective.</p> <p>However we have to underline that PPPs are different from the 1st and 2nd pillars schemes as several PPPs may be subscribed along the life of an individual without any technical damage for the beneficiary, so that transferability, portability and cross-over business may not be seen as central questions.</p> <p>Anyway a unique internal market for PEPP in the EU is to be appreciated as a consistent advantage for the beneficiaries with standardized products and an harmonized governance.</p>	
6.	AFG	General comment	<p>AFG wants to thank EIOPA for the opportunity to answer the consultation on a Pan European Pension Plan. The Association Française de la Gestion Financière (French Asset Management Association – AFG) represents the French asset management industry for both collective and discretionary portfolio management. The industry manages total assets in excess of €3,400 billion, with €1,700 billion of this amount in French funds and €1,700 billion in discretionary portfolios and foreign funds.</p> <p>AFG supports the PEPP initiative to implement at a European Level a frame for an individual pension plan. It can be a usefull product to complement public and occupational pension systems. It is especially welcome in countries where third pillar products cover a very small part of the population and for people who are not covered by an occupationalpension system. In france, for instance, the public pension system plays a predominant role but with the successive reforms, replacement rates are expected to decrease. It will be more and more necessary to complement public pensions. Occupational pensions</p>	Agreed

			<p>system like the Perco are gaining popularity little by little. But it would be very usefull for people who are not covered to contribute to a personal person plan. This kind of product is stil very small in France due to the design of existing products.</p> <p>The design of a personal pension plan is key to ensure that the population will subscribe to it. It has to bring security and flexibility to fit with individual profiles of savers.</p> <p>Moreover, a Pan European product has to be suitable for citizens of countries where pension systems are very different for a MS to another one.</p>	<p>Agreed</p> <p>Agreed</p>
7.	Allianz	General comment	<p>Allianz is very supportive to the idea of a PEPP. It will pave the way to the Capital Markets Union, help to reduce pension gaps for low income earners and to avoid poverty among the elderly. It should clearly be defined as a retirement product which cannot be misused as a short-term investment tool. For truly being pan-European and switchable between MS it needs a high level of standardization and a separate '2nd' legal regime. To make it attractive to consumers it will need to provide a guarantee of paid-in capital (a 0% minimum return guarantee).</p>	<p>Agreed, although EIOPA clearly sees guarantees as a non-mandatory element</p>
8.	Amundi	General comment	<p>Amundi is the No.1 European Asset Manager and ranks within the Top 10 worldwide with AUM of more than €950 billion at the end of June 2015. Located at the heart of the main investment regions in more than 30 countries, Amundi offers a comprehensive range of products covering all asset classes and major currencies and has developed savings solutions to meet the needs of no less than 100 million retail clients worldwide in cooperation with various banking networks. Amundi also designs innovative, high-performing products for institutional clients which are tailored specifically to their requirements and risk profile. The Group contributes to funding the economy by orienting savings towards companies' development.</p>	

			<p>Amundi welcomes the initiative of the European Commission and also the way EIOPA addresses this project of a Pan European Personal Pension and its consultation. All relevant topics are identified in a manner which makes sense in our view. In particular, we do support the idea that such a plan has to rely on long term assets which will provide more return and stable outcome to the investor. Also, we do appreciate the possibility of lump exit sum which may be much more attractive for quite a large number of individual investors, as experienced in France with the growing success of the PERCO.</p>	Agreed
9.	ANASF	General comment	<p>General comment.</p> <p>1. ANASF.</p> <p>ANASF is the only national association representing Italian tied agents (promotori finanziari) registered in the national register. Our Association was founded in 1977 and currently has about 12,000 members. ANASF actively supports the professional development of tied agents and investor protection.</p> <p>2. Preliminary remarks.</p> <p>As a general comment, for the sake of consistency with other relevant legal frameworks (particularly, MiFID and UCITS directives) we suggest using "distribution", "distributors" and "placement" in place of "sales process" and "sales forces" (cf. art. 29, MiFID II: tied agents are appointed by investment firms for the purposes of promoting the services of investment firms, placing financial instruments, providing advice ...).</p> <p>We also consider it appropriate to acknowledge that financial advice may be provided using different business models: i.e., financial advisory is not limited to the provision of "independent" financial advice. "Independence" is a feature pertaining to the service in itself and does not necessarily relates to the advisor: that is, independent</p>	<p>Agreed, please see p. 43 and onwards of consultation paper on creation single market PPP of 1</p>

			advice is not the exclusive prerogative of a particular professional category. On the contrary, the inappropriate and limited use of the term "independent" would entail the exclusion of most of the EU intermediaries from the distribution of PEPPs: such an exclusion would be detrimental to an effective market development and would hinder the social function of pension products.	Feb 2016
10.	APFIPP – Associação Portuguesa de Fundos de Invest	General comment	<p>APFIPP is the Portuguese Association of Investment Funds, Pension Funds, and Discretionary Asset Managers.</p> <p>The promotion and encouragement of long-term savings and, in particular, savings for retirement, has been one of APFIPP's key issues in the past few years.</p> <p>Most of the European Countries' Pension systems are still based on PAYGO. Because of demographic evolution and poor economic performance the sustainability of those systems is in danger forcing Governments to take measures to reinforce the sustainability, namely by reducing Pensions.</p> <p>APFIPP believes that it's urgent to draw the attention of European citizens to the need of saving for their retirement and, at the same time, to create incentives, to increase the awareness and influence Europeans to build their own Personal Pension Plans, in order to compensate the loss of income they will have when they retire.</p> <p>Additionally, we also believe that the promotion of long term savings and the development of private pensions are fundamental to the success of the CMU initiative launched this year by the Commission.</p> <p>Therefore, APFIPP welcome's EIOPA's initiative to create a Pan-</p>	<p>Agreed</p> <p>Agreed, however, the need to save in 3rd pillar retirement savings products is different from member state to member state</p> <p>Agreed</p> <p>Agreed</p>

			<p>European Personal Pension Product.</p> <p>APFIPP agrees that the aim should not be to harmonize all the existing national 3rd Pillar Pension Products but, instead, to create a truly Pan-European Personal Pension Product that can be used by all European citizens.</p> <p>The product should be simple and easy to understand and to use, which means that it should be highly standardized.</p> <p>In fact, although the consultation paper assumes that some features may remain country specific, APFIPP believes that the success of PEPP in becoming a true Pan-European vehicle for personal retirement savings depends on achieving full harmonization, including taxation. This means that the same rules will apply to all European citizens, regardless of their country of origin or of the country where the PEPP is domiciled.</p> <p>APFIPP strongly believes that creating a new pension product following a 2nd regime and, at the same time, wanting to encompass and maintain all the existing national regulations and all the fiscal singularities of all European countries, is not worth of trying.</p> <p>APFIPP agrees that the financial institutions that are already regulated under EU legislation should be allowed to be providers of PEPPs. Additionally to the legal regimes already mentioned in the consultation paper, we would add AIFMD. We don't identify any valid reason why an AIFM authorized under AIFMD should not be authorized to be a provider of PEPPs.</p>	<p>Agreed</p> <p>Agreed</p> <p>Partially agreed, EIOPA has sought to identify relevant product characteristics for standardisation. Harmonising taxation is not within the powers of EIOPA.</p> <p>Agreed, please see several references made to AIFMD in consultation paper on creation single market PPP of 1 Feb 2016 and</p>
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			The Consultation Paper does not identify which type of product PEPP will be. APFIPP believes that it should be a Fund or similar vehicle with a functioning close to the UCITS model, even if it is provided by other institutions that are not UCITS management companies.	analysis on authorisation regime (p. 66 of consultation paper)
11.	Association for Financial Markets in Europe (AFME)	General comment	<p>AFME members strongly support the creation of a single market for personal pensions and some version of the proposed standardized Pan-European Personal PensionProduct (PEPP). As part of our member initiatives which support long term investment and economic growth in the European Union, we feel that significantly increasing the pot of funding available from private pension schemes is essential to further growing a long term investment culture in Europe. Since our members represent the originators, advisors, underwriters, distributors, secondary market traders, research providers and other aspects of the European wholesale capital markets, rather than providers of PEPPs, our response does not provide feedback on the specifics of how PEPPs should be structured. That is better left to organizations and institutions who provide these products. However, AFME has commissioned a significant amount of independent research which quantifies the magnitude of the future private pension needs of Europe.</p> <p>Although Europe and the US have different economies, it is useful to compare the amount of private pension funds available between the two regions, since the GDP of each is approximately the same at €17 trillion per year. In our report Bridging the growth gap (a result of surveys that gather the views of some of the largest global investors representing €9 trillion of assets under management) in early 2015, AFME and the Boston Consulting Group (BCG) provide detailed data which shows that the total amount of funds available in the US is approximately €49 trillion, while in the EU the figure is €30 trillion (as of late 2014, the reference point for the study). Private pension funds investible assets in the US were 3.5x larger than in the European Union</p>	<p>Agreed</p> <p>Noted</p>

		<p>(€14.9tn compared to €4.3tn in Europe in 2013, see Figure 2 below). A very significant portion of that €4.3 tn investment in Europe was from two countries – the UK and Netherlands. In continental Europe, there is a real need to increase the amount of private pension investment available, particularly for equity but also for long term infrastructure investment in the form of equity, debt, direct or indirect investments, including through ELTIFs and other open-end and closed-end vehicles, as well as other policy priorities.</p> <p>In addition to a smaller capital available in Pension Funds, there is a lower allocation of investment towards equities in Europe: US pension funds and fund managers invest more in the equity asset class than their European peers (53% versus 37% of funds managed). The chart below highlights the composition the overall amount of investment available in Europe and the US.</p> <p>The report also underlined that the main obstacle to investments in Europe remains the fragmentation: 60% of interviewees cited national discrepancies in rules as a main obstacle to investment.</p> <p>The creation of the PEPP will help to reduce costs for distributors as well as facilitate cross-border investments in Europe. Additional stable investible assets into pension funds will allow Europe to allocate more funds to long term investments such as infrastructure assets in the form of direct or indirect equity and debt investments, including ELTIFs and other vehicles and SMEs, which are both the engine for European growth, and political priorities for the European Commission.</p> <p>The report shows that more money is available to European SMEs than</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
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			<p>US SMEs, with estimates indicating European SMEs receive almost twice as much financing from banks, non-banks and governments as do US SMEs. The estimates show an outstanding stock of finance of €1.2tn in the US compared to €2.0tn in Europe, and gross financing of €571bn in the US versus €926bn in Europe (Figure 3).</p> <p>The sources of equity funding for SMEs are underdeveloped in Europe compared to the US: US Private Equity and Venture Capital funds had €488bn to invest in 2013 compared to €245bn in Europe. Friends and family are also providing more capital to US SMEs as 33% of SME financing is provided by private persons' wealth in the US compared to 9% in Europe.</p> <p>Both PE/VC and family and friends are sources of SME funding which are likely made available through private pensions. Therefore AFME strongly supports any initiatives that would increase the pool of investible assets of pension funds, including the creation of the PEPP.</p>	Noted
12.	Association of British Insurers	General comment	<p>The Association of British Insurers (ABI) welcomes the opportunity to respond to EIOPA's consultation on the creation of a standardised pan-European Personal Pension product (PEPP). Before commenting on the consultation paper, we think it would be helpful to provide some background on the UK insurance industry and on the ABI.</p> <p>The UK Insurance Industry</p> <p>The UK insurance industry is the third largest in the world and the largest in Europe. It is a vital part of the UK economy, managing investments amounting to 25% of the UK's total net worth and contributing £10.4 billion in taxes to the UK Government. Employing around 320,000 people in the UK alone, the insurance industry is also one of this country's major exporters, with 26% of its net premium</p>	

			<p>income coming from overseas business.</p> <p>Insurance helps individuals and businesses protect themselves against the everyday risks they face, enabling people to own homes, travel overseas, provide for a financially secure future and run businesses. Insurance underpins a healthy and prosperous society, enabling businesses and individuals to thrive, safe in the knowledge that problems can be handled and risks carefully managed. Every day, our members pay out £148 million in benefits to pensioners and long-term savers as well as £58 million in general insurance claims.</p> <p>The ABI</p> <p>The Association of British Insurers is the leading trade association for insurers and providers of long term savings. Our 250 members include most household names and specialist providers who contribute £12 billion in taxes and manage investments of £1.8 trillion. The ABI's role is to:</p> <ul style="list-style-type: none"> <li>- Be the voice of the UK insurance industry, leading debate and speaking up for insurers.</li> <li>- Represent the UK insurance industry to government, regulators and policy makers in the UK, EU and internationally, driving effective public policy and regulation.</li> <li>- Advocate high standards of customer service within the industry and provide useful information to the public about insurance.</li> <li>- Promote the benefits of insurance to the government, regulators, policy makers and the public.</li> </ul> <p>Summary</p>	
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			<p>The ABI acknowledges that the establishment of the PEPP could play a role in complementing retirement savings, particularly in those member states with less developed pension systems. We recognise the development of the PEPP as potential solution to addressing the financial shortfall that many people across the EU are facing in retirement. However a number of practical considerations would need to be addressed in order for a PEPP to operate effectively across the EU, and in particular in the UK.</p> <p>We fully appreciate the objective to create a product which could serve to provide an additional (or alternative) pension revenue stream for those who are not adequately covered by either pillars one (the state pension) or two (occupational pensions). However, we would advocate that EIOPA should not take a one-sized-fits-all view (or standardised approach) with any pension proposition, albeit personal private pensions (pillar 3) in this instance, as there are vast differences between the pension system structures across the member states. As such, the needs of one member state and the consumers in that market will not be the same as another. This will hugely depend on how developed the pensions system (pillars 1, 2 and 3) is and whether there is a need (and demand) for any pan-European solution.</p> <p>Before outlining our main concerns regarding creating a standardised PEPP, it is important to highlight that pensions exist in many different legal forms across the EU. As we outlined in our response to EIOPA's discussion paper on a possible EU-single market for personal pension products in 2013, pensions are intrinsically linked to member states' social policy and so have been shaped by national social and labour legislation over many years. This is evident in many EU countries, such as in the UK where recent radical pension reforms have fundamentally changed the pensions landscape.</p>	<p>Agreed</p> <p>Agreed, EIOPA does not favour either 2nd or 3rd pillar products. EIOPA is not advocating a one-sized-fits all approach (hence, for example, the provision for flexible elements for PEPPs)</p> <p>Agreed, EIOPA believes however this does not mean that a personal retirement savings product, suitable for more than one jurisdiction, cannot be</p>
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			<p>The UK Government introduced a number of pension reforms in April 2015 (known as Freedom and Choice), which allowed pension savers to access their savings more flexibly from age 55, and so this effectively removed the notion of a fixed retirement age. While a 'minimum state retirement age' of age 55 is in place, individuals are no longer required to retire at this point or any fixed aged in the future. Individuals are now presented with a choice of how to receive their retirement income from a Defined Contribution (DC) pension policy – the traditional route of acquiring an annuity is still available however individuals are also able to take a (or a series of) lump sum, with certain tax implications. This has drastically changed the way in which consumers, and future generations, in the UK view pensions.</p> <p>These radical pension reforms demonstrates how consumer expectation can vary between member states and, if they are not able to benefit from the full pension features which are available for local products, they are unlikely to consider that their interests are being met, or that they are being treated fairly. Therefore, if the PEPP is too prescriptive, it will lack consumer demand and consequently providers would be unlikely to invest in the proposition.</p> <p>Tax incentives offered in each member state also play a significant role in generating demand, without which individuals would save for retirement through other vehicles. Pensions would not therefore exist without the tax benefits offered in each member state, where the legal structure in each pension system reflects the tax and finance laws which created those benefits.</p>	<p>developed</p> <p>Agreed, this is also the reason why – at this moment in time – EIOPA believes a full standardisation of forms of decumulation at EU level is not desirable and requires further analyses</p> <p>See previous resolution</p> <p>Partially agreed, PEPP should be sufficiently flexible to cope with this challenge.</p>
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		<p>Fiscal policy is within the competence of each member state and in order to attempt to prevent poverty in old age tax benefits are offered. One member state's pension regime is not designed to be compatible with the tax laws of other member states; for example, not all member states have or will maintain a system of deferred taxation. For this reason, the creation of any standardised 'pension', be it a personal pension, occupational pension, trust or contract based or through a '2nd regime', could not exist within Europe without the harmonisation of taxation.</p> <p>The establishment of the PEPP would be largely dependent on the willingness of national systems to accommodate such a product and its attractiveness to consumers and providers alike. For example, the UK pension system is very mature and, as such, caters to UK consumers' specific needs and demands, which in turn have been shaped by the national system. We would therefore encourage EIOPA to conduct further studies to support the demand for such a product.</p> <p>While we recognise the objective of creating a PEPP in order to help stimulate cross-border investment, as part of the EU's Capital Markets Union initiative, we find a number of challenges which may prevent a standardised PEPP from being realised:</p> <ul style="list-style-type: none"> <li>- Transferring between PEPPs and with national personal pension products (PPPs) – we would be cautious for the PEPP to be able be switched with a national PPP, particularly as it would be difficult to agree a fair transfer price and then subsequently explain to the consumer that this was a fair deal in light of the differences in taxation systems, and also terms and conditions attached to that particular PEPP product. We would welcome further details from EIOPA to clarify how the transfer between a PEPP and national PPPs would not touch on national pension taxation rules, which remain a member state competence.</li> </ul>	<p>Agreed, EIOPA has investigated the attractiveness of PEPP for potential providers.</p> <p>Please see consultation paper on creation single market PPP of 1 Feb 2016 for EIOPA's analysis with regard to switching (p. 52 and onwards).</p>
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			<p>We would also encourage EIOPA to recognise the differences in how pension taxation rules operate in the context of developing a PEPP – whereas the UK uses the EET system (along with the majority of member states), the level of tax relief that is offered within the EET system varies greatly and would have been developed according to the national market.</p> <p>Furthermore, the UK Government are currently consulting on potential changes to the way in which pensions are taxed. If the UK moved to tax pensions on an entry basis then it would be very problematic to track the tax liability (and to whom it is due) as people moved from state to state between ‘tax on entry’ and ‘tax on exit models’. If it were harmonised, there would be arbitrage within existing local models, i.e. people could exploit the local and PEPP regimes to their advantage.</p> <p>- Having no minimum investment period – while we appreciate the aim of this would be to increase consumer engagement in the PEPP, we consider pensions to be complex, long-term products. Improved yields in retirement are obtained through investment in (generally but not exclusively) illiquid assets, which would not be possible without a minimum investment period. As such, it would be impossible to envisage a situation where consumers would be provided with a product which provides an adequate return when investment choices could not be done on a sufficiently long-term basis. The minimum investment period could potentially be set by the provider, as they could tailor this according to national practices and local consumer behaviour.</p>	<p>EIOPA does not envisage switching from PPPs to PEPPs or vice versa</p> <p>Agreed, please see consultation paper on creation single market PPP of 1 Feb 2016 (p. 59 and onwards) where the issue of tax impediments is discussed</p> <p>Agreed, please see consultation paper on creation single market PPP of 1 Feb 2016 (p. 52 and onwards) for an analysis on this topic</p>
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			<p>- Referring to a fixed retirement age as a communications milestone – member states have different laws on retirement ages; with the recent pension reforms in the UK, there is now no longer a fixed retirement age at all. It is questionable whether this is a realistic option given its likely incompatibility with domestic laws, and its potential conflict with subsidiarity. This requirement would need to be removed/ reconsidered.</p> <p>- Adequate consumer protection – it is imperative that an adequate level of consumers protection is given regardless as to who is providing the PEPP. Furthermore, we have concerns about the potential for the misselling of PEPPs by fraudsters if sufficient safeguards are not put in place.</p> <p>We would also encourage EIOPA to take due consideration about an appropriate dispute resolution framework attached to the PEPP, and further clarifying the jurisdiction of existing investor guarantee schemes (such as that in the UK, the Financial Services Compensation Scheme), which are both vital from a consumer protection perspective.</p>	<p>Agreed, PEPP is developed to be an accumulation product, which is flexible regarding decumulation options and retirement age.</p> <p>Agreed, which is why EIOPA has now taken the stance that PEPPs should only be offered by EU regulated providers (please see consultation paper on creation single market PPP of 1 Feb 2016 (inter alia chapter 4.3))</p> <p>Agreed, please see consultation paper on creation single market PPP of 1 Feb 2016 (pp. 23 and 33)</p>
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			<p>- Selling a 'simple' pension product online – we would support the move towards 'digitalisation' and selling financial products online, such as the PEPP, on an execution only basis. Nevertheless, consumers should still have the option to receive advice, whether face-to-face or online, particularly when we consider pensions to be complex products.</p> <p>We hope that EIOPA take these complex challenges into account when considering whether the creation of a standardised PEPP would be a solution to providing adequate retirement provision for all EU citizens. It may be a case that, instead, EIOPA play an alternative role in facilitating the sharing of best practice between member states, in particular assisting those markets with a less developed pension system. For example, using the current European Commission Working Group on Ageing Population and Sustainability (AWG)) who already meet on a regular basis to facilitate the sharing of pensions experience across the EU.</p>	<p>where issues relating to seeking redress are analysed</p> <p>Agreed, EIOPA believes however that, if specific requirements are met, pension products are not necessarily complex products</p>
13.	Assofondipensione , Assoprevidenza and Mefop	General comment	<p>This document summarises the opinions of Assofondipensione, Assoprevidenza and Mefop on the public consultation for the creation of a standardized Pan-European Personal Pension Product issued by EIOPA.</p> <p>Assofondipensione embody the interests of 32 workplace Italian Pension Funds. Their members represent 1.9 million employees and AUM equal to 40 billion Euros. It is member of AEIP (European Association of Paritarian Institutions)</p>	



		<p>Assoprevidenza embody the interests of more than 170 workplace Italian Pension Funds. Their members represent AUM exceeding 13 billion Euros. It is member of AEIP (European Association of Paritarian Institutions).</p> <p>Mefop is jointly owned by the Italian Ministry of Economics and Finance, which is the main shareholder, and by 90 Italian Pension Funds (both occupational and personal). It is member of AEIP (European Association of Paritarian Institutions) and of PensionsEurope.</p> <p>Assofondipensione, Assoprevidenza and Mefop are in favour of all the initiatives that can encourage the participation of the employees to the supplementary pension schemes, so that they can achieve a pension treatment adequate to their needs and expectations at retirement. This goal is particularly important taking into account the growing need to adjust the public pensions, whose level of coverage is expected to fall in the coming years as a result of the overhauls of the pension systems adopted in many member states of the European Union.</p> <p>We also share the efforts of EIOPA to promote a simple, transparent and comparable personal pension product in order to develop an informed membership and prevent potential members (consumers) from the negative effects of asymmetric information on the market of personal pensions.</p> <p>Nevertheless, the EIOPA proposal to create a new Pan-European personal pension product shows some critical profiles related to the dynamics of the market of existing personal pension products (PPP) that should be carefully assessed. Without an in-depth analysis of this concerns there is the risk of damaging the interests of consumers instead of to protect them. In addition, the PEPP risk to curb the development of the supplementary pensions instead of to build up. In</p>	<p>Agreed</p> <p>Partially agreed, EIOPA envisages a PEPP regime with a high level of consumer</p>
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			<p>both cases the objectives declared by EIOPA to develop the PEPP risk to be contradicted. The new Pan-European personal pensions, which should be provided together with those already existing in each Member State, could be problematic especially in those countries where the already existing personal pension products are well regulated and developed, representing a significant percentage of the overall market of pension schemes of the country. The PEPP, that should be subject to different and weak rules than those currently applying to already existing PPP in every member states (at least in some Member states like Italy), is likely to favour the risk of regulatory arbitrage that, in the end, could decrease the level of protection of members (customers) and, at the same time, limits the development of pension funds.</p> <p>In Italy the effects of the regulatory arbitrage may be even more deeper as personal pension products and IOPR's share almost the same regulatory framework. Moreover, in Italy (but also in other Member States) in some cases, based on specific agreements between an employer and his employees, personal pension products act as a IORP. In that cases PPP are a second pillar scheme, both for employees and, to a greater extent, for self-employed workers.</p> <p>A PEPP should be clearly distinguished from 2nd pillar IORPs. A PEPP has to be considered as a 3rd pillar product, and as such, in no way comparable to occupational, work related pension schemes. In this context, it is up to each Member State to give a definition of what a pillar is. The key factor to distinguish between second and third pillar pension schemes should be the involvement of the employer in the contributions payment in favour of his employees.</p>	<p>protection thus preventing the risk of regulatory arbitrage from occurring</p> <p>EIOPA envisages a PEPP regime where regulatory arbitrage issues are prevented to the maximum extent possible, hence EIOPA's view that only EU regulated providers should be allowed to develop and offer PEPPs</p> <p>Agreed, please see consultation paper on creation single market PPP of 1 Feb 2016 (p. 11, par. 1)</p>
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			<p>The idea of EIOPA to enable all financial intermediaries to provide PEPP, even those not subjected to EU directives on financial service provision, raises great concerns. Even though useful, a specific authorization process (stand-alone) does not seem to be sufficient to dismantle the uncertainties linked to the concern. There are two main concerns. First of all even providers far from the market of supplementary pensions provision and with a low skill on this field may be providers of PEPP. Furthermore, in the market there will be two different providers of personal pension products: those already existing, subjected to the authorization process of each Member State, and those offering the new PEPP subjected to the stand-alone authorization on the basis of the EU framework. Once again, EIOPA risk to fail matching the achievement of the objectives envisaged to establish PEPP, contradicting that goals.</p> <p>The need to properly define what a PEPP is and its providers is a particularly valuable issue, also taking into account the proposal of EIOPA to extend to PEPP the tax incentives that currently already benefit personal pension products at national level. Tax incentives for supplementary pension schemes are justified from their particular purposes: pension funds are not a purely financial investment, they are an investment in order to get an adequate income for old age. Allowing all financial intermediaries to provide PEPP, there is the risk that also investments far from "pension purposes", which do not offer an adequate level of coverage at retirement and which are a pure financial investment, may be considered as a pension plan, thus benefiting of the same tax incentives. Once again, such a distortion may be further worsened by the presence on the market of two different providers who deal with different and asymmetric regulatory environments. This risk is particularly relevant for Italy as PPP and IORP share the same tax treatment. The regulation of PEPP should allow national authorities to limit tax incentives only to providers of PEPP who:</p>	<p>Agreed, EIOPA envisages that only EU regulated providers can develop and offer PEPPs. See consultation paper on creation single market PPP of 1 Feb 2016 (p.66 and onwards). As no stand-alone authorisation regime is envisaged, the actual scope of product elements a PEPP provider can offer may be limited</p> <p>Idem</p>
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		<p>- are provided by financial intermediaries with capital requirements, governance and organizational structure adequate and consistent to carry out the provision of PEPP,</p> <p>- provide to their members a level of protection at least not lower than those provided by the already existing PPP operating in the Member State of reference.</p> <p>The regulation of PEPP, based on the coexistence of national and EU rules could create a lots of organizational problems for PEPP providers, particularly for those committed in the cross-border activity. In addition, there could be negative consequences also for consumers because the levels of protection assured by PEPP would not be homogeneous but differentiated on the basis of the national contexts. In assessing the degree of standardization of the PEPP, EIOPA should consider the effects that would occur on the markets of PPP at national level as well as the consequences on the consumer care.</p> <p>For all these concerns, it seems difficult to understand why EIOPA, with the agreement of the EU Commission, only concentrate on the potentialities and doubts of the so-called 2nd regime. As demonstrated by the brief analysis carried out by EIOPA at the beginning of the consultation paper, the market of personal pension products is already highly developed across EU, with the insurance companies as incumbent. The EU Authorities should even consider the other approach suggested in the Call for Advice of the European Commission released on July 2014, which is based on the establishment of a common regulatory framework as much uniform as possible for PPP (or at least the major ones) currently provided and on the release of a "passport" for the cross-border activity. The strengthening of the multi-pillar approach to promote the growth of supplementary pension schemes, one of the goals of PEPP's, may be better achieved by improving the effectiveness of the schemes already in place (both occupational and personal), rather than enrich the supply-side of the market with a new type of pension product. With the provision of the</p>	<p>Agreed, the envisaged PEPP is sufficiently flexible to take into account national specificities</p> <p>Following this consultation EIOPA has carried out additional research which confirmed its initial stance that introduction of a 2nd regime for PEPPs is to be preferred (see consultation paper on creation single market PPP of 1</p>
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			PEPP there will be only the risk to raise confusion among potential members and, thus, in the end, negatively affect the rights of consumers which, instead, EIOPA would like to protect.	Feb 2016 – chapter 5.2)
14.	Assogestioni	General comment	<p>Assogestioni welcomes the opportunity to comment on EIOPA’s Consultation Paper on the creation of a standardized Pan-European Personal Pension product and supports the initiative undertaken by the European Commission and EIOPA: we strongly believe private pension savings play a key role in creating adequate pensions for European citizens. Creating an effective and well-functioning multi-pillar pension system in Europe is even more important given the lowering of the replacement rates ascertained also by the European Commission in its White paper on Pensions (2012).</p> <p>In our view the creation of a robust market for PEPP require simple, uniform and sound rules governing both the PEPP provider and the product itself.</p> <p>On the provider side, to guarantee a level-playing field, only entities authorized under EU legislation should be entitled to offer PEPP; on the product side, the rules governing its functioning should be issued through a European Regulation. Moreover, the success of the PEPP product is tightly tied to the associated tax treatment: it is crucial that PEPPs have the same national tax treatment as existing pension products.</p>	<p>Agreed</p> <p>Agreed, please see consultation paper on creation single market PPP of 1 Feb 2016 (p. 66 and onwards)</p> <p>Agreed</p> <p>Noted, taxation issues are not within EIOPA’s remit however</p>
15.	Better Finance	General comment	Better Finance, the European Federation of Investors and Financial Services Users is the only dedicated representative of financial services users at European level. It counts more than fifty national and international members and sub-member organizations in turn comprising about 4.5 million individual members. Better Finance acts as an independent financial expertise center to the direct benefit of the	

		<p>European financial services users (shareholders, other investors, savers, pension fund participants, life insurance policy holders, borrowers, etc.) and other stakeholders of the European financial services who are independent from the financial industry.</p> <p>Better Finance is the most involved European end user and civil society organisation in the EU Authorities' financial advisory groups, with experts participating in the Securities &amp; Markets, the Banking, the Occupational Pensions and Insurance and Reinsurance Stakeholder Groups of the European Supervisory Authorities; and in the EC Financial Services User Group. Its national members also participate in national financial regulators and supervisors bodies when allowed. For further details please see our website: <a href="http://www.betterfinance.eu">www.betterfinance.eu</a></p> <p>Better Finance strongly supports the EIOPA Consultation Paper on the creation of a standardised Pan-European Personal Pension product (PEPP) and the European authorities initiative to create a truly EU-wide market for a simple and cost effective personal long-term saving product for all EU citizens regardless of national restrictions and preferences.</p> <p>The PEPP is indeed a crucial financial services policy initiative for the following reasons :</p> <p><input type="checkbox"/> A critical need</p> <p>The need is critical and is increasing and will continue to increase as :</p> <ul style="list-style-type: none"> <li>- EU citizens live longer,</li> <li>- State-run pension systems delivers lesss and less benefits,</li> <li>- Occupational pension plans do noy cover all citizens, switch more and more from DB to DC, passing on the investment and longevity risks to employees and former employees,</li> <li>- more and more EU citizens have fragmented professional lives, more often employed by small enterprises, or more self-employed and</li> </ul>	<p>Agreed</p>
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			<p>therefore less covered by occupational pension plans where they exist.</p> <ul style="list-style-type: none"> <li>- Throughout their professional lives more and more EU citizens will change their places of residence not only in the same member state but by cross-border moves and/or migration from one state to another.</li> </ul> <p><input type="checkbox"/> An unfilled need today</p> <ul style="list-style-type: none"> <li>- To date, we are not aware of the existence of any Pan-European personal pension product, and too little has been done since the 2007 EC Green Paper on retail financial services which already rightly identified the protection of pension savers as one of the most critical retail financial user protection issue.</li> <li>- Current costs and charges are not properly and entirely disclosed and often too high overall to provide a decent long term return, transparency, complexity, fragmentation</li> <li>- The actuarial methods of the calculation of biometric risks (longevity and death risk) have to be standardized and fixed by the terms and conditions of the decumulation / pay-out phase at least.</li> </ul> <p><input type="checkbox"/> The worst European consumer market</p> <ul style="list-style-type: none"> <li>- We would like to remind the EU Authorities that the European Commission's Consumer Scoreboard repeatedly ranks pensions and investments as the worst consumer market of all in the whole EU. Therefore, it is critical that the PEPP design focuses first and foremost on regaining the trust of EU citizens as pension savers.</li> </ul> <p>Therefore, the PEPP project is a one-time opportunity to address the most critical and so far unsolved issue for the standard of living of future European pensioners. And at the same time improve the long term financing of growth and jobs, the objective of the EC "Capital Market Union" initiative. This is why Better Finance recently asked EU Commissioner Hill to consider adding short term priorities focused on savers and individual investors to the EC "CMU" project. As of today none of the five short term CMU priorities announced by the EC are focused on savers and individual investors. Better Finance wrote to the</p>	
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			<p>EU Commissioner that if only one priority was added it should be the PEPP.</p> <p>We praise the EIOPA for pushing this PEPP initiative that we wholeheartedly support, although we may differ on specific options/features EIOPA has selected so far.</p> <p>In a nutshell, like EIOPA we are for a PEPP that has a "KISS" (simple and short), low cost and performing default investment option, balanced with a bare minimum of constraints and bans. Otherwise it would fail to attract a lot of European citizens.</p>	
16.	BIPAR	General comment	<p>Introduction:</p> <p>BIPAR welcomes the opportunity provided by EIOPA to comment on the consultation paper on the creation of a standardised Pan-European Personal Pension product (PEPP).</p> <p>BIPAR is the European Federation of Insurance and Financial Intermediaries. It groups 52 national associations in 30 countries. Through its national associations, BIPAR represents the interests of insurance agents and brokers and financial intermediaries in Europe.</p> <p>Insurance and financial intermediaries facilitate the insurance and financial process for several hundreds of millions of customers. The variety of business models, the high level of competition and the geographical spread in the sector ensure that everyone in Europe has easy access to tailor-made insurance and financial services. In most EU members states insurance and financial intermediaries are active in the area of personal pension products. Thanks to their personal relationship with their clients, insurance intermediaries have good insight in the personal and specific needs of their client when it comes to personal pension products.</p> <p>BIPAR is in favour of an integrated European insurance and pensions</p>	



			<p>Single Market that is diverse and competitive, where consumers could benefit from a wide choice of innovative products at competitive prices and where service providers could operate in an efficient legislative environment that enhances their competitiveness and that continues to offer consumer protection. BIPAR also welcomes any concepts that are designed to improve pension provision coverage and concepts to help achieve more investments in the European economy.</p> <p>Executive summary:</p> <p>Even though BIPAR is not against a second regime per se, we are not convinced of the added value that the concept of a second regime for a PEPP could bring.</p> <p>As explained in more detail in our responses to the questions of the consultation paper, we are surprised by the paper’s approach to distribution channels, in particular to intermediaries and to advice. We are surprised to see that EIOPA seems to favour a model for distribution, in casu a model without advice, sold over the internet in the case of “PEPPs”.</p> <p>We are of the opinion the internet is not a distribution channel but a</p>	<p>Please see chapter 5.2 of consultation paper on creation single market PPP of 1 Feb 2016 for analysis</p> <p>Disagreed, EIOPA does not intend to favour one distribution channel over the other. It merely is of the opinion that new distribution methods should be developed, provided these do not lead to consumer detriment</p> <p>Partially agreed</p>
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			<p>technique or means that is used by a variety of channels in a variety of ways and degrees. In this respect we rather believe that we should talk about internet-facilitated or internet-supported intermediation or distribution.</p> <p>We believe that even for a standardised pension product (if such a product could exist), at least personalised guidance (or a demands and needs test) is most probably appropriate and/or needed in order to match a "standardised" product with the specific situation (personal, social security, tax, patrimonium, etc) of the "complex" consumer.</p>	<p>in so far that the internet is a possible distribution channel</p> <p>Partially agreed, EIOPA envisages the PEPP default investment option to be a non-complex option however This has consequences with, e.g., regard to appropriateness tests needing to be applied or not. See consultation paper on creation single market PPP of 1 Feb 2016 (inter alia, chapter 2.3.2 and Annex VI)</p> <p>Agreed</p>
17.	Blackrock	General comment	<p>BlackRock supports the development of more comprehensive retirement savings within EU member states. The benefits that increased longevity brings will only be fully realised if individuals build up sufficient savings to generate an adequate retirement income. Pension sustainability rates vary significantly across the EU and we are</p>	

		<p>supportive of initiatives to increase these rates across the board. Most European pension regimes are designed around a tripartite provision from the State, employer and employees but the allocation of liabilities differs significantly by country and by sector. The success of the Pan-European Pension Product (PEPP) will depend on whether it can meet specific savings gaps in national regimes. It is in this context that we have examined the proposals from EIOPA.</p> <p>We should not underestimate the cultural change required for individuals to take greater responsibility for their retirement. It is essential that individuals are supported by:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> consistent policies, effective incentives to save and the buffer of the state pension provision provided by national Governments,</li> <li><input type="checkbox"/> an easy to use administrative framework, as well as engagement from employers who will continue to be key interface between individuals and pensions, especially in jurisdictions where employers are able to contribute to personal pensions e.g. through matching contributions, and</li> <li><input type="checkbox"/> well-designed, transparent products and comprehensive advice and guidance to empower individual participation provided by product providers and advisors.</li> </ul> <p>EIOPA's focus is very much on this third element. We believe that the first two elements are also key to determining whether a standardised PEPP will be a success. In this introduction we draw out a number of key elements for further consideration by EIOPA.</p> <p>1. Demand for a second regime PEPP</p> <p>We believe that further analysis of the likely demand for the PEPP on a country by country basis, with an appropriate break down by specific</p>	<p>Agreed, for the analysis done by EIOPA please</p>
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		<p>segments of the population is needed to identify those who will most benefit from the PEPP. In that way appropriate features both in terms of structure and distribution can be incorporated into the design of the PEPP. It is also important to consider which jurisdictions would most benefit from the provision of a PEPP, for example where there is not a strong, cost effective and competitive Pillar 2/3 regime. In some cases it may well be that boosting the local market and ensuring national pension provisions meets or exceed the standards of the PEPP will be more effective in boosting pension provision.</p> <p>It is essential to identify the relevant target market for the PEPP at this initial design stage. The UK Financial Conduct Authority's (FCA) post-implementation review of its Retail Distribution Review provides a useful analytical framework for looking at the population divided into categories, with analysis of their ability and willingness to save. This type of analysis at EU level would be invaluable in determining both the need for the PEPP and deciding on the key features of the PEPP.</p> <p>For more detailed examples of the research commissioned by the FCA, please see:</p> <ul style="list-style-type: none"> <li>□ the FCA Consumer Spotlight model on page 12 of the Towers Watson report at <a href="http://www.fca.org.uk/static/documents/research/advice-gap-analysis-report.pdf">http://www.fca.org.uk/static/documents/research/advice-gap-analysis-report.pdf</a></li> <li>□ analysis from the NMG report for the FCA at <a href="http://www.fca.org.uk/static/documents/research/impact-of-rdr-consumer-interaction-retail-investments-market.pdf">http://www.fca.org.uk/static/documents/research/impact-of-rdr-consumer-interaction-retail-investments-market.pdf</a></li> </ul> <p>From our own initial analysis there is potentially some interest from multinationals who wish to rationalise their existing workplace</p>	<p>see section 1.1 of consultation paper on creation single market PPP of 1 Feb 2016</p>
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		<p>schemes. This very much emphasises the need for engagement with employers looking to rationalise their existing Pillar 2 provision with a more flexible cross-broder offering such as may be provided by the PEPP. As such, we would emphase that the PEPP cannot purely be considered as a pure Pillar 3 product.</p> <p>2. Distribution</p> <p>We support EIOPA’s aim to ensure that the PEPP is distributed in as cost effective a way as possible. We agree that internet-based advice may offer benefits, if properly designed, especially in relation to default fund options. We do, however, believe it would be unwise to neglect existing distribution chains. Pension products are designed to lead to income provision in the long term, often in excess of 40 years, and benefits such as tax relief are dependent on individuals being prepared to lock their investments away. If PEPPs are simply sold alongside other more flexible savings products they will not be able to compete.</p> <p>Detailed analysis of who is going to distribute and sell the PEPP is essential to its success. We believe workplace engagement is key. We welcome the suggestions for well-designed default products but it remains far from clear as to what standards of advice and guidance will be needed. As such, it needs to be very clear as to what rules apply to individual participants along the distribution chain. For example we do not believe that employers will be supportive (e.g. by setting up payroll deductions) if they risk having an unclear duty of care imposed on them for the sale of the product.</p> <p>The EU has recently completed negotiations on upgrading the standards of advice and guidance for investment products under MiFID 2 and the IDD. It is uncertain as to how the standards of advice under these two directives will be applied across to the distribution of PEPPs.</p>	<p>Agreed, EIOPA does not exclude existing forms of distribution in so far that the internet is a possible distribution channel</p> <p>Agreed, please see EIOPA’s analysis on this topic in chapter 2.3.1 and Annex IV of the consultation paper on creation single market PPP of 1 Feb 2016</p>
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		<p>As such there needs to be a detailed mapping process to determine what standards apply where and indeed whether the MiFID advice standard is the one that should be applied to a PEPP. If the advice needed is too complex, then costs may rise or the PEPP will be excluded from default product offerings with the risk that certain cohorts of the populations will be disincentivised from using the PEPP as a vehicle to save for their retirement.</p> <p>3. Duty of care and safe harbours</p> <p>There is a confusing approach to the duty of care and the ability to sell the product without advice. If the PEPP is sold through an intermediary or through the workplace as is the case for the majority of pensions, the provider will not know who the end investor is, and so imposing too specific a duty of care could be fraught with difficulty if the provider providers does not have access to the details of an individual's specific circumstances.</p> <p>The MiFID product governance regime applies the concept of theoretical target market analysis for product providers and actual target market analysis on the intermediaries, who have actual knowledge of individual clients. The regime proposed by EIOPA appears to be different. The proposed duty of care is problematic in that it potentially diverges significantly from the MiFID analysis. This is why looking at concepts such as the FCA Consumer Spotlight regime matters, as it seems to be more appropriate to design a target market analysis around specific types of consumers rather than around an individual duty of care.</p> <p>The fact that certain PEPPs can be sold without advice indicates a type of safe-harbour regime for certain PEPP. It will be important to clarify whether there is any additional ongoing duty of care when a default</p>	<p>See previous resolution</p> <p>Disagreed, please see blue box on p. 42 and ch. 2.3.2 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, please see EIOPA's analysis on this</p>
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		<p>product has been defined. As mentioned above, it is unclear as to the identity of the distributor of PEPP or indeed what constitutes marketing of a PEPP. Where auto-enrolment systems are not in place, employers are key to distribution of pensions and if employers, as generally unregulated entities, believe they have any form of onerous duty of care imposed on them the product will not be viable.</p> <p>In the US the Department of Labor recently consulted on a similar issue when it proposed to extend a fiduciary standard of care across the sale of retirement products. There are many similar concepts in regard to the imposition of a standard of care and we draw EIOPA's attention to our response in this regard.</p> <p><a href="http://www.blackrock.com/corporate/en-fi/literature/publication/dol-definition-of-fiduciary-conflict-of-interest-proposed-rule-072115.pdf">http://www.blackrock.com/corporate/en-fi/literature/publication/dol-definition-of-fiduciary-conflict-of-interest-proposed-rule-072115.pdf</a></p> <p>4. Regulatory regime for PEPP providers.</p> <p>There are a number of underlying solvency type regimes with references to guarantees and the cost of guarantees – this seems to assume an insurance-based investment model. Guarantees are expensive to provide and there are a number of different investment options which could also work based on an asset management model.</p> <p>5. Administration.</p> <p>Many of the concepts such as portability and cost effectiveness demand a clear focus over how the product is going to be administered.</p>	<p>topic in consultation paper on creation of single market PPP of 1 Feb 2016 (ch. 2.3.2 and 3.1.1)</p> <p>Agreed</p> <p>Agreed</p>
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		<p>Tax administration</p> <p>It is essential to minimise the costs of tax reporting incurred by funds and thus by end-investors. We believe that it would be advantageous to leverage parallel EU initiatives to simplify tax reporting at a European level. For example, Treaty Relief and Compliance Enhancement (TRACE), Common Reporting Standard (CRS) and other initiatives could be leveraged to establish a common reporting standard and significantly reduce the cost of tax compliance. Similarly, the use of a single or a minimal number of central administrative platforms to settle deals and provide member reporting would keep costs down.</p> <p>Settlement</p> <p>Another key consideration will be how best to deliver cost-effective solutions whilst meeting national specificities. The ability to invest in non-Euro national currencies will be psychologically important for citizens in member states outside the Eurozone. This will de facto encourage national personal pension solutions unless comprehensive and cost effective currency hedging can be put in place. However, the greater the number of variants, for example through different currency exposures, the more expensive a cross-border PEPP will be. A common settlement hub could potentially help to address this and encourage portability if an individual changes currency zone.</p> <p>Long term support for a pan European administration platform</p> <p>One of the challenges of a second regime is that while from an investment and authorisation regime it can run in parallel to existing national regimes, any administration platform used to support the PEPP will need to be able to meet national tax reporting standards. Without</p>	<p>Noted</p> <p>Noted</p> <p>Partially agreed, although the issue of taxation</p>
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			<p>common reporting standards or principles of taxation of personal pensions, there will need to be considerable development costs in managing a system where the pension is portable and where an individual's tax status changes as they move from jurisdiction to jurisdiction. Our experience is that the operation of an administration platform requires a high degree of certainty to minimise operational risk and high volumes to make it economically viable and support the ongoing development costs. At this stage without greater clarity on the target market and the volume of sales we believe that pure private sector initiatives may be focussed on providing the necessary administrative support in specific countries as a bolt on to existing national regimes rather than the building the support necessary for a pan-European offering.</p> <p>We recommend further analysis by EIOPA and the Commission on the feasibility of a public private partnership to develop a common European administrative platform and provide the sponsor support necessary to build up the necessary infrastructure. Involving member states in this design would bring benefits as it would provide a natural forum to address national barriers in the implementation and design of a common platform, many of which are only likely to become apparent once the legislation is in place.</p>	<p>does not lie within EIOPA's remit</p>
18.	Bund der Versicherten e.V. (BdV – German Associati	General comment	<p>We strongly support the European authorities initiative to create an PEPP.</p> <p>A critical need</p> <p>The need is critical and is increasing and will continue to increase as :</p> <ul style="list-style-type: none"> <li>-EU citizens live longer,</li> <li>-State-run pension systems delivers less and less benefits,</li> <li>-Occupational pension plans do not cover all citizens, switch more and more from DB to DC, passing on the investment and longevity risks to</li> </ul>	<p>See resolutions in row 15</p>

		<p>employees and former employees,</p> <p>-More and more EU citizens have fragmented professional lives, are more often employed by small enterprises, or are more self-employed and therefore less covered by occupational pension plans where they exist.</p> <p>-Throughout their professional lives more and more EU citizens will change their places of residence not only in the same member state but by cross-border moves and/or migration from one state to another.</p> <p>An unfilled need today</p> <p>Today, there is no Pan-European personal pension product, and too little has been done since the 2007 EC Green Paper on retail financial services which already rightly identified the protection of pension savers as one of the most critical retail financial user protection issues.</p> <p>Current costs and charges are not properly and entirely disclosed and often too high overall, in order to provide a decent long term return, transparency, complexity, fragmentation</p> <p>The actuarial methods of the calculation of biometric risks (longevity and death risk) have to be standardized and fixed by the terms and conditions of the decumulation / pay-out phase at least.</p> <p>The worst European consumer market</p> <p>We would like to remind the EU Authorities that the European Commission's Consumer Scoreboard repeatedly ranks pensions and investments as the worst consumer market of all in the whole EU. Therefore, it is critical that the PEPP design focusses first and foremost on regaining the trust of EU citizens as pension savers.</p> <p>The PEPP project is a one-time opportunity to address the most critical and so far unsolved issue for the standard of living of future European pensioners. And at the same time it may improve the long term financing of growth and jobs, the objective of the EC "Capital Market</p>	
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			<p>Union” initiative. This is why Better Finance recently asked EU Commissioner Hill to consider adding short term priorities focused on savers and individual investors to the EC “CMU” project. As of today none of the five short term CMU priorities announced by the EC are focused on savers and individual investors. Better Finance wrote to the EU Commissioner that if only one priority was added it should be the PEPP.</p> <p>We praise the EIOPA for pushing this PEPP initiative that we wholeheartedly support, although we may differ on specific options/features EIOPA has selected so far. In a nutshell, like EIOPA we are for a PEPP that has a “KISS” (simple and short), low cost and performing default investment option, balanced with a bare minimum of constraints and bans. Otherwise it would fail to attract a lot of European citizens.</p> <p>“Trust is the word”, as Gabriel Bernadino said at EIOPA conference on PEPPs on 7 September 2015 in Frankfurt. PEPPs are not only an investment product, for in some individual cases the duration of the pay-out phase may be as long as the contribution phase or even longer. In order to strengthen the trustworthiness of PEPPs, the pay-out phase ought to be taken into consideration as well.</p>	Agreed
19.	Cardano Risk Management	General comment	<p>The consultation document outlines the ambition to create a simple product that can be sold in all EU member states. The idea is to create a new PEPP (European Personal Pension Product) authorisation regime that will facilitate consumers to start saving for an adequate retirement income. We agree that this is a good approach, and if implemented in a good way, this could benefit those EU citizens who do not have access to occupational pension via their employer and cross-border workers.</p> <p>Disconnect between decumulation and accumulation</p>	Partially agreed,

		<p>The main shortcoming of the PEPP consultation paper is that the accumulation phase is disconnected from the decumulation phase. The consumer must first determine what type of retirement solution they require (i.e. decumulation phase). Only then it is possible to define risk and determine how to invest the saving in the accumulation phase.</p> <p>EIPOA does not have a clear definition of 'a good retirement savings product' in the consultation document. There are two implicit definitions in the consultation document.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> In 3.3.3. it says that the product should be "specifically tailored to provide citizens with an income". In such product the ideal 'safe' asset could be an inflation linked government bond with long duration. Risk is defined as deviating from this 'safe' asset.</li> <li><input type="checkbox"/> In 3.1.5. it says that the product should "invest long-term thus potentially maximising their investment savings". This suggests that the objective is to maximise a retirement pot, which means that the 'safe' asset would be cash. Risk is defined as deviating from this 'safe' asset.</li> </ul> <p>If the accumulation product aims to grow the pension pot and the consumer opts for buying a nominal annuity at retirement then the consumer is faced with a large conversion risk. This problem was identified in the consultation document. But this problem only occurs because there is no overall design connecting the accumulation phase to the decumulation phase. This design flaw also leads to agency issues. The PEPP provider leaves this problem in the hands of the consumer. But at the point of retirement, the individual consumer has limited means to deal with this problem. This breakdown between accumulation phase and the decumulation phase illustrates the weakness of the PEPP consultation documentation.</p>	<p>EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase.</p>
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			<p>Prescriptions are based on today's common practice</p> <p>Many of the prescriptions proposed in the consultation document are based on common practice today. This does not necessary means that it will be best practice for the future. In our response to this consultation, we outline several shortcomings with the prescriptions in the consultation document.</p> <p>Consumer protection</p> <p>The PEPPs will be sold in the retail market directly to consumers. Retirement saving products can only be evaluated at the end of the consumer's life cycle. Therefore it is important that consumers are protected. In our view this requires the following criteria:</p> <ul style="list-style-type: none"> <li>i. Delivering adequate retirement income,</li> <li>ii. Robustness against financial market instability,</li> <li>iii. Affordability.</li> </ul> <p>This puts a lot of responsibility on what design that would be prescribed in a PEPP authorisation regime. It is clear that if there are long periods with adverse market outcomes, then a default investment life cycle strategy between stock and bonds will not be able to fulfil criteria i and ii. In that case it does not matter for the consumer if the product had low costs and/or charges (criteria iii).</p>	<p>Partially agreed, EIOPA believes PEPPs should be evaluated/supervised during the accumulation and decumulation phases also. The goal of adequate evaluation and supervision during this phase also aim to meet criteria i – iii mentioned by the stakeholder. Please see, e.g. p. 69 of the consultation paper on single market for PPPs of Feb 2016 ("To build a robust....." and onwards)</p>
20.	Community Life GmbH	General comment	<p>Dear Sirs,</p> <p>Community Life would like to use the opportunity and comment on the Consultation Paper ("CP") on the creation of a standardized Pan-</p>	

		<p>European Personal Pension product ("PEPP") as follows:</p> <p>Background</p> <p>Community Life is a fully digital, direct-to-consumer, life insurance proposition that launched into the German market in late February 2015. Community Life takes a distinct and innovative approach to life insurance to meet the expectations of digital customers: online convenience, maximum transparency and excellent value. Using technology for the benefit of customers is a core part of Community Life's vision. Its two launch products are easy to understand term life and disability insurance adapted to the online world. Community Life developed these products in co-operation with a cross-border life carrier with whom Community Life has entered into a distribution and TPA agreement. Community Life intends to extend its offering to other products and to other EU markets in the future.</p> <p>On Community Life's German website, the customer process takes place on an end-to-end digital basis, i.e. customers can conclude and self-administer their policies through the company's online platform. Community Life conducts the conclusion and administration of its product offering, including all policy documentation, exclusively through the customer's secure self-service area. Next to an online advice tool, qualified insurance staff assist customers via phone or chat. For further details please refer to <a href="http://www.communitylife.de">www.communitylife.de</a>.</p> <p>Community Life GmbH ("Community Life") is an insurance intermediary duly registered as a multi-tied agent under the laws of Germany.</p> <p>This paper answers selected questions of the CP from the point of a digital intermediary. The numbers in bracket relate to the respective paragraphs of the CP. We thank you for considering our comments.</p>	
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			<p>We fully support this important initiative to provide people within the EU the benefits of a Single Market for retirement savings.</p> <p>Envisaged key objectives of the CP and parameters of the PEPP</p> <p>We understand that EIOPA intends to achieve the following objectives through the PEPP.</p> <ol style="list-style-type: none"> <li>1. Diversification of providers through a multi-pillar approach (1.4/3.1.6.)</li> <li>2. Addressing consumer protection issues which arise from principal-agent problems and information asymmetry (1.4.)</li> <li>3. Improved transparency and comparability of pension products (1.4.)</li> <li>4. Opportunity for providers to target wide sections of the European population with the aim to achieving cost effectiveness (2.2.2.)</li> <li>5. Removing existing barriers to cross-border business ensuring a level playing field for all providers (3.1.6.)</li> <li>6. To achieve these objectives, PEPPs shall be simple, transparent, cost effective, trustworthy, well governed (the "PEPP Features")</li> </ol> <p>General comments</p> <p>Community Life strongly supports the PEPP Features and the underlying rationale of the CP to aim at a standardized product and a customer centric approach. Community Life also shares the view that the internet will be the predominant way of selling insurance in the future.</p>	
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			<p>However, Community Life is of the opinion that a sustainable PEPP should be more standardized than currently suggested in order to achieve the key objectives. Whilst the CP deals with a couple of important investment related aspects, it would appear that other critical aspects which are already obstacles for cross-border business today have not yet been investigated with sufficient granularity. In particular, this holds true for the issue of general good provisions and taxation. We note that the latter is repeatedly mentioned in passing (3.1.3/3.6.11/4.2.10.40) but is not identified as an actual obstacle for the key objectives.</p> <p>Finally, the CP Paper does not focus on decumulation. We are of the view that a consumer centric approach requires more guidance regarding decumulation.</p> <p>Answers to selected questions</p> <p>In light of the key objectives and the general comments, we would like to answer selected questions of the CP as follows:</p>	<p>Agreed, please see p. 59 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Partially agreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase.</p>
21.	Deutsche Aktuarvereinigung (DAV) – German Associat	General comment	<p>The Deutsche Aktuarvereinigung (DAV) is the German association of actuaries and in this capacity appreciates the opportunity to comment on the “creation of a standardised Pan-European Personal Pension product (PEPP)”.</p> <p>DAV welcomes EIOPA’s aspiration to develop PEPP products as long-term savings products to provide consumers with a possibility of old-age provision which at product level harmonises the minimum requirements providers have to fulfil in all EU Member States. It will certainly strengthen consumer protection if consumers can trust that</p>	



			<p>the future range of PEPP products meets well-defined basic criteria to ensure that the chosen PEPP will serve their interest.</p> <p>Actuaries have a rich experience in designing and calculating product solutions for old-age provision. Moreover, experience with a similar product solution, the German Riester Pension, give a sound background on which our subsequent comments are based.</p> <p>In brief, our main recommendations are:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> instead of developing a stand-alone authorisation requirement PEPP providers should be subject of one of the existing authorisation regimes</li>   <li><input type="checkbox"/> the main target of PEPP should be an adequate level of income in retirement.</li> <li><input type="checkbox"/> as a consequence, a focus on long-term investments appears reasonable</li> <li><input type="checkbox"/> a life-long annuity should be the default option for the decumulation phase</li>   <li><input type="checkbox"/> a minimum guarantee will contribute to limit investment risk</li> </ul>	<p>Agreed, please see p. 66/67 and onwards of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed</p> <p>Disagreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase.</p> <p>Partially agreed, a minimum return guarantee will limit investment risk</p>
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			<input type="checkbox"/> an additional biometric risk cover should be possible to take into account the increasing longevity of consumers in the EU	<p>but will also have an impact on upward potential of investments</p> <p>Agreed, this is the reason why EIOPA believes it should be possible for a PEPP provider to offer biometric risk covers</p>
22.	Deutsche Bank	General comment	<p>A European product that follows simple rules would be of great help to bridge complexity that today hinders a lot of people working across different countries within the European Union to take care for their pension.</p> <p>From our perspective this kind of product should fulfil the following criteria:</p> <input type="checkbox"/> incentive for take-up via tax deferral or direct subsidies tied	<p>Agreed, PEPPs and existing personal pension products that meet national tax requirements should receive equal tax treatment</p>
			<input type="checkbox"/> defined contribution; life long annuity not earlier than 60 year of age (including protection of family)	Noted
			<input type="checkbox"/> no guarantee requirements for underlying investments in the accumulation phase (but definition of maximum risk)	Agreed

			<input type="checkbox"/> open to all customers (self employed as well as employees)  <input type="checkbox"/> allow for flexible payments as well as regular premiums	<p>Agreed, the PEPP is a 3rd pillar retirement product however</p> <p>Noted</p>
23.	EFAMA	General comment	<p>EFAMA welcomes the opportunity to respond to the EIOPA's Consultation Paper on the creation of a standardized pan-European Personal Pension Product (PEPP). Widening the opportunity for European citizens to make provision for their retirements via long-term investment will facilitate better outcomes both for savers and the wider European economy.</p> <p>EFAMA strongly supports the creation of a truly single market for personal pensions in the EU. While economies of scale exist – and should continue to be encouraged – in investment products such as UCITS, the current fragmentation of the market makes economies of scale harder to achieve in the personal pensions markets and limits the choice of products and providers.</p> <p>The creation of a PEPP would open the door to scale economies and therefore reduce costs and provide better returns to consumers. The PEPP would help achieve a more competitive domestic environment for personal pensions, enhancing the choice between different types of pension products and providers. It would also improve the portability of pension savings across Europe and simplify the life for people moving from one Member State to another.</p> <p>The PEPP would strengthen the three-pillar pension system in place in</p>	<p>Agreed</p>

		<p>Europe and diversify the risks inherent to the three pillars. Along with occupational pensions, personal pension savings can help reduce the pension gap and contribute to the objective of achieving an adequate and sustainable retirement income for EU citizens in the future.</p> <p>EFAMA agrees that the goal should not be to harmonize all types of existing personal pension products. Instead, the aim should be to create a simple, highly standardized, cost-effective and trustworthy product that could be offered across Europe thanks to an EU passport.</p> <p>While we understand EIOPA's wish to strike a balance between rules that will be standardised at EU level and rules of general good that will remain country specific, we would like to stress the importance of achieving a highly standardized product to avoid gold plating by Member States that would put the overarching goal of the project at stake. This is a necessary condition for the single market for PEPPs to work properly.</p> <p>EFAMA believes that a single tax regime for PEPPs would be worth considering. We believe that a common TEE tax regime for PEPPs could facilitate both the cross-border activity of PEPP providers and the portability of the PEPP for mobile consumers. It is also our understanding that a TEE PEPP is more likely to get the support from national governments as payments are made from tax income and governments would not be affected once people change residence as they would in a EET regime.</p> <p>Thanks to their expertise in developing investment options and managing defined contribution retirement savings products, asset managers are ready to play an important role in the market for PEPPs. Their experience in cross-border business will also help them taking a leading role in the promotion of their PEPPs on a cross-border basis.</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed, Taxes are not within EIOPA's remit. EIOPA believes that PEPPs that meet the criteria for receiving beneficial tax treatment in Member States, should not be discriminated against.</p>
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			<p>Drawing on the experience of asset managers, and the OECD roadmap for the good design of defined contribution pension plans, we consider it important that the PEPP provides choice between investment options with different risk profiles and investment horizons. We agree that the problem of choice can be addressed by specifying a default option for individuals who are unable or unwilling to make investment choice. And we strongly support the use of a life-cycle strategy with de-risking as the default investment option of a PEPP.</p> <p>Finally, EFAMA considers that the PEPP should be seen as an integral part of the European Commission's goal of building a Capital Markets Union (CMU). Today, the proportion of (euro area) household financial wealth held in bank accounts (42 percent) is far from optimal. The PEPP has the potential to boost the flow of retail savings into capital markets and therefore the provision of long-term stable funding to the EU economy. A more diversified allocation of savings would also increase the likelihood of obtaining higher returns, especially considering the long-term investment horizon of retirement savings.</p>	<p>Agreed, please see p. 55-58 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed</p>
25.	European Association of Paritarian Institutions (A	General comment	<p>The European Association of Paritarian Institutions (AEIP) represents the social protection institutions jointly established and run by the Social Partners. Today, AEIP has 27 members (mostly retirement schemes) in 18 European countries, and it covers, through its members, about 75 million European citizens and € 1.3 trillion in assets.</p> <p>AEIP welcomes the opportunity to comment on EIOPA's Consultation Paper on the creation of a standardised Pan-European Personal Pension Product (PEPP).</p>	<p>Agreed, EIOPA's PEPP initiative does not seek to override Member</p>

			<p>While emphasizing that the so-called “first pillar” remains the largest part of retirement coverage in most Member State, we support the general aim of having multi pillar pension systems in the EU and the development of a strong EU framework of supplementary pension savings.</p> <p>Such a framework, however, should respect the Member States’ competence of organizing their pension systems, it should clearly differentiate between the three pillars and it should safeguard the smooth functioning of those national pension systems that already ensure to workers adequate, safe and sustainable pensions.</p> <p>We would like to stress that the European Commission (COM) and EIOPA should refrain from any action that might lead to discourage occupational pensions and they should ensure that any new rules on Personal Pension Products (PEPPs) do not represent an obstacle to well-functioning pension systems. A highly-standardized PEPP runs the risk of unsettling the balance between the pillars of the 28 different national retirement provision policies.</p> <p>As for the scope, the data reported in Chapter 2 include assets related to the so called 1st pillar bis schemes and to UK group personal pensions. AEIP believes that the 1st pillar bis personal pensions should be excluded from the scope of this consultation. Indeed, 1st pillar bis schemes are directly related to national social security schemes on which EU has no competence.</p>	<p>States’ competence to organise their pension system, discriminate against a specific pension pillar or to have a detrimental effect on current, functioning systems</p> <p>Agreed, the PEPP initiative does not seek to discourage 2nd pillar retirement saving. The PEPP aims to be an alternative for existing personal retirement savings only</p> <p>Agreed, please see the consultation paper on creation single market PPP of 1 Feb 2016 (p. 11, top of page)</p>
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			<p>Against this background, an important goal of EIOPA should in our view be to ensure an adequate definition of a PEPP, in which PEPP will be clearly distinguished from 2nd pillar occupational pension schemes. A PEPP is according to AEIP a 3rd pillar product and as such in no way comparable to occupational, work related pensions.</p> <p>In the consultation paper the PEPP is defined as a “personal retirement savings product” (3.1.2), distinguished from regular financial products, and as a product “established on the basis of individual participation sold on a retail basis”(1.8). On the contrary, occupational pension schemes, even when they are realized by products sold on a retail basis, don’t have a financial nature, but are rather work related plans, mainly based on social agreements between employers and employees. We believe that any pension scheme linked to a context of occupational activity as referred to in article 6, sub a of the IORP-directive shall be considered part of the second pillar. In this context, it is up to each Member state to give a definition of what a pillar is. In practice, occupational pension schemes or IOPRS are aligned to the so called “second pillar”. Therefore, the presence of any context of occupational activity should be the key factor used to distinguish second and third pillar pension schemes. A more punctual definition of Personal Pension Plan is the one included in the glossary developed by the OECD.</p> <p>AEIP believes that, when considering to strengthen complementary retirement savings (as it is the intention of the COM according to its White Paper “An Agenda for Adequate, Safe and Sustainable Pensions”), a further development of funded occupational pension schemes in Member States would be more advisable, as they have clear advantages compared to PPPs.</p> <p>In addition, we would like to underline that the further development of</p>	<p>Agreed, please see previous resolution</p>
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			<p>occupational pensions in the EU would not only be advisable in order to provide EU citizens with adequate and sustainable pensions, but could certainly also contribute to a reinforcement of well functioning European capital markets. In this respect, the Commission should take into account that funded occupational pension schemes are by nature very well suited to serve as providers of long-term capital. This can be considered as an important advantage of these schemes, especially when compared with personal pension products - as such products are often characterized by high degrees of freedom of choice for consumers and the possibility to shift from one risk profile to the other and from one provider to the other. As a result, capital related to these personal pensions will in general be less suitable for long-term financing. From our point of view, the PEPP's pensionable age/age of decumulation should not be lower than in MS, so that it would not create a new early exit route.</p> <p>Therefore, the Commission, in our view, should not primarily attempt to develop a single market for personal pension provision, but should rather focus on further spreading occupational pensions in Europe and supporting the exchange of best practices in this respect. In our view, the first and second pillar – should provide the bulk of retirement income, while the third pillar could be a useful instrument to further top up the retirement income, thus contributing to securing the future adequacy and sustainability of pensions.</p> <p>We would like to stress that if the Commission would pursue the idea of a "2nd pension regime", it is important to test the demand and also to elaborate further on the reasons why such a system is deemed needed in addition to the many personal saving products already existing.</p>	<p>Agreed, please see EIOPA's analysis with regard to expected demand in ch. 1.1 of the consultation paper on creation single market PPP of 1 Feb 2016</p>
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			<p>Finally, we would like to express our concerns in relation to EIOPA's approach in focusing its efforts in just one of the three legal approaches considered by the European Commission in its Call for Advice (CfA) of 23 July 2014. Taking into account that the CfA states that "EIOPA should consider that the Commission Services will continue to consider at least the following [3] legal approaches", we wonder if limiting the scope of the consultation paper to only one of these approaches on the basis of the CMU Green Paper (that include the words "for example") is the right option. Even considering the agreement of the COM on such a choice, AEIP would suggest to conduct a thorough and comprehensive Impact Assessment on each of the approaches before any possible legislation on Private Pension Products is proposed.</p>	<p>The Jul 2015 consultation focussed on one of the 3 options the COM asked EIOPA to investigate. Please see – inter alia – ch. 5.2 and Annex I of the consultation paper on creation single market PPP of 1 Feb 2016 where this analysis is included</p>
26.	European Federation of Financial Advisers and Fina	General comment	<p>FECIF fully agrees with the Commission's intent to increase the amount of savings that EU citizens can accumulate for their retirement. FECIF needs to state, however, that it is pivotal to: (i) strictly maintain a level playing field with other similar financial products (MiFID II, IDD, PRIIPs) and (ii) avoid ""experimenting"" with features proven unsuitable in previous experiences.</p> <p>This means that:</p> <ul style="list-style-type: none"> <li>- The regulation should be strictly distribution-neutral and not tailored in favour of any distribution channel. FECIF understands the intent to enable an increased number of consumers to maintain their finance online, but it should be taken into account that in the whole EU area, the vast majority of financial products are distributed via non-digital distribution channels (branches, advice etc) and the share of e-sales is only slowly changing (additionally, personal savings is definitely a</li> </ul>	<p>Agreed</p> <p>Agreed, EIOPA believes however that new methods of distribution will</p>

			<p>“push product”). Favouring this channel, and hampering the traditional ones, could therefore severely damage the PEPP itself and undermine the original EC idea.</p> <p>- Regarding the very construction of the PEPP framework, it is extremely important to review the experiences that Member States have found due to their own individual pension reforms. For example, in 2013 the Czech Republic experience indicates, among other findings, that:</p> <p><input type="checkbox"/> a guarantee of no loss (“black zero”) inhibits any potential of higher yield, including simply higher than inflation,</p> <p><input type="checkbox"/> default life-cycles can prohibit investors from obtaining personally necessary higher yields, particularly in later years,</p>	<p>(or have already) developed in some Member States. EIOPA does not favour any distribution method, but believes innovation in the field of distribution can significantly reduce costs.</p> <p>Partially agreed, a significant group of consumers might favour a product with a guarantee and in some Member States offering a return guarantee is obligatory</p> <p>Partially agreed, although EIOPA envisages a PEPP where offering investment options besides default/core investment options is</p>
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			<p><input type="checkbox"/> a low cap on charges and costs inhibits competition and distribution, leading to very limited penetration within the population,</p> <p><input type="checkbox"/> even very standardised and simple products (such as the previous Czech pension savings product – penzijní připojištění) is often not contracted efficiently via the internet, advice is still crucial in many instances.</p>	<p>possible. A switch from the default option to an investment option that might generate higher yield is not prohibited.</p> <p>Partially agreed, although EIOPA believes capping charges might – as a last resort – prove to be necessary. For analysis please see – inter alia – p. 54 and onwards of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, in the sense that EIOPA aims to prevent this risk from materialising by strictly regulating disclosure during the distribution phase (and</p>
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			<p>We strongly recommend that a detailed review of national experiences with pension products/reforms is conducted, before creating a definite PEPP proposal. FECIF also stresses that regulation should create a neutral environment for market innovators, and should not aim to stimulate innovation itself.</p> <p>The last concern is that much of the EU infrastructure and large projects rely on funding by pension funds. If the EU switches from corporate schemes to favour the PEPP then the ““guaranteed, no-loss”” type of fund or any other investment restrictions keeping such a plan suitable for individual / retail markets could distort and dry up capital funding for many projects.</p>	<p>beyond) and adding PEPP product characteristics that would not require the current, traditional form of advice</p> <p>For the analyses carried out by EIOPA please see ch. 1.1 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Disagreed, EIOPA does not favour a specific pension pillar over the other and believes that the PEPP can serve as a supplementary provider of long-term capital</p>
27.	European Financial Congress	General comment	General comments of the European Financial Congress developed in collaboration with the Committee on Financial Sciences of the Polish Academy of Sciences in relation to the European Insurance and Occupational Pensions Authority’s Consultation Paper on the creation of	

			<p>a standardised Pan-European Personal Pension product (PEPP)</p> <p>There are doubts about the reasonableness of the proposed introduction of a Pan-European Personal Pension product and there is concern about the possible effects of such a move.</p> <p>a) Cross-border marketing of a pan-European pension product may be a threat to a country which is responsible for its own fiscal stability, including the discharge of its public pension system obligations, and which is responsible for the stability of its own financial system. If the scale of sales were to be large, that may give rise to outflows from the national capital market, which may adversely affect the conditions of access to capital for local small and medium-sized enterprises. Were, however, sales of the PEPP product to be made on a very small scale, it would not be worthwhile to introduce such a product, much less to develop new regulations as the basis for introducing it.</p> <p>b) Cross-border sales and advanced technological solutions may give rise to the dominance of the market by suppliers from specific countries (know-how advantage, taking advantage of minor cost or even tax differences). Thus, the introduction of a pan-European pension product will privilege suppliers from the strongest countries, e.g. the United Kingdom, the Netherlands, Germany or France. In addition, products which are standardised at the European level may not be sufficiently adapted to the needs of local consumers.</p>	<p>Noted</p> <p>Partially agreed, EIOPA believes however the PEPP is a simple product (that can also be offered on the national market only) that can be offered by providers outside the 'strongest countries' referred to by Stakeholder which could in turn act as a catalyst for providing PEPPs in other</p>
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			<p>c) Local suppliers of pension products voice concerns that the option to migrate to a PEPP product threatens the liquidation of local PPPs (Personal Pension Plans). Among other things, the rules of fair competition between pan-European and local distributors of pension products may be violated. Therefore, local firms are not interested in actively supporting the development of the PEPP.</p> <p>d) If new, as yet unidentified, capital market players are allowed to offer PEPP products, there will be a danger that new entities may be established solely for that purpose. Consumers will not be able to tell them from insurers or other suppliers of financial services.</p> <p>e) It may be difficult to introduce uniform PEPP regulations due to the use of various currencies on the EU market. It is impossible to guarantee a minimum return of 0% in GBP, EUR and PLN at the same time.</p> <p>f) Transfer of funds as part of cross-border sales only for the sake of tax benefits is a threat. Given the existing diversity of tax systems in place in EU member states, you cannot expect such systems to become completely unified. Therefore, it is necessary to introduce mechanisms to prevent the practice of transfer of funds for tax purposes only.</p>	<p>countries) Agreed, following this consultation EIOPA has developed the view that only EU regulated providers can offer the PEPP however</p> <p>Noted</p> <p>Agreed, although the topic of taxation does not lie within EIOPA's remit</p>
28.	Fairr.de GmbH	General comment	<p>Fairr.de GmbH is a Berlin based Start-Up whose first product offering is a German regulated private pension investment plan (Riester-Fondssparplan) that is cost efficient and genuinely transparent. Strictly no fees or commissions are paid by fairr.de at any point in the distribution process. The product is distributed exclusively online and in cooperation with truly independent financial advisors.</p> <p>Fairr.de applauds the initiative of EIOPA to push for a standardized</p>	Agreed

			<p>pan-European personal pension product that aims to resolve the problems of customer protection and information asymmetry which characterize most private pension products (PPPs) currently available and which are frequently exploited for profit by distribution organizations both dependent and independent of product providers.</p> <p>Moreover, we strongly encourage the sharp focus of EIOPA on resolving those behavioural constraints that prevent consumers from accumulating wealth through such products and believe that herein lies the key to unlock household savings and to make these funds available for productive investment in the European economy.</p> <p>It is for these reasons that we hope to see the Commission act soon on the Technical Advice as provided by EIOPA, and we would urge for Commissioner Jonathan Hill to fully adopt and swiftly implement the forthcoming proposal as a high priority und the Capital Market Union Initiative.</p>	
29.	Fédération Française des Sociétés d'Assurances (FFS)	General comment	<ul style="list-style-type: none"> <li>- FFSA welcomes that the proposed PEPP has been clearly identified as a personal retirement savings product with an inherent long-term nature, aiming to deliver a retirement income over the lifespan.</li> <li>- Pension products are defined by their objective to provide annuities income during lifetime after retirement. The protection of longevity risk must be considered and PEPP's design should include decumulation phase and insurance features.</li> <li>- From a consumer protection perspective, a 2nd regime PPP</li> </ul>	<p>Agreed</p> <p>Partially agreed, EIOPA has not proposed to standardise the form of decumulation</p> <p>Disagreed, following this</p>

			<p>should entail an appropriate level of security for policyholders. The PEPP should enjoy appropriate prudential treatment under the relevant framework (ie. Solvency II), taking account of the long-term nature of the product and the ability of insurers to manage market volatility in the long term. The same prudential standards should apply to all providers in order to guarantee a level playing field and to provide adequate income annuities to the retirees.</p> <p>- FFSA appreciates that the proposed design allows for existing national practices to be respected (eg. in respect to decumulation, advice, and minimum return guarantee) and maintains that is key for the success of the initiative that the PEPP adapts to the national context.</p> <p>However, we believe that such an initiative faces major challenges, particularly in light of close links not only to national competences (taxation, social and labour law structures) but also to existing European regulation (distribution rules). Besides traditional product oversight, FFSA wants to remind the supervisor on the strong impact this initiative would have on internal management strategies of insurance undertakings that is to be considered.</p>	<p>consultation EIOPA has developed the view that only EU regulated providers can offer PEPPs. As no stand-alone authorisation regime is envisaged, the actual scope of product elements a PEPP provider can offer may be limited</p> <p>Agreed with regard to examples mentioned</p> <p>Agreed, please see EIOPA's analysis with regard to these topics in the consultation paper on creation single market PPP of 1 Feb 2016 (inter alia, ch. 2.3)</p>
30.	Fidelity	General	General	



	International	comment	<p>FIL welcomes the opportunity to respond to this consultation.</p> <p>As well as answering the questions below we would add a number of overarching comments.</p> <p><input type="checkbox"/> We believe there should be not only a provider authorisation regime, but also a product authorisation regime.</p> <p><input type="checkbox"/> We believe the PEPP would best be based on the pan-European funds structures which are already proven ie, UCITS, AIFs ELTIFs. These structures have well-tested governance, risk and compliance rules and have detailed rules on the safety and custody of assets, see UCITS V.</p>	<p>Partially agreed, following this consultation EIOPA has developed the view that introducing a standalone authorisation regime might not be the best solution. Instead more focus is placed on introducing a product passport for PEPPs. Please see ch. 4.3 and onwards of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Partially agreed, although EIOPA envisages a PEPP where offering other</p>
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			<input type="checkbox"/> We believe the PEPP passport will be of use where people cross borders for work reasons, but will be of even more use as a gold standard against which other products are measured.	investment options possible is  Agreed
31.	Financial Services Consumer Panel	General comment	<p>The Financial Services Consumer Panel welcomes this opportunity to comment on EIOPA’s consultation on a future EU-wide personal pension product (PEPP).</p> <p>The Consumer Panel is an independent statutory body, which represents the consumer interest by advising and challenging the UK’s Financial Conduct Authority (FCA) on how its policy and rules affect consumers. The Panel represents the interests of all groups of financial services consumers.</p> <p>The emphasis of the Panel’s work is on activities that are regulated by the FCA, although it may also look at the impact on consumers of activities that are not regulated but are related to the FCA’s general duties (including the work of the European institutions).</p> <p>Towards a standardised Pan-European Personal Pension product</p> <p>The Panel understands the need for action to make pension products more transparent and accessible for consumers, and recognises that the demand for a ‘2nd regime’ for a PEPP product is likely to be beneficial to certain groups of consumers, especially where existing domestic markets are not well developed.</p> <p>However, the Panel is concerned that the regime as described in the consultation paper could increase the risk of consumer detriment. A parallel “2nd regime” could make it more difficult for consumers to make an informed choice in a very complex market by introducing different regulatory regimes for different types of personal pension products (PPPs) within individual Member States. Moreover, careful consideration will need to be given to the issue of taxation, which</p>	Partially agreed, PEPP needs to be simple to be properly understood.  Please see p. 59

			<p>would pose a significant obstacle in creating a product that can easily be traded cross-border (Commission Expert Group on European Insurance Contract Law (2014), Final Report.)</p> <p>While these challenges have already been identified by EIOPA, they are not substantively discussed in the consultation. We believe these will need to be explored in more depth prior to deciding whether legislation is needed to ensure a high-quality product that can benefit consumers across the EU.</p> <p>As regards the development of the product, the Panel would draw EIOPA's attention to the UK "Simple Products" initiative (<a href="https://www.gov.uk/government/news/simple-financial-products-a-step-closer">https://www.gov.uk/government/news/simple-financial-products-a-step-closer</a>) and Stakeholder Pensions (<a href="http://www.thepensionsregulator.gov.uk/employers/about-stakeholder-pensions.aspx">http://www.thepensionsregulator.gov.uk/employers/about-stakeholder-pensions.aspx</a>). Based on this experience, we would caution that it may be difficult to persuade firms to develop and market simpler and more transparent investment products.</p> <p>As regards the inclusion of the PEPP in the Capital Markets Union (CMU) initiative, the Panel would note that the provision of savings vehicles for European citizens which offer value for money and a decent income in retirement, and which are properly regulated and transparent, should never be a secondary consideration to the use of capital generated by these products.</p>	<p>and onwards of the consultation paper on creation single market PPP of 1 Feb 2016.</p> <p>Agreed</p>
32.	FSUG	General comment	<p>About FSUG</p> <p>The Financial Services User Group (FSUG) is an expert group set up by the European Commission following the core objective "to secure high quality expert input to the Commission's financial services initiatives from representatives of financial services users and from individual financial services experts". The mandate of the group is to:</p> <ul style="list-style-type: none"> <li>• advise the Commission in the context of the preparation of legislative acts or other policy initiatives affecting users of financial services, including consumers, retail investors and micro-enterprises;</li> <li>• provide insight, opinion and advice concerning the practical</li> </ul>	

		<p>implementation of such policies;</p> <ul style="list-style-type: none"> <li>• proactively seek to identify key financial services issues which affect users of financial services;</li> <li>• where appropriate, and in agreement with the Commission, liaise with and provide information to financial services user representatives and representative bodies at the European Union and national level, as well as to other consultative groups administered by the Commission, such as the European Consumer Consultative Group, the Payment Systems Market Expert Group, the European Securities Markets Expert Group and the Expert Group on Financial Education.</li> </ul> <p>General remarks</p> <p>The FSUG welcomes the EIOPA Consultation Paper on the creation of a standardised Pan-European Personal Pension product (PEPP) and strongly supports the European authorities initiative to create a truly EU-wide market for simple, well-defined truly personal long-term saving product for all EU citizens regardless of national restrictions and preferences.</p> <p>FSUG finds the topic of the consultation extremely important for strengthening competition among existing PPPs with the ultimate goal of securing adequate retirement income for all EU citizens.</p> <p>FSUG recognizes that the EU-wide long-term savings financial products, whose aim is to secure adequate income of savers for the future, needs to be adequately promoted all across Europe and more importantly provided by well-managed, cost-effective and transparent providers. Single market for pension savings products has been emerging only particularly and very slowly, which is in contrast with the development in certain Member States. However, significant differences in added value of existing PPPs for consumers, transparency and information disclosure and consumer protection measures at national level creates need for building unified EU</p>	<p>Agreed</p>
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		<p>framework for PEPPs, as it is clear that national frameworks and regulations create divergent approaches towards pension savings products and thus creates different levels of outcomes, which can be only hardly justified from the EU perspective. On top of this, current findings on poor performance of private pension products sold to consumers accompanied with above equilibrium fees and charges under the information asymmetry calls for urgent regulatory interventions on EU level. This can be viewed not only in the area of pension set-up frameworks, but also charges (through the whole value-chain), investment strategy regulations (qualitative and quantitative limits), information disclosure and savers (investors) protection standards.</p> <p>Today, there is no Pan-European personal pension product, and too little has been done since the 2007 EC Green Paper on retail financial services which already rightly identified the protection of pension savers as one of the most critical retail financial user protection issue.</p> <p>At their simplest, PPPs are a form of savings (deferred wages) where a future pensioner saves now in order to pay for his/her consumption in the future with expectation to achieve a certain level of replacement ratio. To achieve this ultimate goal, systematic saving process is the key driver and having the "right" product (vehicle) supports this process.</p> <p>Most of the vehicles take place in special structured financial products and are based basically on two principles: insurance vs. investment. However, to persuade individuals to undertake such savings and choose one of the long-term vehicles, most EU countries use either fiscal incentives and/or compulsion to encourage this type of saving, and have created special regulatory and other structures relating specifically to these pension savings. The application of these incentives or requirements means that the resulting pension systems in EU countries are relatively complex in their nature, and their individual set-up varies significantly between individual countries and also within one Member State. This implies relatively complex requirements on savers to understand every aspect of the respective pension set-up</p>	<p>Agreed</p>
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			<p>and its consequences on its final outcome in a future from the perspective of the consumer. This is in a direct contrast with the known low level of financial literacy of most savers participating in such complex systems.</p> <p>Growing role of personal DC pension schemes has increased the need for consumers to make decisions with regard to vehicles (personal pension products - PPPs). In many 3rd pillar pension schemes, employers still arrange, administer and contribute towards pension schemes, but consumers now tend to have a greater say in buying pension products and investment decisions since they face the investment risk directly during accumulation phase and longevity risk during the pay-out phase. Latest movements from the financial industry successfully separated these two phases and left the consumers exposed to many risks without relevant (or hidden in highly complex legal terms) information and mechanisms (contractual and legal) to deal with the risks.</p> <p>FSUG recognizes that PEPP may not become the dominant vehicle for securing the retirement income. On the other hand, PEPPs, if well designed and regulated, might become a first choice when comparing to national PPPs which are in many countries too costly and deliver poor value-for-money.</p>	Agreed
33.	German Insurance Association (GDV)	General comment	<p>German insurers support the EU initiative for a PEPP. We are highly experienced in providing standardised pension products – the so called Riester pension. This product can be offered by insurers, banks, investment funds and building societies. Of 16 million Riester pension plans in total, insurers administrate about 11 million contracts. Based on this experience we developed four criteria which characterise good quality personal pension products. If products and providers fulfilled those criteria, PEPP would be highly beneficial for consumers and society:</p> <p><input type="checkbox"/> The product facilitates long-term savings until near-retirement</p>	

			<p>age.</p> <p><input type="checkbox"/> The default option of a PEPP should include a life-long annuity.</p> <p><input type="checkbox"/> Pensions should provide high levels of safety and predictability: The default investment option of a product should include protection against high market volatility by means of a guaranteed minimum annuity or guarantees on accumulated capital at maturity. High prudential standards and insolvency protection of PEPP providers are very important.</p>	<p>Agreed</p> <p>Disagreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase. The PEPP regime will not prescribe a specific form of decumulation however.</p> <p>Disagreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure</p>
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			<p><input type="checkbox"/> Consumers can choose coverage against biometric risks.</p> <p>Many European governments reformed their public pension systems to increase the sustainability in light of demographic ageing. Private retirement savings can help to close the possible resulting pension gaps. Against this background, German insurers welcome that the PEPP initiative aims at enhancing the market for voluntary, personal pension products. Personal pensions provide a valuable alternative or addition to occupational pension schemes for many individuals. We also support the twofold intentions of the PEPP initiative:</p> <p><input type="checkbox"/> Contributing to sustainable, adequate and safe pensions by deepening the single market for personal pension products (White Paper on Pensions). This motivation includes improving the access for individuals to good quality personal pension products in general, but for mobile workers in particular.</p>	<p>through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees). These mechanisms should account for relevant forms of decumulation</p> <p>Agreed</p> <p>Agreed</p>
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			<p><input type="checkbox"/> Fostering the supply of long-term financing through long term savings products (Green Paper on the Capital Market Union).</p> <p>The proposed PEPP can potentially contribute to both of these intentions, if the product features are set in an appropriate way. German insurers welcome that the so far suggested PEPP features try to find a balance between standardisation, flexible elements and national product requirements which are necessary to adapt to consumers' needs and expectations. However, some improvements are necessary to meet the quality criteria that are highly relevant for PEPP in our opinion:</p> <p><input type="checkbox"/> Pension provision should secure income after retirement. But decumulation, unfortunately, is insufficiently covered by the PEPP proposal. Since people underestimate the financial consequences of longevity, and public pensions are also paid lifelong, German insurers regard the protection of longevity risks as an essential quality feature of personal pension products. This would ensure that consumers benefit from steady income in retirement and do not risk running out of money when getting older than expected. Therefore, PEPP as a default option should provide a regular retirement income throughout the life span. If such coverage would have to be offered by all PEPPs, consumers could better understand the value of their retirement assets in relation to their time spent in retirement and the phenomenon of the "money illusion" could be avoided.</p> <p><input type="checkbox"/> The PEPP has the potential to encourage long-term savings (until</p>	<p>Partially agreed, EIOPA has developed the view that the accumulation phase of a PEPP should be followed by a decumulation phase – without aiming to standardise the form of decumulation at EU level. For motivation, please see p.73 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, please</p>
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		<p>near-retirement age). However, high flexibility for consumers through periodic switching decreases the ability of providers to invest in the long term. Long-term investments play a key role for providing sustainable, adequate and safe pensions. Therefore, we do not agree that periodic switching free of charge is a suitable mandatory feature for PEPPs.</p> <p><input type="checkbox"/> The default option of a product should always include protection against high market volatility. Guarantees provide the highest level of predictability of outcomes for retirement savers. PEPP requirements should respect that there exists a variety of guarantees in the market, for instance guarantees on accumulated capital at maturity and guaranteed minimum annuities. The exact nature and level of guarantees should be left to the PEPP providers.</p> <p><input type="checkbox"/> Long-term financial stability and soundness of providers as well as consumers' protection against insolvency of the provider are indispensable. This is even more important in case of the intended distant or cross-border marketing through internet distribution. Therefore, providers who are not yet covered by a European regulatory framework should be subject to one of the existing and approved frameworks (Solvency II, UCITS, CRD IV) for authorisation. The development of a stand-alone authorisation regime would be superfluous and it would take years to develop. The outcome of such a new stand-alone authorisation regime would result in the same provisions such as in the already existing regimes. Sufficient protection of consumers against insolvency of providers should be addressed in EIOPA's future recommendations.</p> <p>German insurers appreciate that EIOPA acknowledges the high level of consumer protection that has already been achieved in many Member States. Duplicative and conflicting requirements should be avoided in the interest of efficiency (costs) and legal certainty: The consultation document refers to many initiatives which are still on-going, in particular pre-contractual and on-going information requirements (e.g. PRIIPs, IORP II), conduct of business requirements (IDD) and Product</p>	<p>see blue box on p. 54 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, the exact nature and level of guarantees will be left to the provider</p> <p>Agreed</p> <p>Agreed, please see ch. 2.2 and 2.3 of the consultation</p>
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			<p>Oversight and Governance (POG) requirements. In the process of designing a PEPP framework, these issues should be discussed thoroughly with stakeholders and be in line with the on-going work on other regulation. Any new requirement introduced needs to be clearly identified and its additional value and necessity must be assessed thoroughly.</p> <p>Finally, for a realistic assessment of the opportunities of a PEPP, more detailed information on crucial procedures and product requirements is needed: The authorisation regime, passporting procedure, information requirements or POG processes might involve implementation costs. The design of flexible options for consumers may also effect providers' product calculation.</p> <p>We also point to the fact that the demand for PEPP as a voluntary retirement savings product depends on the individuals' awareness of a savings needs and capabilities as well as many other factors. It has to be taken into account that distribution of pension products often requires raising people's awareness of their need to save for retirement for instance due to changes in the public pension system. In this regard, good and attentive advice fulfils a necessary societal function. In consequence, if only internet sales are envisaged there is a risk that PEPPs do not reach a broad market in the short or medium term.</p>	<p>paper on creation single market PPP of 1 Feb 2016 with regard to topics mentioned</p> <p>Agreed, EIOPA further elaborated on these topics in ch. 4.3, 2.2, 3.2, the blue box on p. 58 and Annex VIII of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, EIOPA does not envisage a PEPP to be marketed through the internet (or without advice) only.</p>
34.	ICI Global	General comment	ICI Global welcomes the opportunity to comment on EIOPA's consultation paper on the creation of a standardised Pan-European Personal Pension product (PEPP). ICI Global, the international arm of the Investment Company Institute, serves a fund membership that includes regulated funds publicly offered to investors in jurisdictions worldwide, with combined assets of US \$19.0 trillion.	

			<p>ICI Global has been studying retirement systems around the globe and facilitating the exchange of information on key challenges and innovative solutions, including through high-level conferences in Hong Kong (2013), Geneva (2014), Tokyo (2015), and, most recently, in Paris (2015) – an event co-hosted with the Organisation for Economic Cooperation and Development (OECD) and the International Organisation of Pension Supervisors (IOPS). ICI Global publishes post-conference reports on its website to ensure the conferences’ discussions surrounding retirement security are widely and publicly available. See <a href="https://www.iciglobal.org/iciglobal/pubs/retirement">https://www.iciglobal.org/iciglobal/pubs/retirement</a>.</p> <p>We agree with EIOPA that “[p]rivate retirement savings can help address the pension gap in the future.” As the European population is ageing and public budgets become strained by the pension obligations, the European Union citizens should have additional opportunities to save for retirement. For this reason, we believe that the European Union should facilitate savings for retirement through third-pillar type arrangements, such as a personal pension product (PPP), regardless of whether a Member State already has a robust public (first pillar) and occupational (second pillar) system.</p> <p>Further, we believe that a well-designed pan-European PPP (or PEPP) that can attract funds from across Europe may offer benefits to European citizens that national PPPs may not be able to offer. For example, by pooling assets on a cross-border basis, certain efficiencies in cost, management and administration can be achieved. In addition and importantly, a pan-European retirement savings product is likely to better accommodate an increasingly more mobile EU workforce.</p> <p>Also, the Commission recognized in connection with the Capital Markets Union work that “there is a significant positive relationship</p>	<p>Agreed</p> <p>Agreed</p>
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			<p>between the size of [occupational or personal pension plans] and capital market depth (as measured by the ratio of the market capitalisation of outstanding domestic stocks and bonds to GDP).” See page 32 of Initial Reflections on the Obstacles to the Development of Deep and Integrated EU Capital Markets, Commission Staff Working Document Accompanying Green Paper, Building a Capital Markets Union (dated 2 February 2015).</p> <p>Lastly, we understand that a PEPP, unlike many pillar 1 and pillar 2 systems in Europe, will be a voluntary product. A consumer will have to make a deliberate choice to purchase it. Therefore, by design, this consumer will be engaged in a decision to save through a PEPP. Accordingly, the Commission and EIOPA must keep in mind the need for the PEPP to be an attractive product that a consumer will choose to purchase. Providers will need flexibility to design products that meet the diverse needs of consumers from different Member States and with different personal circumstances.</p>	Agreed
36.	Insurance Europe	General comment	<p>Insurance Europe recognises the importance of looking at possible ways of encouraging and supporting citizens to save for their retirement and welcomes the opportunity to comment on the design of a Pan-European Personal Pension product (PEPP).</p> <p>Insurance Europe welcomes that the proposed PEPP has been clearly identified as a personal retirement savings product with an inherent long-term nature, aiming to deliver a retirement income, along with existing pillar-1 and pillar-2 provisions. Insurance Europe maintains that PEPP should be a high-quality product, providing for an appropriate level of customer protection and suggests that some insurance features (eg biometric risk coverage) should be included in PEPPs’ final design.</p>	Agreed

		<p>The introduction of PEPPs might potentially increase the volume of personal pension product sold throughout Europe and impact the allocation of funds towards long-term illiquid investments. However, the insurance industry believes that such initiative faces major challenges, particularly in light of close links (ie subsidiarity) to areas of national competence (taxation, social and labour law structures). Furthermore, the demand for such a product is likely to depend on the maturity of the different national markets.</p> <p>Insurance Europe appreciates that the proposed design allows for existing national practices to be respected (eg regarding decumulation, advice, and minimum return guarantee) and maintains that it is key for the establishment of the PEPP that the product features adapt to the national context.</p> <p>In order for the PEPP to be potentially beneficial to the EU economy and the retirement prospects of consumers, European insurers strongly believe that:</p> <p><input type="checkbox"/> In the spirit of creating a Capital Markets Union, and so to generate funding for long-term investments, the PEPP would need to allow providers to generate long-term liabilities. This means that consumers should be incentivised to keep saving for a long period, ideally until retirement. Insurance Europe asserts that minimum investment periods should be included in the PEPP framework.</p> <p><input type="checkbox"/> PEPP providers should be subject to an appropriate prudential</p>	<p>Agreed</p> <p>Agreed with regard to examples mentioned. EIOPA believes the PEPP to be sufficiently flexible in order to adapt to national contexts where necessary</p> <p>Agreed, please see blue box on p. 54 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed</p> <p>Disagreed, EIOPA believes</p>
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			<p>treatment taking into account PEPP's long-term horizon and specific features. Insurance Europe maintains that the "same risks, same rules" principle should apply to ensure a level-playing field between all providers. For PEPPs with minimum return guarantees and/or biometric risk coverage, the applicable framework should be Solvency II. However it should be ensured that insurers' ability to manage market volatility in the long-term is duly taken account of.</p> <p><input type="checkbox"/> The PEPP would need to come with the option for the consumer to ask for additional biometric risk coverage either during the accumulation phase or decumulation phase (taking into account national practices).</p> <p><input type="checkbox"/> Since pension products are generally defined by their objective to provide an income in retirement, the protection of longevity risk should be considered among the options offered to consumers, in line with national rules.</p> <p><input type="checkbox"/> From a consumer protection perspective, the PEPP should entail an appropriate level of security for policyholders.</p>	<p>the introduction of one solvency regime does not seem feasible or proportionate. Instead it proposes to further investigate if and how existing solvency regimes would need changing.</p> <p>Agreed, although EIOPA does not envisage to mandatorily prescribe the form of decumulation at EU level</p> <p>Agreed</p> <p>Agreed</p>
37.	Intesa Sanpaolo Vita S.p.A.	General comment	Intesa Sanpaolo Vita welcomes to comment and answer to the questions on EIOPA's Consultation Paper on the creation of a standardized Pan-European Personal Pension product and supports the initiative undertaken by the European Commission and EIOPA. We	Agreed

			believe that private pension savings play a valuable role in creating adequate pensions for European citizens. In our view the creation of a robust market for PEPP require simple, uniform and sound rules.	
38.	Legal & General Group plc	General comment	<p>Thank you for the opportunity to respond to this consultation. We welcome the proposal to explore the feasibility of creating a standardised Pan-European Personal Pension Product. We support EIOPA's approach of operating this particular framework as an alternative to existing local Member-State regimes rather than replacing them. Replacing such regimes unilaterally across the EU would be a significant challenge due to the considerable differences in taxation, demographics, behavior and culture across each Member State. Crucially, it could negatively impact savings in countries where there are well advanced pension systems and reforms underway. Our response is therefore based upon the assumption that your proposal would operate as a 2nd regime.</p> <p>Any such regime should be voluntary and not inadvertently impact well functioning State and private pension regimes across the Union, but recognise that these measures will be very welcome in some jurisdictions.</p>	<p>Agreed</p> <p>Agreed in so far that EIOPA believes the PEPP will not have a negative impact on existing 3rd pillar systems in Member States</p>
39.	Mercer	General comment	<p>Mercer welcomes the opportunity to provide comments on EIOPA's proposals for the introduction of Pan-European Personal Pension products (PEPPs).</p> <p>Mercer is supportive of EIOPA's overriding objective in relation to the introduction of PEPPs – namely, to encourage greater retirement savings amongst EU citizens. We are supportive of EIOPA's ambition to make personal pension products more widely available across European Member States while ensuring a high standard of customer protection.</p>	Agreed



			<p>We do, however, have a number of reservations about the proposals. In particular, we wonder whether there will be enough demand for a new personal pension product to bring new providers into the market, and whether consumers will prefer to save with a foreign entity rather than a provider in their Home State. The consultation document does not present any evidence to suggest that there is significant unmet demand for this type of pension product. We would suggest that more work is done to assess the potential take up of PEPPs before these proposals are taken forward.</p> <p>We also think more work is needed to determine how the proposed PEPPs would interact with national systems – in particular national rules governing retirement ages and decumulation, and tax systems in different Member States. Policies on retirement and the taxation of pension savings vary widely between Member States, and it is not clear from the current proposals if and how the PEPP would interact with these rules, particularly for customers who move between different jurisdictions during the accumulation and/or decumulation phases.</p> <p>In particular, as EIOPA has noted in its 2014 Preliminary Report on the development of a single market for personal pensions, there are difficulties due to the different arrangements for tax relief across Member States. As that paper notes, both “EET” and “TEE” regimes for tax relief exist across the EU, and there are significant differences in the detail of tax policy even between countries that follow the same model. EIOPA’s previous paper noted that these differences are likely to present obstacles to the effective operation of a 2nd regime, especially when capital is moved between different Member States. The consultation does not provide any further detail on how EIOPA</p>	<p>Partially agreed, please see EIOPA’s further analyses following this consultation as described in chapter 1.1 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, EIOPA envisages the PEPP to be a product that is flexible to such an extent that providers are enabled to adapt PEPPs to a diverse EU personal pension landscape</p> <p>Disagreed, EIOPA believes the proposed PEPP characteristics are flexible to such an extent that providers</p>
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			proposes to overcome these barriers however. We would suggest that more work is done to resolve these issues before proposals are for PEPPs are taken forward.	can develop PEPPs suitable for marketing in more than one member state or PEPPs that are suitable for marketing in a foreign member state
40.	Ministry of Finance of the Czech Republic	General comment	<p>Dear colleagues,</p> <p>Below please find general comment regarding some of the issues connected with an introduction of the idea of a standardised Pan-European Personal Pension product.</p> <p>The comments are not an official policy position but preliminary approach of the Ministry of Finance of the Czech Republic.</p> <p>In order to preserve the rights of Member States to organize their pension systems it is necessary when designing the authorization regime to leave upon a Member State to decide whether it will allow the national pension providers (not covered by the EU legislation) to extend their current business by providing also PEPP. The same must apply regarding the allowing of transfers to/from national pension systems to/from PEPPs.</p>	<p>Agreed, which is why EIOPA has now taken the position that PEPPs should only be offered by EU regulated providers (please see consultation paper on creation single market PPP of 1 Feb 2016 (inter alia ch. 4.3) consumers</p>

41.	Ministry of Finance of the Netherlands	General comment	<p><b>Introduction</b></p> <p>The Netherlands thanks EIOPA for its work on a standardised Pan-European Personal Pension Product (PEPP) and welcomes the opportunity to react to the consultation paper. We will limit our reaction to bringing forward our key policy issues as this detailed questionnaire on product design misses an essential preceding step in our view, i.e. an in-depth analysis of the roots and causes of the actual problem that EIOPA envisages to address with a standardised product (or further research as to why a PEPP would provide opportunities the current status quo can not foresee in). Without such an analysis we remain as yet unconvinced of the necessity or desirability of PEPP. Providing a well founded reaction to the consultation in our view is only possible after having established how a PEPP can contribute to the objective of encouraging more European citizens to save for an adequate retirement income. Nevertheless, we have some general observations to share.</p> <p><b>Scope of a PEPP</b></p> <p>The Netherlands would like to ask EIOPA to clarify the scope of the PEPP. In our view, a PEPP could solely be considered as a third pillar pension product that provides an individual and voluntary choice for a pension product and not as part of member states' social security system or as part of the occupational second pillar pension system. In the Netherlands, as in many other European countries, the provision of second pillar pensions is the prerogative of social partners (employers and employees), who as part of their wage negotiations also determine the pension contract. Since the pension contract in the second pillar is tailored to the needs of the participants in a specific firm or sector, a harmonised pension product would not make any sense and would be unacceptable for the Netherlands.</p> <p><b>Value added of a PEPP</b></p>	<p>Partially agreed, please see ch. 1.1 of the consultation paper on creation single market PPP of 1 Feb 2016 where EIOPA, following this consultation, has further developed its analysis.</p> <p>Agreed, please see p. 11 (top of page) of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Please see ch. 1.1 of the</p>
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		<p>The Netherlands would like to ask EIOPA to further substantiate the ability of a PEPP to facilitate cross-border provision and competition and stimulate 3rd pillar pension savings.</p> <p>While the Netherlands subscribes to the objective of encouraging more European citizens to save for an adequate retirement income, it is not yet clear how a PEPP will contribute to this objective.</p> <p>With regard to cross-border provision and competition, currently 94% of the market for personal pension products falls under an harmonised European legal framework in the form of the Solvency II, the CRD or the UCITS/AIFM directives. This legislation already provides for harmonised prudential rules and consumer protection and thereby in principle facilitates the cross-border provision of third pillar pension services.</p> <p>To the extent that differences in regulatory requirements across member states remain, research by EIOPA indicates that taxation, social law as well as impediments in the area of harmonisation of contract law appear to be the most significant hurdles in developing a single market for third pillar pension provisions. As both taxation and social regimes remain areas of full national competence, the value added of a PEPP (which is supposed to be a highly standardised, simple and easily recognisable product instead of a tailor made product) is questionable and deserves further analysis. Even when product characteristics are harmonised, one would expect the product to encounter the same main impediments/difficulties that existing personal pension plans already encounter.</p>	<p>consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Please see ch. 1.1 and 1.2 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, please see ch. 4.1 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Partially agreed, taxation is a matter of national competence provided national taxation rules are non-discriminatory. EIOPA envisages a PEPP that is highly</p>
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			<p>Second regime considerations: arbitrage and level playing field implications</p> <p>In the consultation paper the authorisation of a PEPP by a national competent authority gives a PEPP-operator a product passport in the entire European Union and leaves open the applicable regulatory regime for the PEPP. The Netherlands is of the opinion that further analysis is needed on how to prevent an unlevel playing field and regulatory arbitrage if the same product can be executed by different operators, adhering to different national and/or European prudential regimes.</p> <p>To the extent that the second regime adds substantive regulatory requirements to the executor of a third pillar product, the attractiveness of a PEPP may be reduced. Moreover, the complexity of a second regime can prove burdensome for providers (and supervisors).</p> <p>Fiscal treatment</p>	<p>standardised but not (yet), due to differing national practices, fully standardised.</p> <p>The proposed flexible elements of the PEPP should enable providers to take into account national specificities when developing PEPPs</p> <p>Agreed, following this consultation EIOPA has developed the view that only EU regulated providers should be allowed to develop and market PEPPs.</p>
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			<p>The consultation paper notes that a PEPP should receive beneficial treatment where these benefits are also granted to existing “national” PPPs. As important questions with regards to the scope, the product design and regulatory regime are yet to be addressed, it would be too early to make a first assessment of the potential national fiscal treatment of the PEPP. Nevertheless, the Netherlands would already in this stage like to stress that the tax treatment of pension-related products is a competence of the Member States and is a matter of national policy discretion.</p>	<p>Agreed, EIOPA believes that a PEPP that meets the requirements for receiving beneficial tax treatment should receive equal treatment as ‘national’ personal pension products.</p>
42.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	General comment	<p>The NAPF</p> <p>The National Association of Pension Funds is the voice of workplace pensions in the UK. We speak for over 1,300 pension schemes that provide pensions for over 17 million people and have more than €1.1 trillion of assets. We also have 400 members from businesses supporting the pensions sector.</p> <p>We aim to help everyone get more out of their retirement savings. To do this we spread best practice among our members, challenge regulation where it adds more cost than benefit and promote policies that add value for savers.</p> <p>The NAPF is a member of PensionsEurope, which is currently chaired by the NAPF’s Chief Executive, Joanne Segars.</p> <p>Development of the UK personal pensions market – the role of auto-enrolment</p> <p>The UK has a well-developed market for personal pensions. Nearly 6.5 million people have £18.6 billion saved in these third pillar</p>	

		<p>arrangements and they play a significant role in the UK's system of retirement saving.</p> <p>The NAPF's area of interest, however, is workplace pensions and it is important to note the way in which workplace retirement saving is being transformed by auto-enrolment – and the role played by a form of employer-sponsored personal pension – the Group Personal Pension.</p> <p>Since its introduction in October 2012, the requirement for employers to automatically enrol qualifying employees into workplace pension schemes has delivered a major and very positive boost to retirement saving. Already an extra 5.2 million people are now saving towards a pension as a direct result of this reform.</p> <p>Auto-enrolment is being introduced gradually; the largest employers were the first to be made subject to the new requirements and employers with fewer than 30 employees are now being brought into scope. The newest employers will start participation in 2018, by which time around 9 million extra people will have been brought into workplace-based retirement saving.</p> <p>Auto-enrolment is transforming the UK's pensions landscape quite quickly. Even the statistics given in this response will quickly become out-of-date- as the market develops.</p> <p>Group Personal Pensions (GPPS)</p> <p>Some UK employers use Group Personal Pensions for automatic enrolment purposes. GPPs are contract-based defined contribution (DC) pension schemes, established by the employer but where the contract is between the individual saver and a pension provider.</p>	
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Figure 1 below shows how GPPs fit into the UK's pensions system.

Figure 1: Private pensions in the UK

- Occupational salary related
- Occupational money purchase
- Group personal pensions (GPPs)
- Individual personal pensions



			<p>Key facts on GPPs</p> <p>DC occupational pensions now account for 23% of workplace pension membership, with group personal pension accounting for 19% of workplace pension membership.</p> <p>Regulation of GPPs</p> <p>Several agencies have a role to play in the regulation of GPPs: the Financial Conduct Authority (FCA); the Pensions Regulator (tPR); and the Prudential Regulation Authority (PRA)</p> <p>A Memorandum of Understanding sets out the division of labour between two of these – the FCA and the Pensions Regulator.</p> <ul style="list-style-type: none"><li>- The FCA’s responsibilities include regulation of financial advice to employees, financial promotion and the conduct of insurers and fund managers.</li><li>- The Pensions Regulator regulates the administration of workplace pension schemes (including workplace-based personal</li></ul>	
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			<p>pension schemes), employers' duties to pay contributions and employers' compliance with their duties in relation to auto-enrolment</p> <p>The Prudential Regulation Authority's role includes oversight of the solvency of insurance companies.</p> <p>NAPF's approach to the PEPP</p> <p>The NAPF's reason for setting out the background to GPP provision in the UK is because it informs our approach to this current consultation on the proposed PEPP.</p> <p>Keeping regulation simple</p> <p>The NAPF's first concern is to ensure that introduction of the PEPP does not compromise or complicate the already relatively complex pensions landscape in the UK and the arrangements for regulating GPPs. The creation of a further tier of regulation, through the development of a "28th or "2nd" regime at EU level, could make the system more complex.</p> <p>The NAPF's second concern is to consider whether the PEPP could make a positive difference at EU level. The NAPF supports the development of more cross-border pension schemes (this is why we have called for reform of the current requirement for cross-border IORPs to be fully funded at all times), but we have not yet seen evidence of demand for the PEPP in the UK market, not are we convinced that it would work in practice.</p> <p>Taxation</p>	<p>Noted</p> <p>Noted, please see ch. 1.1 and 1.2 of the consultation paper on single market PPP of Feb 2016</p> <p>Agreed, EIOPA advises to grant equal tax</p>
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		<p>Tax barriers, in particular, pose a major barrier to the development of single cross-border pension schemes, and this remains a national competence and outside the scope of EU policy-making.</p> <p>It is not clear how EIOPA's proposed approach to taxation of PEPPs – allowing them to receive the same beneficial tax treatment as national PPPs - would work in practice, given the different tax regimes across Member States.</p> <p>Governance</p> <p>The NAPF is always concerned to see high-quality governance of workplace pensions. Independent Governance Committees have recently been introduced in the UK to ensure that contract-based workplace schemes offer some protection for members' interests and the best possible chance of good member outcomes. EIOPA should explain what the governance structure would be for PEPPs and how it would ensure high-quality governance for members.</p> <p>In particular, how would those responsible for governance ensure they are protecting the interests of members drawn from Member States with very different circumstances? For example, the interests of members in a country with generous state pension provision would be very different from those in a country where the state pension is lower and pensioners rely far more on private provision.</p> <p>Guidance and advice</p> <p>There is a similar concern in relation to advice at retirement. A vigorous debate is underway in the UK about how best to ensure that those approaching retirement make the (quite complex) decisions needed so they can make the best possible use of their DC pension pots. The Government has introduced Pension Wise to provide initial guidance and point savers towards sources of more detailed advice.</p>	<p>treatment to the PEPP if the product meets national requirements for receiving beneficial tax treatment</p> <p>Agreed, please see ch. 2.3 and 3.1 of the consultation paper on single market PPP of Feb 2016</p> <p>Agreed, please see ch. 2.3 of the consultation paper on single market PPP of Feb 2016</p>
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			Again, it is not clear whether and how guidance and advice would be built into the PEPP.	
43.	Nationale-Nederlanden Group	General comment	<p>NN Group is an insurance and investment management company active in more than 18 countries, with a strong presence in a number of European countries and Japan.</p> <p>In many of the EU countries NN Group is present as insurance company, it is clear that the PEPP will have the same objective as the local personal pension plans. PEPP's will therefore be competing with local PPP's. Maintaining or creating a level playing field between PEPP's and PPP's is therefore extremely important. We are afraid that potential tax implications affecting the level playing field between existing PPP's and PEPP are underestimated in the consultation paper. Furthermore, we would like to emphasize the importance of European regulation being principle based. The actual design of the PEPP is a task for (potential) market players.</p>	Partially agreed, EIOPA envisages the PEPP to be a product where strict product rules are applicable, but that at the same time leave adequate room for providers to develop differing PEPPs, thus fostering innovation to the benefit of consumers
44.	PensionsEurope	General comment	<p>PensionsEurope welcomes the opportunity to comment on EIOPA's Consultation paper on the creation of a standardized Pan-European Personal Pension product (PEPP). While the first and the second pillar should provide the bulk of the retirement income, personal pensions (third pillar) can be a useful instrument to further top up the retirement income and contribute to securing the future adequacy and sustainability of pensions. We also would like to underline that the organisation of the pension system is a matter of national competence, thus falling under the subsidiarity principle.</p> <p>It is of key importance in this matter to adequately define not only the scope of private personal pensions in order to avoid confusion and legal</p>	Agreed, please see p. 11 top of

		<p>uncertainty in some Member States, but also provide a clear description of what such a product entails. Private individual pension schemes must be clearly differentiated from private workplace schemes. PensionsEurope's view is that any kind of pension scheme linked to a context of occupational activity, for example a pension scheme linked to a current or previous employment relationship, shall be considered part of the second pillar (workplace pensions). The presence of occupational activity, such as an employment relationship, should be a key factor used to distinguish second and third pillar pension schemes. Although the distinction between the three different pillars in the pension system is widely accepted across Europe, in some Member States their boundaries are blurred and their respective importance differs widely across the EU. EIOPA should beware creating a more complex regulatory landscape in the field of pensions that could contradict the objectives on the basis of PEPPs: strengthen multi-pillar diversification and consumer protection.</p> <p>We would like to highlight a key feature of Personal Pension Products which we believe should be used to distinguish private personal pensions from private workplace pensions:</p> <ul style="list-style-type: none"> <li>- Private personal pensions are not linked to a context of occupational activity, such as a current or previous employment relationship. This characteristic is outlined by the OECD in its revised taxonomy for pension plans, pension funds and pension entities when defining private personal pension schemes. It would also be in line, for instance, with the current situation in some countries such as Belgium: when a Belgian employee ends his employment relationship with an employer where he had a workplace pension scheme, he can choose between different options regarding his accumulated capital. One of these options is to transfer his accrued rights to an insurance company or a specific institution facilitated by the employer which manages the accrued pension rights for employees who left their employer. According to article 32 of the Belgian Occupational Pensions Act, this</li> </ul>	<p>page of the consultation paper on creation single market PPP of 1 Feb 2016 where the scope of PEPPs is described</p> <p>Agreed, please see first resolution in this row</p>
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			<p>option has a clear occupational pension's character although only individuals can transfer money to these vehicles.</p> <p>- We want to emphasize that the context of an occupational activity in differentiating 2nd and 3rd pillar pension schemes is broader than the simple presence of an employment relationship. In the UK, for instance, Group Personal Pensions (GPPs) take the form of individual contracts between the scheme providers and the beneficiaries. However, in this example the employer plays a key role in the establishment of the scheme and also by paying contributions. In The Netherlands there are pension funds for independant professionals such as medical specialists. These professionals are self-employed and do not have an employment relationship. But they do the same work and participate in the same pension scheme as their employed colleagues. In all these examples there is a context of occupational activity and these schemes have therefore the nature of workplace pensions and should be regulated as such.</p> <p>PensionsEurope proposes to consider as personal pension products those "private retirement products subscribed to by consumers exclusively on an individual and voluntary basis, as opposed to</p>	<p>Partially agreed, EIOPA does recognise that the product/schemes described to the left are so-called border line cases. In the end, the product/scheme characteristics should determine whether a product/scheme should be considered a PPP or not. Further research is needed in this field. Please see EIOPA's Preliminary report "Towards an EU single market for PPPs" of Feb 2014</p> <p>Please see first</p>
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			<p>workplace pension schemes linked to an existing or former occupational activity”.</p> <p>Having said this, we question whether the PEPP could make a positive difference at EU level. PensionsEurope supports it when people save more for their retirement, but we have not yet seen evidence of demand for the PEPP, it might highly depend on the national Member State whether the PEPP will be an attractive product. It is also important to note that when developing the Pan-European internal market of personal pension products, it is important to respect the existing national personal pension regimes so as to avoid disrupting systems that currently operate satisfactorily. In the Member States where the third pillar is already well regulated and developed, the introduction of a 2nd regime could cause regulatory arbitrage, causing detriment for the existing PPPs. The effect of regulatory arbitrage will be paid by the consumers with a lower level of protection. The measures envisaged by EIOPA to deal with this concerns still do not seem to be adequate.</p> <p>Another concern is related to the fact that all financial intermediaries may provide a PEPP, also if they are not regulated by the existing EU legislative framework. Given the special purpose of pension products, the provision of the PEPPs should be limited only to the authorized intermediaries, provided that they fulfill all necessary requirements imposed by the competent authorities.</p>	<p>resolution in this row</p> <p>Disagreed, please see the further analysis performed in ch. 1.1 and 1.2 of the consultation paper on creation single market PPP of 1 Feb 2016. EIOPA envisages the PEPP to be an attractive product. Surely, the extent to which PEPP is needed depends on the national situation.</p> <p>Agreed, following this consultation EIOPA has developed the view that only EU regulated distributors can develop and offer PEPPs (see p. 66 and onwards of the</p>
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			<p>From a practical point of view we have doubts on how the 2nd regime would be tied in with the national regimes. Many practicalities in this regard are not sufficiently covered in the Consultation Paper in our view. It is very complex to determine what elements are left to national legislation and what elements are tackled on EU level. This needs more thought and understanding as to how this could practically be implemented. For instance, issues such as the following need to be addressed:</p> <p>*Who sets the retirement age? Is that dependent on the residence of the consumer?</p> <p>*What decumulation products and options are available to them? Are they specified and limited to those accepted nationally or does this sit outside of all national frameworks and truly act as a 2nd regime?</p> <p>*When does an investor pay tax (i.e. during paying in, accumulation, decumulation) or is this up to the respective Member State?</p> <p>* Some Member States limit the amounts that can be contributed or</p>	<p>consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Agreed, the retirement age can be set in line with national specificities</p> <p>EIOPA envisages a PEPP where the accumulation phase must be followed by a decumulation phase as defined by the national jurisdiction applicable. Further research in this field is deemed necessary however</p> <p>This is determined by the applicable tax regime</p>
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			<p>accumulated in funds. How will this issue be dealt with within the PEPP?</p> <p>PensionsEurope would like to underline that the further development of workplace occupational pensions in the EU would be more advisable in order to realise adequate and sustainable pensions for EU citizens. This could certainly also contribute to a reinforcement of the internal EU capital market. In this respect, it should be taken into account that (compulsory) funded workplace occupational pension schemes are by nature very well suited to serve as providers of long-term capital. Finally, we would like to stress that if the idea of a '2nd regime' would be pursued, it is important to test the demand and also to elaborate further on the reasons why such a system is deemed needed in addition to the many personal saving products already in existence.</p>	<p>EIOPA believes providers will be able to develop PEPPs that take into account these limits</p> <p>Partially agreed, EIOPA favours a multi-pillar approach towards retirement savings in all Member States. It recognises at the same time that the PEPP might play a more prominent role in countries where the 1st and 2nd pillar do not (yet) provide citizens with an adequate retirement income.</p>
45.	Previnet outsourcing Solutions	General comment	<p>Previnet responses are, on purpose, as short as possible.</p> <p>As a general comment, we noted some similarity between IORPs and PEPPs.</p>	<p>Agreed, please see p. 11 top of page of the</p>

			<p>PEPPs could be even described as "individual IORPs". This is of course not exactly true, being the employer-sponsor not involved with the PEPPs. Still, PEPPs should be designed trying to avoid overlapping with IORP arrangements.</p> <p>For comments please refer to:</p> <p>Martino Senior Pension Fund Services &amp; International Client</p> <p>Braico Manager Client</p> <p>PREVINET S.p.A. Via E. Forlanini, 24 - 31022 Preganziol (TV) - ITALY tel +39 - 0422 1745044 fax +39 - 0422 1745070 mobile +39 - 3358272856 martino.braico@previnet.it www.crossborderplans.com</p>	<p>consultation paper on creation single market PPP of 1 Feb 2016 where EIOPA has repeated its stance with regard to what scope of the PEPP is envisaged.</p>
46.	SIFA	General comment	<p>The Swedish Investment Fund Association (SIFA) is an industry association representing aprox 90 % of assets under management in Sweden. SIFA is a member of EFAMA and fully supports those comments made by EFAMA to the EIOPA consultation paper on the creation of a standardized Pan-European Personal Pension product.</p> <p>SIFA would as a general comment like to emphasize the importance of giving savers an opportunity of investing long term savings on the capital markets. In 1995 Sweden introduced the premium pensions system. The premium pension system allows for 2.5 percent of an individual's pension base to be invested into fund units within the public pension. The premium pension system has since its beginning on average provided the investors with a return of 6,4 percent each year compared with the income pension which is a pay as you go system that has given the savers 2,5 percent per year.</p>	Agreed
48.	State Street	General	State Street Corporation appreciates the opportunity to comment on	

	Corporation	comment	<p>the consultation paper – the creation of a standardised Pan-European Personal Pension Product (PEPP).</p> <p>State Street Corporation (NYSE: STT) is one of the world’s leading provider of financial services to institutional investors including investment servicing, investment management and investment research and trading. With €30.6 trillion in assets under custody and administration and €2.5 trillion in assets under management as of March 31, 2015, State Street operates in more than 100 geographic markets worldwide, including the US, Canada, Europe, the Middle East and Asia.</p> <p>State Street believes that the creation of standardised PEPP has the potential to deliver significant benefits for European consumers. A standardised product could deliver Personal Pension Products (PPP) in those Member States that currently don’t have developed first or second pillar pension provision as well as allow economies of scale to be achieved that could lead to cost savings for the EU’s consumers as well as improve the portability of pension products across Member State borders, which in turn would support the mobility of the EU’s work force.</p> <p>State Street believes the foundation of the PEPP should be a default option based on a life-cycle strategy along with a limited number of further investment options.</p>	<p>Agreed</p> <p>Agreed, EIOPA envisages the PEPP to offer one default option with a limited number of further investment options</p>
49.	The Association of International Offices (AILO)	General comment	The Association of International Life Offices (“AILO”) represents the interests of life insurers which do not write business in the country in which they are established, but write life insurance and pensions business on a cross-border basis in Europe and world-wide. Most AILO	

		<p>members are based in EU Member States.</p> <p>Total premiums written in 2011 were in excess of €20 billion. AILO's members insure approximately 8 million individual policyholders resident in EU Member States, with an estimated €220 billion of funds under management.</p> <p>AILO is pleased to have the opportunity to respond to the proposals put forward and in principle supports any initiative which contributes to a reduction in the savings gap and unsustainable burden on MS ability to provide adequate pension and other benefits. The proposals may contribute to an increase in take up of savings for retirement by less sophisticated consumers on a Home State basis. Perhaps more so where an internet based solution is available and without advice so creating an additional potential risk for the client. However unless the product is an unrestricted portable Pan European offering then there is unlikely to be incentive for providers to develop, or consumers to buy, a product with no practical advantage over existing domestic products.</p> <p>We understand that EIOPA in this consultation is concentrating solely on the possible creation of a 2ND regime product which AILO Members would welcome given their cross border distribution. As AILO stated in response to the EIOPA Discussion paper on a possible EU-single market for personal pension in 2013, there are a number of fundamental issues to overcome if a truly Pan European market is to develop. We are concerned that the paper considers such a product in isolation from the real and fundamental inhibitors to development of a Pan European product being primarily insurance and other contract laws, taxation and national social and labour laws including whether there is a fixed or flexible retirement age.</p> <p>Our Members every day face the reality, challenges and barriers of attempting to write cross border business. To enter a new market (usually on a Freedom of Services basis) entails considerable expenditure of time, resources and money on researching and obtaining advice on all aspects of writing business in the market. If a decision is then made to enter the new market then the result will be a market specific product and for local residents documentation in the</p>	<p>Agreed, the consultation paper on creation single market PPP of 1 Feb 2016 contains an analysis with regard to the three policy options the COM asked EIOPA to investigate however. This analysis has confirmed EIOPA's view that a 2nd regime is to be preferred over the other options</p>
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			<p>local language(s) and employment of language speakers.</p> <p>We note that it is suggested that any such product would be subject to local general good which is extrinsically linked with contract law matters and so a further inhibitor to cross border development. Thus what is being proposed seems to amount to 28 domestic market products having a common thread with all the cost and research that would entail as noted above. None of which would assist individual's among the several million mobile EU citizens living and/or working in another Member State who want to move from one Member State to another, perhaps several times, and maintain and continue to contribute to the same product rather than, as now, having a number of perhaps costly unrelated products subject to different rules and taxes.</p> <p>AILO does not profess to be expert in the law and regulation in respect of fund managers and banks but instinctively considers that the proposals to apply existing general good could create an unlevel playing field and so possible arbitrage to the detriment of life insurance and pension providers.</p>	<p>it was to investigate.</p> <p>Disagreed, EIOPA has analysed the hurdles mentioned in detail.</p> <p>Partially agreed, differing national requirements do seem to prevent the creation of a fully standardised PEPP at this moment in time. The research EIOPA conducted (please see Annex V of the consultation paper on creation single market PPP of 1 Feb 2016) shows however that the development of PEPPs, suitable for marketing in more than one member state does seem to be possible</p>
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			<p>By concentrating just on the accumulation period the paper seems inadvertently to allude to a situation where at retirement a pension annuity becomes payable. The legacy of the Stock Market crash and a low interest rate environment has resulted in huge numbers of retirees (other than those in defined benefit schemes) having no choice other than to live on sub optimum pension annuities. Such an environment has also meant that personal pension products are now almost always unit linked with the client accepting all or most of the investment risk. The UK has for a number of years permitted limited access to "drawdown" enabling the retiree some scope to enable the pension pot to remain invested while accessing part to fund income so giving the possibility for investment growth to maintain or increase income over the years without losing the value of the pension pot on premature death as happens with an annuity. The UK pension reform has enabled all retirees to have free choice of how to use the pension pot as is the case in some other enlightened Member States.</p> <p>AILO would urge EIOPA to be more ambitious and free thinking in its advice to the Commission, including for example what should be meant by "retirement" and at what time or times would that occur?</p> <p>We would also suggest consideration of a two tier approach a more "simple" product for the less sophisticated and a second tier (possibly later in time) providing extended freedom of choice of assets for more sophisticated consumers.</p> <p>EIOPA could also suggest that the Commission consider initiatives to encourage MS to agree a common approach to taxation of PEPPs in the sense of agreement as to taxation or exemption of contributions; accruing pension pots and decumulation benefits. It is not suggested that MS would surrender sovereignty in decisions as to the appropriate rates of tax but at least clients would have knowledge of a consistent</p>	<p>Noted</p> <p>Disagreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase. Due to largely differing decumulation practices across Member States it does not seem feasible or appropriate to mandatorily prescribe a specific form of decumulation at EU level however.</p> <p>Disagreed, EIOPA envisages a PEPP that is suitable for the large majority of consumers. A key characteristic of the product is that it should be simple. EIOPA</p>
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			<p>method of taxation</p> <p>AILO notes that the paper only asks a question (Q16) in respect of non-advised sales. Annex IIA of the proposed Insurance Distribution Directive clearly requires a distributor to have knowledge of inter alia the pension and taxation system applicable. The distributor has to take a holistic view and so consider issues relevant for the client beyond the mere PEPP or other product.</p> <p>We consider it to be critical for a PEPP to be successful that distributors providing advice can be remunerated by commission payments from providers. Many clients for whom such a product would be appropriate would be unwilling or unable to pay a fee and so will otherwise be able only to purchase a PEPP on an execution only basis, for example by using the internet. Thus any 2nd regime should ensure that distributors and their clients are free to choose the appropriate remuneration basis, including commission and/or fees, without any restriction (including general good) by any MS.</p>	<p>therefore believes that self-investment options should not be offered in a PEPP</p> <p>Agreed, following this consultation EIOPA has further developed its views with regard to how to take into account existing EU regulations in this field. Please see ch. 2.3 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Noted, for EIOPA's views with regard to remuneration please see p. 20 and onwards of the consultation paper on creation single market PPP of 1 Feb 2016</p>
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				(remuneration policies should be set up with the best interest of consumers at heart)
50.	The Danish Insurance Association	General comment	<p>The Danish Insurance Association (DIA) welcomes the opportunity to comment on EIOPA's Consultation Paper on the creation of a standardised Pan-European Personal Pension Product (PEPP).</p> <p>Initially, the DIA would like to confirm its support for the views expressed in the consultation response from Insurance Europe (IE). However, the DIA would also like to submit some further comments and views particular to the Danish market.</p> <p>The DIA supports the objective of encouraging EU citizens to save for an adequate retirement. We believe that the outlined regulatory framework for PEPP could be a step in this direction.</p> <p>The large majority of the Danish work force is already saving at an adequate level. The main part of total savings is in occupational pensions (pillar II) but personal pension savings (pillar III) are also substantial. Thus, generally speaking, we have no savings deficit of any significance in Denmark. Therefore, we do not expect that a standardised pan-European product will affect neither supply or demand very much. However, we do recognise that the situation is very different in other countries across the EU. In less mature markets, a PEPP may be an important tool for stimulating pension saving.</p> <p>We think that the PEPP should not be constrained to pillar III alone. It should also be possible to offer PEPPs as occupational pensions. If an</p>	<p>Agreed</p> <p>Partially agreed, please see p. 11 top of page of the consultation paper on creation single market PPP of 1</p>



			<p>employer wants to provide a PEPP for his employees, there is no reason why he should not have this opportunity. Both pillars could contribute to the overall objective of encouraging savings. We thus favour a flexible framework allowing for PEPPs being offered both as personal pensions and occupational pensions.</p> <p>We would also like to urge EIOPA to work for a flexible regulatory framework that does not hinder product innovation. It would be very unfortunate for consumer protection, if providers were, for example, discouraged to find new ways of minimising consumers' risks because of inflexible rules. Thus, the framework must be flexible enough to allow for product innovation without jeopardising the purpose of the PEPP .</p> <p>Specific comment on 7. Annex 1, 7.1 Quantitative data: The DIA would like to inform EIOPA that we do not recognise the amount stated for Denmark (DK): EUR 164,108 mio. If the figure is intended to reflect the total assets in personal pensions, the amount is too high. If the figure is intended to reflect the total assets in personal pensions and occupational pensions, the amount is too low. Besides, personal pensions are not offered only by life insurance companies and pension funds. Also banks offer personal pensions. Thus it seems incorrect that no amount is mentioned in the 'CRD' column.</p>	<p>Feb 2016 however for EIOPA's stance on the scope of PEPPs. Further analysis might be needed with regard to the possibility of voluntarily applying the PEPP regime in the situation described.</p> <p>Noted</p>
51.	The Finnish Pension Alliance Tela	General comment	The Finnish Pension Alliance Tela represents the statutory I-pillar earnings-related pension providers operating in Finland.	

		<p>We thank for the opportunity to take part in the EIOPA consultation on the creation of a standardized Pan-European Personal Pension product (PEPP). We are very pleased, that EIOPA has expressed openness and advocated transparency during the PEPP process.</p> <p>Indeed, it is important to understand the Member States' sentiments towards pension policy, in which they hold the competency to organise and define the so called pension pillars (I, II and III). The 28 EU Member States have built up from their own preferences a wide range of solutions dedicated to income security at old age. This has created great diversity of pension providers within the pension pillars. It is of paramount importance to involve and consult them, when EIOPA is considering a possible EU level regulation for III-pillar pension products. Even if they are not directly affected, the possible indirect influence on the balance of pension pillars is of concern to all actors.</p> <p>We fully support the view of the chairman of EIOPA Gabriel Bernardino at the PEPP conference in Frankfurt (7.9.2015) in which he recognised that the I-pillar pensions continue to be essential from the pointview of guaranteeing social cohesion in Europe.</p> <p>We believe that the bulk of income in old age should be provided by I-pillar pensions. By definition, supplementary pensions should complement the core societal function. I-pillar offers the needed coverage, risk sharing and job mobility in pensions. Multi-pillar approach should not be promoted at the expense of social security pensions.</p> <p>We also encourage EIOPA to reflect on how all pension pillars are affected by dire demographic situation and rising life-expectancy in Europe, not just statutory pensions. In our view, I-pillar composition</p>	<p>Noted, although EIOPA supports a multi-pillar approach with regard to saving adequately for retirement</p>
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		<p>and preparedness vary greatly within EU countries. For example Finland has managed to deliver a credible, sustainable and adequate earnings-related social security pension system for decades to come.</p> <p>EIOPA refers in the consultation paper to the roadmap laid out by the Commission's White Paper on Pensions (2012) regarding the need of developing complementary pensions in Europe. EIOPA also addresses the Green Paper on Capital Markets Union (CMU) Paper in which the development of a standardised and EU wide pension product is discussed.</p> <p>We agree with the ultimate goal of providing Europeans with adequate pensions through financially sustainable institutions. However, it must be recognized that there is no "universal remedy" suited to every Member State on pension policy.</p> <p>The idea of PEPP as a vehicle used to channel pension savings to the real economy is noteworthy. Nevertheless, individual consumers - or large scale institutional investors for that matter - should make their investment choices with the primary goal of pension provision in mind. All other possible side effects on employment and economy are secondary. This being said, it should be borne in mind that institutional pension investors are by nature long-term investors.</p> <p>The EIOPA consultation at hand does not focus on the definition of PEPP, but rather on the product details and the possible future legal framework. It cannot be emphasized enough that the clear and precise definition of the PEPP is of utmost importance. Member State competencies must be respected in a way that protects their discretion to set up and manage social security and occupational pensions.</p>	
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			<p>The previous consultation of EIOPA on the creation PEPP (2013) and the results published in the preliminary report (2014) should form the backbone of PEPP definition. When focusing on the contemplated product definition, it is self-evident that the PEPP is a fully funded III-pillar pension product based on consumer choice and individual contract with the provider. PEPP undisputedly revolves around consumer issues.</p> <p>As indicated by stakeholders in the preliminary report, statutory social security pensions falling under social security coordination act 883/2004 or other systems (so called I-pillar bis pensions) belong to the competence of Member States and are out scope of the PEPP. Likewise as a reminder from stakeholders: employer should have no role in the PEPP concept.</p> <p>We would also like to point out the importance of taking into account the current national rules on Personal Pension Products, which EIOPA has considered in the consultation. Minimum retirement ages and decumulation options vary widely between countries. At the moment every single Member State is striving to achieve a healthy balance with the time spent at work and time spent in retirement. Lengthening of working careers is also one of the key messages of Commission's White Paper on Pensions. Therefore PEPP decumulation policy should not form an early exit route to retirement and not in any way undermine the Member States' efforts in achieving sound and sustainable public finances in the long-term.</p>	
52.	The investment association	General comment	<p>The Investment Association represents the asset management industry operating in the UK. Our members include independent fund managers, the investment arms of retail banks, life insurers and investment banks, and the in-house managers of occupational pension schemes. They are responsible for the management of around £5.5 trillion of assets in the UK on behalf of domestic and overseas investors.</p>	

			<p>The UK asset management industry strongly believes in promoting the need for long term savings across Europe in pension and investment products. The Pan European Personal Pension (PEPP) is an opportunity to do so and we welcome the opportunity to respond to EIOPA's consultation on the PEPP.</p> <p>The Investment Association supports attempts to increase pension saving around Europe. While we believe that there are some domestic markets that are already well catered for by existing pension provision (notably the UK, Ireland and the Netherlands) there are other countries with nascent Defined Contribution (DC) markets or a tradition of state provision that is becoming unsustainable in the context of challenging public finances whose citizens and economies would benefit from the opportunity to increase long term savings via a PEPP.</p> <p>The PEPP has the potential to improve outcomes for individual savers through the provision of an attractive vehicle that allows them to invest in assets that have a much better chance of delivering them good outcomes over the longer term than cash.</p> <p>It can also help European economies grow by contributing to the Capital Markets Union (CMU) agenda through the provision of new long term savings flows that will help to deepen European capital markets. By aiding the flow of capital to productive uses in European economies, it can help strengthen the link between individual outcomes and broader economic growth.</p> <p>We explore some of the key issues that EIOPA raises in our response to the questions below, but in the first instance we wish to comment briefly on three specific areas.</p>	
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		<p>The role of asset managers in providing PEPPs</p> <p>The Investment Association supports the creation of a single market for personal pensions in the EU. While economies of scale already exist – and should continue to be encouraged – in investment products such as UCITS, the current fragmentation of the pensions market makes economies of scale harder to achieve and limits the choice of products and providers.</p> <p>Given its central role as an investment vehicle for the accumulation of long term savings, the PEPP is an ideal product for asset managers to provide. With its expertise in developing investment options and managing DC retirement savings products, the asset management industry can play an important role in developing the market for PEPPs. The industry’s experience in large scale cross-border business may also help it take a leading role in the promotion of its PEPPs on a cross-border basis as far as is possible.</p> <p>EIOPA recognises in its consultation the need for a plurality of PEPP providers, which we strongly support. However, we note that EIOPA signals a possible preference for guarantees to be provided within PEPPs. Quite aside from the implications of this for individual PEPP savers (discussed further in our answers below) any preference for guarantees embedded within PEPPs will immediately bias provision away from asset managers, who act as agents on behalf of their clients, to banks and insurance companies that can use their balance sheets to underwrite guarantees. Plurality amongst PEPP providers, can only be achieved through proportionate regulation of product design.</p> <p>Defining the target market for PEPPs</p> <p>We would note the importance of defining the target market for the</p>	<p>Partially agreed, EIOPA believes PEPP providers should not be required to offer guarantees</p> <p>Agreed, please see ch. 1.2 and</p>
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		<p>PEPP. Without understanding who will buy the product and through which distribution channels, we do not see how it is possible for providers to design appropriate products. There is a danger that without an analysis of the target market PEPPs will struggle to compete with domestic pension products and other long term savings vehicles.</p> <p>To that end we would like to see EIOPA conduct an analysis of the potential target market. This would both facilitate the design of appropriate regulation and products.</p> <p>Local and tax and regulatory issues</p> <p>The final area that we wish to highlight relates to the challenges of reconciling a desire for a highly-standardised pan-European pension product with local laws and regulation. These features mean there may be limits to the ability to standardise PEPPs across Europe.</p> <p>The most obvious area of complexity is tax. Pension saving around the world is routinely incentivised through tax systems and while there is a broad consensus internationally that an 'EET' treatment is appropriate, there is significant heterogeneity at the national level on the precise design of tax incentives. Different incentive structures around Europe may make a PEPP more or less attractive in some countries, and this may make cross-border provision more challenging.</p> <p>Another area is product regulation – different markets will have different preferences for features such as guarantees and this once again puts a limit on the ability to standardise the product across Europe.</p> <p>It is difficult to see how these differences can be overcome and it highlights the need to focus less on standardisation of the product and</p>	<p>2.2 of the consultation paper on single market PPP of Feb 2016</p> <p>Agreed, EIOPA believes a PEPP should receive equal tax treatment if it fulfils the requirements for receiving a tax benefit.</p> <p>Partially agreed, the PEPP is a highly, but not fully, standardised product</p>
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			<p>more on facilitating a regulatory environment that incentivises PEPP providers to offer cost-effective and attractive products that are suitable for the target market.</p> <p>It is in any case not clear to us that there is a need for a high degree of product standardisation across Europe. In those countries with a developed third pillar, PEPPs will in theory compete alongside existing national pension products, which will have many diverse product features. We do not see the benefit in mandating standardisation of PEPPs alongside diverse national products. There is a danger that it can hamper the ability of PEPPs to compete in domestic markets; this brings us back to the need to identify the target markets for PEPPs around Europe.</p>	<p>Disagreed, please see ch. 3.1.2 of the consultation paper on single market PPP of Feb 2016</p>
53.	Vanguard Asset Management, Limited	General comment	<p>1. Vanguard is very supportive of the creation of a standardised PEPP. Vanguard welcomes the opportunity to provide comments on EIOPA's Consultation Paper on the creation of a standardised Pan-European Personal Pension product (PEPP). The European Commission and EIOPA should be commended for the continued efforts to explore standardised, cross-border methods to encourage European citizens to save for retirement through employer based and individual retirement arrangements.</p> <p>By way of brief background, Vanguard is one of the world's leading money managers, managing over US \$3 trillion on behalf of institutional and individual investors located in approximately 170 countries worldwide. We operate under a unique mutual structure that aligns our interests with those of our investors and drives the culture, philosophy and policy views throughout our organisation worldwide. Our unique mutual structure enables us to deliver low-cost and client-focused investment products and services. At the same time, our unique mutual structure enables us to have a somewhat unique investor-focused view on savings issues such as EIOPA's important PEPP consultation.</p>	



			<p>In our view and for the reasons explained below, the creation of a standardised PEPP approach would be an extremely welcome development for European retirement savings, helping to advance the development of an individual savings component of a multi-pillar (government-sponsored, employer-sponsored and individual savings) approach to retirement savings across Europe.</p> <p>2. A standardised PEPP will help drive down investor costs by fostering economies of scale and competition. A well-designed standardised PEPP that enables the pooling of assets from across Europe will undoubtedly lead to economies of scale and, therefore, lower investment and administrative costs for investors. As EIOPA points out in the Public Consultation, a standardized PEPP would also foster competition by providing a new opportunity to develop the personal pensions market across Europe, also helping to drive down investor costs.</p> <p>EIOPA should be commended for aggressively pursuing the opportunity to lower costs for retirement investors. While investors cannot predict the market performance of their investments, they can look to keep their costs as low as possible; lower costs will directly and positively impact investment return and retirement accumulations over time.</p> <p>3. A standardised PEPP would help further the purpose of strengthening long-term European investment through a Capital Markets Union. Earlier this year, the European Commission noted in its Green Paper – Building a Capital Markets Union that “[n]ew rules on occupational pensions currently under discussion could remove barriers to pension schemes investing more in long-term assets.” The commission also asked the question as to whether a standardised personal pension product removing obstacles to cross-border access</p>	<p>Agreed, please see ch. 3.1.2 of the consultation paper on single market PPP of Feb 2016</p> <p>Agreed, please see ch. 3.1.2 of the consultation paper on single market PPP of Feb 2016</p>
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			<p>could strengthen the single market in pension provision.</p> <p>In our view, the introduction of a standardised PEPP, with the fundamentally sound design feature of encouraging long-term investment through a life cycle strategy with de-risking as suggested in the EIOPA Public Consultation, will have an extremely positive impact on the encouragement of long-term savings and capital formation across Europe.</p> <p>4. A standardised PEPP would serve as an important supplement to government and employer sponsored pensions. This is particularly important as pillars I and II pensions (i.e., government-sponsored and employer-sponsored pensions, respectively) -- and in particular, defined benefit pillars I and II pensions -- continue to come under stress due to increasing funding obligations and inevitable demographic challenges (e.g., fewer younger workers are paying into pension pools from which retirees are receiving distributions for longer durations). A robust pillar III (or individual savings) approach, such as a standardised PEPP, would go a long way to enabling and encouraging citizens to supplement any pillars I and II benefits they may have.</p> <p>5. A standardised PEPP would eventually help encourage cost-effective advice and guidance for individual retirement savers. Vanguard and other global financial institutions are increasingly enhancing direct products and services to individuals to provide much-needed professional and prudent help with individual retirement savings decisions. Products and services such as advice and guidance services through a combination of channels, such as: (i) automated channels (so-called robo advice), (ii) personal channels (through professional advisors), and (iii) all-in-one funds such as target date and life-cycle funds, have proven to be extremely positive developments for individual savers. The development of a standardised PEPP would be an important step toward developing a vehicle that could achieve</p>	<p>Agreed</p> <p>Agreed</p>
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			<p>economies of scale that would encourage financial service providers to invest in the development of advice and guidance services to help individuals save for retirement across Europe.</p> <p>6. A standardised PEPP could evolve into an important vehicle for retirement savings portability and consolidation. Very importantly, a standardised PEPP could provide much needed portability for savers as they change jobs during their working career. In the United States individual retirement account system (US IRAs), individual accounts serve as an important and efficient landing place for savings from workers who receive cash outs of employer sponsored retirement savings when they change jobs. The US IRA has become an important vehicle to help ensure that employer sponsored benefits do not “leak” from a system before they can be used for retirement.</p> <p>Indeed, extensive research that Vanguard has conducted on defined contribution plans that we administer in the United States confirms that, of the assets that were available for distribution in 2014 (because a participant changed jobs or retired), 93% of the assets were preserved for retirement and, thus, did not “leak” from the retirement system. A major reason for this retirement savings preservation success is the fact that a significant percentage of these assets were rolled over into individual retirement accounts. Our view is that a standardised PEPP could eventually serve as a similar vehicle for helping to provide individual portability and retirement savings preservation for European retirement savers.</p>	<p>Agreed</p> <p>Noted</p>
54.	VOIG	General comment	<p>The Austrian Investment funds an real estate investment funds management association (VÖIG) represents all investment funds and real estate investment funds management companies located in Austria. Members of VÖIG currently are responsible for appr. € 160 bn assets under management. VÖIG is member of the European Funds and Asset Management Asscociation (EFAMA) and strongly supports the views of EFAMA.</p> <p>We want to thank EIOPA for the work already done trying to harmonise</p>	

			<p>major principles of private pensions for 2nd and 3rd pillar products. We strongly support the idea of PEPP because of</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the further enhancement of 2nd and 3rd pillar products in Europe (according to the White Paper of the EC on pensions),</li> <li><input type="checkbox"/> current state of fragmentation of the personal pension market in our country,</li> <li><input type="checkbox"/> the potential benefits of an EU wide product,</li> <li><input type="checkbox"/> the importance of developing a highly standardized product, and</li> <li><input type="checkbox"/> the link of the PEPP with the CMU initiative.</li> </ul> <p>VÖIG has been an active player in the creation of the 3rd pillar private pension Product in Austria in the year 2000 and 2003. Banks and insurance companies thereby were allowed to provide state sponsored private pension products to private individuals. When offering such 3rd pillar pension products to the public banks had to invest client money (individual account) exclusively in Austrian pension funds which have to follow strict investment and risk spreading guidelines and fulfill comprehensive disclosure requirements. One of the major disadvantages of the product concept up to now is that the product requirements were not flexible enough (for example guarantee requirement) and a lot of potential customers are not allowed to invest in such products as the product does not fit the individual needs of these potential customers.</p>	Agreed
55.	VPB	General comment	<p>With public budgets under pressure and a growing awareness for private pension provisions, the importance of private pension products has increased. The attractiveness of available products has grown not just due to their yield but also due to interchangeability and flexibility. We welcome EIOPA's plans and efforts to support European customers in this regard.</p> <p>A Pan-European Personal Pension product should not be limited to an</p>	<p>Agreed</p> <p>Noted</p>

			<p>isolated product category but should respect the different needs and requirements of European customers. Private residential property has proven to be a bedrock of private pensions – in fact it is the only kind of private pension provision whose benefits (the absence of rents) can be enjoyed at a comparatively early stage in life. This calls for an inclusion of products that combine the purchase of one’s own home and private pension provision into further considerations. In Germany, for example, the so called “Eigenheim-Rente” or “Wohn-Riester” has been successfully established as a respective product. We are available to bilaterally discuss and explain the core features of this unique pension product.</p>	
56.	VVO	General comment	<p>The Austrian Insurance Association VVO welcomes the initiative at European level to promote occupational and private pensions complementary to first pillar state pensions. With regard to demographic developments and state budgetary restraints it is of utmost importance to encourage personal retirement savings in order to ensure an adequate living standard in the individual’s retirement phase.</p> <p>However, we believe that the introduction of the Pan-European Pension Product (PEPP) as proposed in this consultation paper might face major challenges, on the one hand with regard to the product design itself, on the other hand with regard to national areas of competence (taxation, welfare, and labour law structures).</p> <p>We would like to take the opportunity to emphasise that personal retirement savings products should be targeted to provide additional life-long retirement income to individuals in their retirement phase. This underlines the importance of the long-term character of the product as well as the importance of providing life-long annuity payments if a product should be qualified as a pension product in order to protect against the risk of longevity. Although we are of the opinion that there might be some challenges which will not be easy to tackle</p>	<p>Agreed, EIOPA envisages a PEPP however that is flexible to such an extent that these challenges can be overcome in many instances.</p> <p>Partially agreed, EIOPA agrees that the accumulation phase of the PEPP should be followed by a decumulation phase (as</p>

			and which might be a barrier regarding the introduction of the PEPP we would like to submit our comments to questions posed in the consultation paper.	defined at national level). The latter makes it clear however that, at this moment in time, it might not be possible/appropriate to mandatorily prescribe a specific form of decumulation at EU level. Further research is needed
57.	Vzbv	General comment	Vzbv supports this initiative to create a level playing field for several saving products used to finance the retirement period (like Riester-Rente). We have been observing for years that consumers are overstrained with choosing the suitable product among a wide range of products, product categories and tax regulations. For this reason we see a need for a default which does not overburden consumers with product criteria while offering an appropriate level of consumer protection. Consumers demand for ONE simple low cost product which would enable them to react to changes in their personal circumstances. Consumers do not need more of the same by creating an additional product category, they rather need a real alternative, that minimises the burden of choosing the right product.	Agreed
58.	WIT	General comment	EIOPA's initiative in conducting this policy consultation is welcome. Establishing the parameters within which a product/service offering can be designed is critical. Recognising the market forces at play from both the supplier and the consumer side is central. Learning from past experience in the pensions sector and in the wider financial services arena should inform the policy development process. Retirement	Agreed

			income is not a free good and must be paid for and much of the debate here will be about who bears that cost, and who will act to preserve, create and allocate value necessary to fund such income individually and collectively over time. A well designed offering could deliver benefits to all stakeholders and thus commands our collective effort and expertise to collaborate in the policy process. A poorly designed one will fail to deliver on the policy objectives: the responsibility is great.	
59.	Working Group on Shariah financial and insurance p	General comment	The Working Group on Shariah financial products emphasises its interest for a regime for PEPP, which allows PEPP-Product to be in compliance with Shariah Law. This is seen as a part of the consumer protection not only for Muslim citizens in Europe but also for all consumers with the need of a solid, ethical, and profit sharing based investment. All – for example traditional insurance providers in Gemany – are not in compliance with Shariah. Shariah compliant private pension products have to be based more on solidarity than individuality, must avoid calculating with interest, cannot invest in interest products and must avoid calculating with life expectancy, because only God knows the span of life. Guaranteed Life long annuities are not in compliance with Shariah. Also investment in underlyings such as alcohol production, gambling business, arms industry, etc. is prohibited. Products can be based on European Trusts.	Noted
60.	Zurich Insurance Group	General comment	<p>We welcome the opportunity to respond to EIOPA’s consultation on the creation of a pan-European personal pension product. Zurich Insurance Group is a leading multi-line insurer that serves its customers in global and local markets. With more than 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich’s customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.</p> <p>We believe the PEPP solution could provide an additional tool in addressing the financial shortfall many people are likely to face in</p>	Agreed

			<p>retirement. The emphasis on a clear and consumer friendly PEPP is essential to gain consumer acceptance.</p> <p>However, we would identify a number of challenges with the introduction of a PEPP and a second regime. As providers from different backgrounds (life assurance companies, fund managers, pension schemes) enter this space it is imperative that consumers get equal protection. It will be important to avoid scope for regulatory arbitrage and to ensure that the “same risks” carry the “same capital” requirements.</p> <p>We also note that there will remain a number of barriers to cross-border transactions and a common PEPP that can easily be served across multiple countries. The main area of challenge will be around taxation – both in terms of premium relief but also in relation to how benefits are taxed at retirement. It would also be important to address local practices so that a PEPP does not appear a lesser solution to a comparative domestic personal pension.</p> <p>Finally, we recognise that rules are required to protect the consumer – particularly around funds and distribution. However, these should not be so rigid that they prevent future innovation.</p> <p>Consumers should have the opportunity to interact with the PEPP in different ways to meet their individual preferences.</p>	<p>Partially agreed, EIOPA believes further analysis is needed in this field it proposes to further investigate if and how existing solvency regimes would need changing.</p> <p>Agreed</p> <p>Agreed</p> <p>Partially agreed, EIOPA envisages a PEPP that is suitable for the large majority of consumers. A key characteristic of</p>
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				the product is that it should be simple. EIOPA therefore believes that self-investment options should not be offered in a PEPP
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 1	<p>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.</p> <p>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.</p> <p>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.</p>	<p>Agreed</p> <p>Following consultation EIOPA developed the view that only EU regulated providers should be able to offer the PEPP</p> <p>EIOPA will investigate further with regard to prudential rules that should be applicable.</p>
B.	Insurance and Reinsurance Stakeholder	Question 1	It is not necessary to have a stand-alone authorisation requirement for financial institutions already authorised under EU regulation, such as Solvency II.	Agreed

	Group (IRSG)		<p>For institutions that are not covered by any existing EU law, it is paramount that they are subject to an EU harmonised authorisation procedure.</p> <p>In order to ensure a level playing field between all types of PEPP providers, the same prudential standards should apply to all providers. This is vital in order to avoid regulatory arbitrage, and even more so because PEPPs are granted an EU product passport (further elaborated upon in question 21).</p> <p>The Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p>	<p>Following this consultation EIOPA has developed the view that only EU regulated providers should be allowed to develop and market PEPPs</p> <p>Disagreed, EIOPA believes the introduction of one solvency regime does not seem feasible or proportionate</p>
61.	Pensioenfederatie	Question 1	<p>It is difficult to give a meaningful answer to this question. Firstly, it would be highly recommended that EIOPA presents a sharp definition of "personal pension products" stipulating that these products can be clearly distinguished from occupational pensions. Secondly, EIOPA focuses only on the accumulation and the pre-retirement phase. During these phases, the product will not differ substantially from regular savings products, as already offered by life insurance companies, banks and investment institutions.</p> <p>According to us, the quality of a personal pension product, and consequently any judgement on such a product, highly depends on the product specifications regarding the decumulation phase. In that</p>	<p>Agreed, please see p. 11 top of page of the consultation paper on single market PPPs of Feb 2016.</p> <p>Disagreed, EIOPA does not define the form and shape of</p>

			<p>respect, questions will arise such as how to deal with the risk of longevity (vs. payment as a lump sum, or payment over a limited period), or how to deal in case of death, etc.</p> <p>Nevertheless, we subscribe to EIOPA's opinion that providers should be authorised to sell PEPP's only if the competent authorities are satisfied that they meet all necessary requirements. We are not convinced that a stand-alone regime for the authorisation of PEPP providers is desirable for the above mentioned reasons. We fear that a regulatory gap in favour of providers not yet authorised under other EU financial service legislation might be created. This might result in an unlevel playing field vis-à-vis EU regulated providers and IORPs providing occupational pension schemes.</p> <p>Moreover, we question the perspectives on adequate supervision in practice on providers which are not yet authorised under other EU financial service legislation.</p> <p>In addition we would recommend that, before a stand-alone regime for PEPP-providers would be considered, first of all an analysis should be made in order to investigate whether existing Union law could be sufficient to cover all PEPP providers.</p>	<p>decumulation phase but the objective is to achieve retirement income from saving in PEPP.</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed, see ch. 4.3 of the consultation on PPP of 1 Feb 2016</p>
62.	Pensionskasse der Mitarbeiter der Hoechst-Gruppe	Question 1	<p>German IORPs are only offering occupational pensions (of the second pillar) with particular features that are defined in the German Occupational Pension Act (BetrAVG – Betriebsrentengesetz). Therefore, occupational pensions are different from insurance and any other financial products including the new PEPP as far as its structure is perceptible from the description in the consultation paper. According to the BetrAVG, IORPs are currently only allowed to offer occupational pensions and hence no other pension-like products, as for instance PEPPs.</p> <p>We are of the opinion that only the operating IORP as an institution, and not their products, should be submitted to any regulatory</p>	<p>Disagreed, EIOPA – as far of the introduction</p>

			<p>framework. The current IORP Directive (including the draft IORP-II Directive) as well as the German Supervisory Act for Insurance undertakings and for IORPs (VAG – Versicherungsaufsichtsgesetz) only define the requirements an IORP as an institution has to fulfill. Once the permission is obtained, the IORP is free to offer any products the employer and / or the social partners have conceived, without any further authorization process.</p> <p>Futhermor, we believe that the existing authorization requirements are nowadays largely sufficient. Hence, there is no need for a further stand-alone authorization for PEPP providers or for the PEPP as product. At EU-level, the rules of Solvency II, MiFID, UCITS, CRD IV and the IORP Directive (see enumeration under 3.5.1) cover all relevant pension providers respectively providers offering pension-like products. These EU-rules have been transferred by the Member States into their national legislative framework, thus taking into consideration the different features of the different pension systems. From the German perspective, only the housing associations (Wohnungsbaugenossenschaften), which aim to provide affordable housing for its members, are not covered by the above mentioned EU-rules. However, we do not see any practical need in establishing a new set of rules for these entities, since Wohnungsbaugenossenschaften do not offer any pension products in the terms of the German legislation. Furthermore, they cannot act on the Common Market since they offer their products – affordable housing to rent – only to their affiliated members, who are practically always living in Germany.</p> <p>Finally, we believe that any additional authorization procedure will entail supplementary costs with a negative impact on the later benefit level. As a consequence, any authorization should therefore be limited to the institution itself.</p>	<p>of a PEPP is concerned – believes regulating the provider only is not sufficient</p> <p>Agreed see ch. 4.3 of the consultation on PPP of 1 Feb 2016</p>
63.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 1	First, aba believes that German law precludes employers or IORPs to offer PEPPs. German IORPs only provide benefits (of the second pillar) with particular features that are defined in the Occupational Pension Act (BetrAVG – Betriebsrentengesetz). Therefore, occupational	

		<p>pensions are different from insurance and any other financial products including the new PEPP as far as its structure is perceptible from the rough (and sometimes opaque) description in the consultation paper.</p> <p>Apart from this fundamental concern, aba is of the opinion that only the operating IORP as an institution, and not their provision, should be submitted to any regulatory framework. The current IORP Directive (including the proposed IORP II Directive) as well as the German Supervisory Act for Insurance undertakings and for IORPs (VAG – Versicherungsaufsichtsgesetz) only define the requirements an IORP as an institution has to fulfil. Once the permission is obtained, the IORP is free to offer any benefits the employer and / or the social partners have conceived, without any further authorization process.</p> <p>aba furthermore believes that the existing authorization requirements are largely sufficient. Hence, there is no need for a further stand-alone authorization for PEPP providers or for the PEPP as product. At EU-level, we consider that the rules of Solvency II, MiFID, UCITS, CRD IV and the IORP Directive (see enumeration under 3.5.1) cover all relevant pension providers and providers offering pension-like products. These EU rules have been implemented by the Member States into their national legislative framework, thus taking into consideration the different features of the different pension systems. From the German perspective, only the housing associations (Wohnungsbaugenossenschaften), which aim to provide affordable housing for its members, are not covered by the above mentioned EU-rules. We thus cannot identify any practical need to establish a new set of rules for these entities, since Wohnungsbaugenossenschaften do not offer any pension products under German legislation. Furthermore, they cannot act on the Common Market since they offer their products – affordable housing to rent – only to their affiliated members, who typically live in Germany.</p> <p>Finally, we believe that any additional authorization procedure will</p>	<p>Disagreed, EIOPA – as far of the introduction of a PEPP is concerned – believes regulating the provider only is not sufficient</p> <p>Agreed, following this consultation EIOPA has developed the view that introducing a stand-alone authorisation regime might not be required</p>
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			entail supplementary costs with a negative impact on the later benefit level. As a consequence, any authorization should therefore be limited to the institution itself.	
64.	ACA	Question 1	For insurers the FOS regime permits already to operate “transborder”, but national obstacles hinder a smooth development of the activity. The PEPP could overcome these hurdles and create a level playing field between all potential providers of personal pension schemes or products.	Agreed
65.	Actuarial Association of Europe	Question 1	<p>For some Member States a stand-alone authorisation requirement for a PEPP is not really needed (examples are UK, Germany, The Netherlands). For other Members States it would be welcomed, especially in some Central European countries where there is lack of trust in the local providers/government. It appears to be considered that a stand-alone PEPP regime is a better way of addressing these gaps in the market than trying to develop new providers under an existing regime. We think that for product providers the existing authorisation rules are sufficient. For a new (PEPP) product a stand-alone regime for product features might make sense.</p> <p>Although we are for now persuaded by EIOPA’s arguments, there will no doubt be issues determining equivalence of other regimes. The differences in regulation of different types of provider (e.g. insurance companies are subject to Solvency 2 whereas investment firms, banks and IORPs are not) need to be borne in mind.</p>	<p>Partially agreed, see ch. 4.3 of the consultation on PPP of 1 Feb 201</p> <p>Agreed</p>
66.	Af2i Association française des investisseurs insti	Question 1	The Af2i association thinks that there is a need for a stand-alone authorization requirement as the first building block of a unique market of personal pension products in Europe.	Disagreed, having analysed the responses to this consultation EIOPA questions the need for a stand-alone authorisation regime however (solid notifications

			So all the providers of PEPPs, including non-regulated-so-far by a European directive actors, have to meet a common bunch of authorization requirements and get their agreement from their national authorities.	regime instead). After consultation EIOPA believes that any PEPP regulation should not be aimed at non-EU regulated providers
67.	AFG	Question 1	No, AFG does not think there is a need for a standalone authorization. Authorised providers under EU legislation (MIFID, UCITS, AIF, Solvency, CRD) should be automatically authorized. They already have an adequate securitized framework to manage PEPPs.	Agreed
68.	Allianz	Question 1	We believe that existing authorization rules can be extended to cover the running of PEPPs as well. Similarly, providers not covered by existing authorization who want to offer PEPPs within the EU28, incl. Asset Managers, will need to comply with the same rules and conditions, i.e. mainly Solvency II, thus assuring a level playing field among all types of providers.	Agreed as with regard to existing authorisation rules. EIOPA is not convinced however that one regime, e.g. Solvency II, should apply to all PEPP providers
69.	Amundi	Question 1	As far as an authorization will be required at the product level Amundi believes that the existing Union law, especially MiFID, would sufficiently cover all potential PEPP providers. In any case an actor benefiting with a MiFID licence in addition to a UCITS license or to an AIFMD license should be considered as able to manage a PEPP. In case a provider would only benefit from a national authorization without any	Agreed

			<p>reference to one of the European legislation mentioned in the consultation, we consider that this authorization should be conditioned to some minimum requirement defined by EIOPA in order to avoid any circumvention and un-level playing field.</p> <p>It is important in our view to include AIFMD license. In fact, UCITS funds must respect strict liquidity requirements which are not necessary in the context of PEPP and which would deprive investors from the premium linked to long term investment ; this topic is perfectly grasped in § 4.2.2.1 of the consultation. AIF may be more convenient for pensions while allowing for investment in long term assets to the condition that the fund respects some rules in terms of diversification and low leverage level. These rules are not part of AIFMD and could be specifically defined for AIF eligible to PEPP.</p>	<p>Agreed, see blue box section, p. 68 of consultation paper on PPP of 1 Feb 2016</p>
70.	ANASF	Question 1	<p>We believe that PEPPs should effectively comply with a thoroughly harmonised legal framework (encompassing, for instance, also the decumulation period, as we explain in our answer to Q2). Accordingly, product standardisation (and compliance with the standardised legal framework) should represent the basic requirement for the authorisation of each provider.</p>	<p>Agreed, although EIOPA – following this consultation – does not envisage a stand-alone authorisation regime</p>
71.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 1	<p>First of all, it needs to be clarified that the PEPP provider is the manager or producer of the product and not the distributor, although PEPP providers may also engage in PEPP distribution.</p> <p>The form that PEPP can assume should also be clarified. Is it a Fund or similar vehicle, an insurance contract, an individual portfolio, any one of the above? APFIPP considers that the best solution would be if PEPP is a Fund or similar vehicle following a regime similar to the one applying to UCITS.</p>	<p>EIOPA aims the PEPP to be a product that can be offered by providers that are EU-</p>



			<p>It should be clear, nevertheless, that the PEPP provider does not need to be an UCITS Management Company, as long as the provider is regulated under an EU legislation, such as Solvency II, CRD IV, IORP, MiFID but also AIFMD.</p> <p>We should bear in mind that in some countries, such as Portugal, there are Personal Pension Products that are considered AIF and, for that reason, their managers need to comply with the AIFMD. We therefore believe that AIFMs should also be allowed to manage / provide PEPPs.</p> <p>We agree with the consultation paper that no additional requirements should be imposed on these institutions, except eventually in terms of solvency requirements for PEPP providers that offer a guarantee or biometric risk coverage.</p>	<p>regulated.</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
72.	Association for Financial Markets in Europe (AFME)	Question 1	AFME believes that it is not necessary to have a stand-alone authorization requirement for financial institutions authorized under EU regulation, such as Solvency II.	Agreed in so far that consultation results have led EIOPA to develop the view that stand-alone authorisation might not be needed, notification is and that PEPPs should be offered only by EU regulated entities.
73.	Association of British Insurers	Question 1	If a standardised PEPP were to be introduced, it is important that providers who are currently regulated by existing EU legislation could	Agreed

			<p>operate and provide the PEPP within that framework, rather than introduce any new regulatory requirements. Furthermore, in order to ensure a high level of consumer protection, it would be important that the PEPP is only provided by providers who are appropriately authorised, scrutinised and regulated.</p> <p>We have concerns regarding allowing providers who are not authorised to operate under existing EU legislation to provide the PEPP. In particular as the conduct of business rules governing the operating conditions of the PEPP providers would be at equivalent levels for those providers regulated by: Solvency II, the Credit Rating Directive IV, the Institutions for Occupational and Retirement Pension Directive, and Markets in Financials Instruments II.</p>	<p>Agreed, see ch. 4.3, second blue box in consultation paper single market PPPs of 1 Feb 2016</p>
74.	Assofondipensione , Assoprevidenza and Mefop	Question 1	<p>Do stakeholders think there is a need for a stand-alone authorization requirement or would existing Union law sufficiently cover all potential PEPP providers, including those who would issue PEPP's but who are not already authorized by another existing authorization regime?</p> <p>It is important to stress that the provision of a PEPP should be only admitted for financial intermediaries which fulfil the requirements established by the competent authorities and which have a mission comparable with the provision of a pension product.</p> <p>Although for financial intermediaries not dealing with EU directives on financial services a stand-alone authorization process should be expected when providing a PEPP, the provision do not seems sufficient to avoid the risk of creating an "unlevelled playing field" between operators which refer to different regulatory frameworks. This condition, when occurring, will only worsen the interests of members/customers of both PPP and PEPP.</p>	<p>Agreed</p> <p>Following this consultation EIOPA has developed the view that PEPPs should only be offered by EU regulated providers/distributors</p>

			For financial intermediaries falling within the scope of the EU Directives on financial services provision and which already provide personal pension plans or other forms of supplementary pensions, given the similarities with PEPP, no new authorization regime should be requested.	Agreed
75.	Assogestioni	Question 1	<p>Assogestioni doesn't think there is a need for a stand-alone authorization regime; in this regard, we question the opportunity to allow providers who are not authorized under any existing European sectoral legislation to offer a PEPP: allowing only entities authorized under an existing EU legislation to offer PEPP is the only approach that would guarantee a level playing field among providers, otherwise a regulatory gap would endure between providers regulated under EU financial services legislations and not-regulated providers.</p> <p>We believe it is of prime importance to clearly identify the eligible PEPP providers. However we also think the PEPP Regulation should only cover product and distribution rules without introducing a stand-alone authorization regime for PEPP providers: existing European sectoral legislation has already proven to provide a sound and robust framework of rules governing the activity of financial entities.</p>	<p>Agreed, see EIOPA's developed vision in consultation paper of PPP of 1 Feb 2016</p> <p>Agreed, EIOPA – after this consultation – still believes a solid notification procedure is required in cross-border situations</p>
76.	Better Finance	Question 1	<p>Q1: 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?</p> <p>There should be a passport regime similar to UCITS funds (UCITS IV Directive) the other Pan-European investment product, i.e. the PEPP must first be approved by a NCA, for passporting to other MS.</p> <p>From the Riester experience in Germany (more than 16 million contracts - the providers have to get a certificate before selling) we recommend a stand-alone autorisation or certification for the products</p>	<p>Following this consultation EIOPA has developed the view that a stand-alone authorisation regime might</p>

			to be sold. This product regulation should not only contain a formal recognition for cross-border sellings, but a substantial control of clauses and of options included in the contract (for the payment / contribution phase as well as for the decumulation / pay-out phase). We propose to EIOPA to implement this certification in order to emphasize that these are pension plans on EU level (beyond the offerings on the national level).	not be required. A solid notification procedure is however.
77.	BIPAR	Question 1	<p>BIPAR is of the opinion that everyone providing and distributing PEPPs must be authorized / registered/ licensed in one way or another, the way investment and insurance intermediaries must currently be licensed. MiFID and IMD/IDD are to be considered. Any other solution would be unfair for those that are currently already heavily regulated.</p> <p>We believe that only entities registered under IMD/IDD or Solvency II, should automatically be allowed to distribute or intermediate insurance PEPP products.</p>	Agreed in so far that consultation results have led EIOPA to develop the view that stand-alone authorisation might not be needed, notification is and that PEPPs should be offered only by EU regulated entities.
78.	Blackrock	Question 1	<p>We believe that asset managers would require an amendment to their current regime. As it currently stands neither alternative investment fund managers or UCITS managers could manage a PEPP.</p> <p>The current UCITS license includes both capital requirements (as a percentage of AUM subject to a cap) and conduct requirements. UCITS managers can also provide a number of additional MiFID additional services. The Alternative Investment Fund Managers Directive (AIFMD) has a similar framework covering capital requirements and conduct requirements with ability to provide additional MiFID services. It has also been clarified that a single company can hold be authorised to act as both a UCITS manager and an AIFM. From the perspective of an asset manager it seems feasible to slot management of a PEPP into</p>	Agreed, following consultation EIOPA has

			<p>this existing framework so that the focus is on individual product approval for existing entities, rather than reauthorisation of existing entities. While we have not investigated the logistics, it seems appropriate to follow a similar approach for regulated sectors such as the insurance sector.</p> <p>If existing licenses are to be used it is likely that some providers such as insurers will be authorised by prudential regulators and some providers such as asset managers by markets supervisors. This could potentially lead to an inconsistent focus on different aspects of the management of the PEPP. As such we recommend very close cooperation between ESMA and EIOPA and between national competent authorities to agree common standards and avoid the risk of arbitrage between PEPPs approved by different national competent authorities. For example it would be helpful to consider the forthcoming MiFID product governance regime in determining internal governance procedures by providers of PEPPs.</p>	<p>developed the view that a stand-alone authorisation regime might not be appropriate for EU-regulated PEPP providers</p> <p>Agreed</p>
79.	Bund der Versicherten e.V. (BdV – German Associati	Question 1	<p>There should be a passport regime similar to UCITS funds (UCITS IV Directive) the other Pan-European investment product, i.e. the PEPP must first be approved by a NCA, for passporting to other MS.</p> <p>From the Riester experience in Germany (more than 16 million contracts - the providers have to get a certificate before selling) we recommend a stand-alone autorisation or certification for the products to be sold. This product regulation should not only contain a formal recognition for cross-border sellings, but a substantial control of clauses and of options included in the contract (for the payment / contribution phase as well as for the decumulation / pay-out phase). We propose EIOPA for implementing this certification in order to emphasize that these are pension plans on EU level (beyond the offerings on the national level).</p>	<p>Following this consultation EIOPA has developed the view that a stand-alone authorisation regime might not be required for EU regulated PEPP providers. A solid notification procedure is however.</p>
80.	Cardano Risk Management	Question 1	<p>The challenge is to stimulate innovation and drive competition in the pan-European market allowing EU citizens to better manage their</p>	<p>Agreed, following this</p>

			<p>financial situation for retirement.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The global financial crisis in 2008 resulted in stricter authorisation regimes with tighter supervision. Regulators, in some member countries, have become more reluctant to approve new entrants within the current authorisation regimes.</li> <li><input type="checkbox"/> The consolidation among providers has to some extent been driven by increased administrative burden/cost for complying with the increased regulation within the existing authorisation regimes.</li> <li><input type="checkbox"/> The business model for providers requires a large pool of assets under management (AUM) to make a profitable business, which means that a new entrant will have a very long commercial runway.</li> </ul> <p>This implies that the entry hurdles for a new entrant to the retirement savings market has increased significantly which makes disruptive innovation less likely to occur. The early adaptors of a PEPP authorisation regime will, most probably, be the existing large financial service providers that will use the PEPP as an additional distribution channel for their existing savings and retirement products.</p> <p>A new authorisation regime could be beneficial to consumers if a balance could be found between consumer protection, enabling innovation and regulatory requirements.</p>	<p>consultation EIOPA has developed the view that a stand-alone authorisation regime might not be required for EU regulated PEPP providers. A solid notification procedure is however.</p>
81.	Community Life GmbH	Question 1	<p>Stand-alone authorization for a level playing field</p> <p>Community Life is of the view that there is a need for a stand-alone authorization to ensure that diverse providers can offer a standardized product in a cost efficient manner. Regulatory arbitrage would almost inevitably occur if different providers structured their products against the background of deviating regulatory licenses. We see a risk that regulatory arbitrage would jeopardize key objective no. 3. Only a stand-alone authorization requirement can avoid regulatory arbitrage</p>	<p>EIOPA can see the merits of not requiring an additional authorisation regime for PEPP providers, with</p>

			<p>between different providers.</p> <p>Other approaches would most probably not be in line with the objective to achieve a level playing field and potentially jeopardize key objective no. 4 (cost synergies, see also Q2 below). However, a stand-alone authorization regime should be limited to mandatory investment rules (4.2.) and product related solvency requirements. Both sets of rules should be embedded into the existing different regulatory framework of different providers. Community Life questions whether the inclusion of not authorized providers (3.2.2.) can be reconciled to the idea that all providers will need to adhere to a high level of consumer protection requirements. It would rather appear that not authorized providers jeopardize key objective no. 2 (consumer protection).</p>	<p>the consequence that providers, within their current authorisation, may not be authorised to provide the entire range of possible PEPPs, considering the envisaged flexible elements of PEPP.</p>
82.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 1	<p>To achieve the objectives of a high level of consumer protection as well as a level playing field for all PEPP providers a stand-alone authorisation requirement would not add value. PEPP providers which are not already authorised by existing authorisation regimes should be subject to one of the approved frameworks already existing.</p>	<p>Agreed with regard to conclusions. EIOPA has developed the view that PEPPs should be offered by EU regulated entities only</p>
83.	Deutsche Bank	Question 1	<p>We agree to the Eiopa recommendation for a stand-alone authorisation requirement.</p>	<p>Disagreed, following this consultation EIOPA has developed the view that a stand-alone authorisation regime might not be required</p>

				for EU regulated PEPP providers. A solid notification procedure is however.
84.	EFAMA	Question 1	<p>By way of preamble to the question, we consider it important to clarify the meaning of "PEPP provider. In our view, the provider is the manufacturer of the PEPP, and not necessarily the provider of the administrative/custody service or the provider of distribution/advice to the consumer.</p> <p>It should also be clear that a PEPP provider could also deal with the PEPP's administrative and distribution matters to serve its clients, either directly or by relying on third-party services providers.</p> <p>EFAMA believes that the most likely providers for PEPPs will be institutions that are already regulated under an EU legislation, notably the insurers, the asset managers, the IORPs and the banks.</p> <p>We fully agree with EIOPA that no additional regulatory burden should be created for these institutions and we consider that these institutions should be allowed to operate as PEPP providers under the EU sectoral legislation to which they are already subject, provided that they can offer products complying with the PEPP regulation.</p> <p>We agree nevertheless that the PEPP Regulation should clarify the specific requirements that providers offering a PEPP with a guarantee</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed, following consultation EIOPA developed the view that only EU regulated providers should be able to offer the PEPP</p> <p>Agreed. Views on this are to be further</p>



			<p>or biometric risk coverage would need to comply with.</p> <p>Whilst acknowledging the specific situation of potential PEPP providers that are not currently operating under an EU legislation, we consider that they should be allowed to operate as potential PEPP providers if they apply for a licence to operate under an EU sectoral legislation. That would be the easiest approach because we consider that developing a stand-alone regime would be very challenging given the specific characteristics of the existing national legislations. So rather than attempting to create a new EU regime for those providers, it would seem more efficient to request that they operate under an EU sectoral legislation.</p>	investigated
86.	European Association of Paritarian Institutions (A	Question 1	<p>It is difficult to give a meaningful answer to this question. Firstly, it would be highly recommendable that EIOPA presents a sharp definition of "personal pension products" stipulating that these products can be clearly distinguished from occupational pensions. Secondly, EIOPA focuses only on the accumulation and the pre-retirement phases. During these phases, the product will not differ substantially from regular savings products, as already offered by life insurance companies, banks and investment institutions.</p> <p>According to AEIP, an authorisation regime is important also in order to understand whether the rules concerning the decumulation phase are respected and to assure that the best rules are in place. The features of a personal pension product, and consequently any judgement on such a product, highly depend on the product specifications regarding the decumulation phase. In that respect questions will arise such as how to deal with the risk of longevity (vs. payment as a lump sum, or payment over a limited period), or how to deal in case of death, etc.</p>	<p>Following this consultation EIOPA worked on clarifying distinction further.</p> <p>Partially agreed, (decumulation phase), EIOPA does not define the form and shape of decumulation phase but has indicated that a retirement income (as defined at national level) should result</p>

			<p>Nevertheless, we subscribe to EIOPA's opinion that providers should be authorized to sell PEPP's only if the competent authorities confirm that they meet all necessary requirements. We are not convinced that a stand-alone regime for the authorisation of PEPP providers is desirable for the above mentioned reasons. We fear that a regulatory gap in favour of providers not yet authorized under other EU financial service legislations might be created. This might result in an unlevel playing field vis-à-vis EU regulated commercial providers and IORPs providing for occupational pension schemes.</p> <p>Moreover, we question the perspectives on adequate supervision in practice on providers which are not yet authorized under other EU financial service legislation.</p> <p>In addition we would recommend that, before considering a stand-alone regime for PEPP-providers, first of all a comprehensive analysis should be made in order to investigate if existing Union law could be sufficient to cover all PEPP providers.</p>	<p>from savings in PEPP. EIOPA will investigate this specific element further</p> <p>Agreed in so far that, after consultation, EIOPA believes that only EU regulated providers should be able to offer PEPPs and that stand-alone authorisation regime is not required (solid notification procedure is however)</p> <p>Agreed, see resolution above</p> <p>Agreed</p>
87.	Fairr.de GmbH	Question 1	<p>The stand alone authorisation is the only way in which the policy objectives of</p> <ol style="list-style-type: none"> <li>1. enhancing the diversity of providers, and of</li> <li>2. creating a level playing field for all providers,</li> </ol>	<p>Disagreed, following this consultation EIOPA has developed the view that only</p>

			<p>can be achieved.</p> <p>This holds for the following reasons:</p> <ol style="list-style-type: none"> <li>1. Potential providers of PEPPs that are not currently subject to sectoral EU financial legislation can gain access to the PEPP market.</li> <li>2. Existing providers of financial products that are subject to EU sectoral legislation can participate through passporting following an equivalence assessment by their national legislator.</li> </ol> <p>As Germany's first pure-play online private pension provider, it is our view at fairr.de that providing pension products online currently requires a rearrangement of the value chain whereby</p> <ol style="list-style-type: none"> <li>1. the customer interface, the customer service and the product design are concentrated in one business, and</li> <li>2. the actual provision of the product is handled by an established and trusted bank, asset manager, life insurer or like enterprise.</li> </ol> <p>It has been our experience in the German market that large incumbent players and in particular those who entertain a large dependent sales force are defending their pricing power against the potential threat of an online distributor and are thus unwilling to enter such cooperations for fear of cannibalizing their sales commission revenues.</p> <p>Meanwhile we have succeeded in establishing such a cooperation with</p>	<p>EU regulated providers should offer PEPPs</p> <p>Noted</p> <p>Noted.</p>
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			a smaller owner-operated private bank regulated under German financial legislation, and have, as a result, been able to construct and market a German regulated PPP, the fairriester, that can undercut competitors by a factor of 2x to 3x on costs.	
88.	Fédération Française des Sociétés d'Assurances (FFS)	Question 1	<p>FFSA believes that it may not be necessary to introduce an additional authorisation process, notably for those financial institutions carrying out activities under specific European Union (EU) legislation, as is the case for insurance companies under the scope of Solvency II.</p> <p>However, for those institutions which do not fall under the scope of any specific EU law, we strongly believes that:</p> <ul style="list-style-type: none"> <li>- They should be subject to a thorough authorisation procedure, which should be fully harmonised at European level. This is essential if PEPP providers benefit from a European passport.</li> <li>- They should be subject to an appropriate prudential framework, which should be identical to the one applicable to other PEPP providers.</li> </ul> <p>Financial institutions which do not fall under any EU legislation are, by definition, only subject to national regulation. As a consequence, they could enjoy more favourable prudential treatment than financial institutions falling under EU regulation (eg. Solvency II). This could give rise to regulatory arbitrage between PEPP providers and potentially result in a race to the bottom, should it lead to providers establishing themselves in member states with the lowest requirements.</p> <p>The same prudential standards should apply to all providers in order to guarantee a level playing field.</p> <p>This would not only guarantee a fair competition between financial institutions authorised under EU financial regulation and those that are not, but also ensure a level playing field between different types of providers already authorised according to EU financial regulation (ie. insurers, fund managers, banks and IORPs) and an adequate level of consumer protection.</p>	<p>Agreed</p> <p>Following this consultation EIOPA has developed the view that only EU regulated providers should offer PEPPs</p> <p>Disagreed, see ch. 4.3 of consultation paper on single market PPPs of Feb 2016</p>

89.	Fidelity International	Question 1	<p>FIL believes there should be a standalone authorisation requirement for all PEPP providers. The regime should take account of other authorisations as a product manufacturer, including as providers of ELTIFs and AIFs, but the unique characteristics of the PEPP require an appropriate authorisation regime.</p> <p>We also believe that there should be a product authorisation requirement as for UCITS, particularly since the product may be sold on the internet without advice.</p>	<p>Disagreed, EIOPA can see the merits of not requiring an additional authorisation regime for PEPP providers, with the consequence that providers, within their current authorisation, may not be authorised to provide the entire range of possible PEPPs, considering the envisaged flexible elements of PEPP</p>
90.	Financial Services Consumer Panel	Question 1	<p>The Panel believes that most PEPP providers would already have been authorised under an existing Single Market Directive, but believes that a stand-alone authorisation requirement would still be necessary. Consumers across the EU should be able to trust that their pension provider meets all the necessary requirements, and is fit and proper to be entrusted with their pension savings.</p> <p>Existing EU law, including in particular the Markets in Financial Instruments Directive (MiFID II) and new Insurance Distribution Directive (IDD), explicitly exclude pension products from their scope. Stand-alone authorisation is necessary to prevent new providers entering the market and selling the new PEPP without having been</p>	<p>Disagreed, EIOPA can see the merits of not requiring an additional authorisation regime for PEPP providers, with the consequence that providers, within their</p>

			<p>vetted by the regulator in their home Member State.</p> <p>In addition, the consultation paper seems to indicate that PEPP providers will be subject to a specific set of product- and conduct-specific requirements that are different from those contained in existing EU Single Market legislation. Authorisation process under Directives such as MiFID II or the IDD may therefore not be suitable to assess compliance with the specific requirements of a future PEPP Directive.</p> <p>However, it will be important that the PEPP Regulation requires equivalent standards of solvency and conduct from providers who obtain a stand-alone authorisation to market PEPPs as compared to firms who have to abide by the conduct and prudential standards set by existing Single Market Directives.</p>	<p>current authorisation, may not be authorised to provide the entire range of possible PEPPs, considering the envisaged flexible elements of PEPP.</p> <p>Disagreed, please see ch. 2.3 of the consultation paper on PPP of 1 Feb 2016</p> <p>Agreed</p>
91.	FSUG	Question 1	<p>There should be a passport regime similar to UCITS funds (UCITS IV Directive) the other Pan-European investment product, i.e. the PEPP must first be approved by a NCA, for passporting to other MS.</p> <p>FSUG recommends a stand-alone autorisation or certification for the product to be sold.</p>	<p>Agreed, following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated</p>

				PEPP providers (solid notification procedure is)
92.	German Insurance Association (GDV)	Question 1	<p>It is necessary that all PEPP providers are subject to established European supervisory requirements and conditions to ensure a high level of consumer protection as well as a consistent level playing field within the European Union. Concerning the insurance sector, Solvency II already sets very sophisticated and effective prudential standards. In addition, UCITS and CRD IV also set standards for the range of products that those provisions cover. Although we understand EIOPA's objective to foster competition in the field of personal pension providers, competition should not lead to lower prudential requirements or opportunities for regulatory arbitrage. Therefore, other providers who are not yet under the authorisation regime of Solvency II, UCITS, or CRD IV should be subject to one of those regimes, depending on the type of products that they plan to offer. In consequence, a stand-alone authorisation would be superfluous.</p> <p>Referring to existing regulatory regimes would also have the advantage that competent authorities already exist on the national and European level and no additional authority would have to be established.</p> <p>Finally, it would take years to develop a new prudential regime for PEPPs. It would lead to excessive and totally unnecessary efforts, costs, and complexities, which challenge the launch of PEPPs.</p>	<p>Agreed, following this consultation EIOPA has developed view however that only EU regulated providers should be able to offer PEPPs.</p> <p>Agreed</p> <p>Agreed</p>
93.	Hristina Mitreva – member of OPSG, employees repre	Question 1	<p><input type="checkbox"/> It is better to have a variety of providers of PEPPs as well as those that are authorised under the Solvency II, MiFID, UCITS, CRD IV and IORP Directives also providers that are not authorised under an EU Directive, incl. suitable providers having a national authorisation only.</p>	<p>Agreed, following this consultation EIOPA has developed view however that only EU regulated</p>

				providers should be able to offer PEPPs.
95.	Insurance Europe	Question 1	<p>Insurance Europe believes that it may not be necessary to introduce an additional authorisation process, notably for those financial institutions carrying out activities under specific EU legislation, as is the case for insurance companies under the scope of Solvency II.</p> <p>However, for those institutions which do not fall under the scope of any specific EU law, Insurance Europe strongly believes that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> They should be subject to a thorough authorisation procedure, which should be fully harmonised at European level. This is essential if PEPP providers benefit from a European passport.</li> <li><input type="checkbox"/> They should be subject to an appropriate prudential framework taking into account PEPP's long-term horizon and specific features, which should be based on the "same risks, same rules" principle.</li> </ul> <p>Financial institutions which do not fall under any EU legislation are, by definition, only subject to national regulation. As a consequence, they could enjoy a more favourable prudential treatment than financial institutions falling under EU regulation (eg Solvency II). This could give rise to regulatory arbitrage between PEPP providers and potentially result in a race to the bottom, should it lead to providers establishing themselves in member states with the lowest requirements.</p> <p>Insurance Europe 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,</p>	<p>Agreed, following this consultation EIOPA has developed view however that only EU regulated providers should be able to offer PEPPs.</p> <p>Partially agreed, EIOPA will further develop its ideas in this regard</p> <p>See above</p> <p>See above</p>



			these providers should be subject to an appropriate prudential framework, based on the "same risks, same rules" principle, to ensure a level-playing field between all providers.	
96.	Intesa Sanpaolo Vita S.p.A.	Question 1	We believe there is not a need for a stand-alone authorisation requirement but that is necessary to guarantee a level playing field among providers. Regarding to this, we express some concern about considering suitable providers that are not authorized under an EU Directive (Solvency II, MiFID, UCITS, CRD IV and IORP (II) Directives).	Agreed
97.	KBC Asset Management NV	Question 1	<p>KBC Asset Management NV welcomes the initiative for a stand-alone authorisation requirement on the condition that existing providers of PPP's should not be burdened with additional administrative and organisational requirements when they already have a license to provide pension savings-type products under sectorial legislation. The setup of a of an equivalence assessment must therefore enable existing providers to easily obtain a license for PEPP's distribution when they already meet the requirements of the sectorial legislation.</p> <p>Furthermore, given the aim for PEPP's to be distributed also via the internet and given the need for the inherent characteristics of the product to be clear, simple and accessible for a very broad category of investors, it is important to align the PEPP regime with the MIFID requirements for non-complex products. If a PEPP would be considered to be a complex product under MIFID legislation, the goal of the PEPP regime would be missed. The product would then not be able to be distributed via internet without the obligation for the investor to do an appropriateness test, thus creating an additional threshold for investors to invest in the product. To make sure the PEPP's can be offered or recommended to a broad category of investors through any</p>	<p>Following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated PEPP providers (solid notification procedure is)</p> <p>Agreed, following this consultation EIOPA has developed further views along the lines proposed</p>

			type of (online) distribution channel, the characteristics of the PEPP would need to be considered (according to MIFID provisions) as non-complex.	
98.	Legal & General Group plc	Question 1	We believe that any provider of a PEPP should be authorised to do so by the appropriate financial services regulatory body that operates in their Member State, following consistent principles across the Union. Providers should not be able to operate without the appropriate permission, and as a starting point, permission should only be granted to those providers that already have the experience and permission to operate personal pension products in their own jurisdiction within the EU. However, once that permission has been granted, it should allow the provider to offer their product across all Member States and not be required to apply for individual permission as they would be required to do currently.	Partially agreed, following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated PEPP providers (solid notification procedure is)
99.	Mercer	Question 1	Mercer does not believe that there is a need for a stand alone authorization requirement for PEPPs. This would create an additional regulatory burden for providers that are already authorized under sectoral legislation.	Agreed
100.	Ministry of Finance of the Czech Republic	Question 1	In our opinion, all of the PEPP providers should meet certain minimum requirements to be able to provide PEPP. One possibility is that all of the providers should be subject to a registration with their national supervisory authority. As regards institutions covered by the EU law (Solvency II, CRD IV, MIFID, IORP), we deem their sectoral licence could be considered satisfactory for the purposes of the registration, which could be granted upon an application based on a principle of equivalence. However, as regards the insurance companies falling under the Solvency II regime, it is not clear, whether they would be able to provide PEPP as designed by the EIOPA in this consultation, i.e. the PEPP which would not comprise a cover of risk. According to Art. 18 of the Solvency II Directive, the insurance companies should limit their objects to the business of insurance and operations arising directly	Agreed  Disagreed, a PEPP can contain guarantees/biometric risk covers.

			<p>therefrom, to the exclusion of all other commercial business. Therefore it is questionable whether a modification of the Solvency II Directive is necessary.</p> <p>On the other hand, in our opinion the national pension providers who are not covered by existing Union law, if the Member State would decide it is appropriate to allow these institutions to provide also PEPP, would need an authorisation regime. Such authorization would then be considered as an registration as the PEPP provider. Therefore, there is a question whether the EU law would provide for conditions for this authorization or setting of these conditions would be left upon the Member State.</p> <p>With regard to a consumer protection, we find it undesirable to allow product transferring between institutions registered/ authorized as PEPP providers and those who do not meet the requirements for the registration/authorization. The PEPP product can be, in our opinion, transferred only between institutions covered by the European legislation and those obtaining the PEPP authorization. Otherwise a level playing field would not be reached.</p>	<p>Agreed, following this consultation EIOPA has developed the view however that only EU regulated providers should be able to offer PEPPs. And that stand-alone authorisation regime is not most appropriate option (solid notification procedure is)</p> <p>See above</p>
101.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 1	<p>The objective should be to put in place the minimum number of barriers to market entry that is consistent with adequate protection for savers.</p> <p>Logic would suggest that an EU-level product such as the PEPP would be backed by an EU-level regulatory regime. However, this would risk</p>	<p>Agreed, EIOPA believes the introduction of one solvency</p>

			<p>generating additional costs and it is not clear how EU-level regulation would dovetail with domestic taxation regimes.</p> <p>In practice, a better approach might be to use regulatory 'passports' that home state regulators would give to providers to certify that they may provide a PEPP in other Member States.</p> <p>Some kind of 'equivalence assessment' would be needed (as proposed by EIOPA) in order to certify that providers are suitable for providing a PEPP across other EU Member States.</p>	<p>regime does not seem feasible or proportionate.</p> <p>Agreed</p>
102.	Nationale-Nederlanden Group	Question 1	<p>PEPP is to become one of many products that provide for retirement. Providers are covered by different EU regulation. If a provider offers a PEPP, and if PEPP characteristics are not covered in existing regulation, we believe that existing law should be amended rather than to have a stand alone requirement for a PEPP. This should lead to same products with same risks should have same solvency requirements and same rules.</p>	<p>Disagreed, EIOPA's analysis indicates that introducing a PEPP through a 2nd regime would be more efficient than harmonising current Directives.</p>
103.	PensionsEurope	Question 1	<p>First of all, as mentioned in the general remarks, it is important that EIOPA provides a sharp definition of PEPPs, in which it is clearly distinguished from 2nd pillar occupational pension schemes.</p> <p>In our opinion providers not authorized under any existing European sectoral legislation can't be allowed to offer a PEPP. Despite the fact that those providers would fall under the stand-alone authorization regime, we believe this approach would create an unlevel playing field</p>	<p>Agreed, please see top of p. 11 of consultation paper on single market PPP of Feb 2016</p> <p>Agreed, following this</p>

			<p>among providers since a regulatory gap would endure between providers regulated under EU financial services legislations and not-regulated providers. This is even more meaningful if even providers authorized under the AIFM Directive seems not to be considered among the suitable providers of PEPPs. In addition we question the perspectives on adequate supervision in practice on providers which are not yet authorized under other EU financial services legislation. Nevertheless, we subscribe to EIOPA's opinion that providers should only be authorized to sell PEPPs, if they fulfill all necessary requirements imposed by the competent authorities.</p> <p>In the current consultation, EIOPA only focusses on the accumulation and the pre-retirement phase. During these phases, the product will not differ substantially from regular saving products, as already offered by life insurance companies, banks and investment institutions. Therefore, we believe that the authorization requirements for providers as laid down in existing EU legislation are largely sufficient.</p>	<p>consultation EIOPA has developed the view however that only EU regulated providers should be able to offer PEPPs.</p> <p>Agreed, following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated PEPP providers (solid notification procedure is)</p> <p>Partially agreed, EIOPA believes that the accumulation phase of the PEPP should be followed by a decumulation phase.</p>
104.	Previnet outsourcing	Question 1	No stand-alone authorization required	Agreed

	Solutions			
106.	The Association of International Offices (AILO)	Question 1	AILO would favour a standalone authorisation given that diverse providers would be able to offer products. While it would have to be recognised that only life and pension insurers can provide biometric risk benefits, such authorisation should ensure that there cannot be arbitrage between different types of provider as might be possible if reliance were to be placed solely on existing regulatory authorisations. It would seem sensible for any such regime to also incorporate common solvency requirements for all providers.	Following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated PEPP providers (solid notification procedure is).
107.	The Danish Insurance Association	Question 1	From a purely Danish perspective there is no need for a stand-alone authorisation as all potential providers are subject to Union law.	Agreed
108.	The investment association	Question 1	<p>As a starting point we would agree with EIOPA's view that no additional regulatory burden should be created for those institutions that are likely to run PEPPs. They should be allowed to operate as PEPP providers under the EU sectoral legislation to which they are already subject, provided that they can offer products complying with the PEPP regulation.</p> <p>We recognise that this may require adjustments to existing sectoral legislation. For example, asset managers regulated under AIFMD or the UCITS directive could not manage a PEPP. However, adjusting these existing directives seems less burdensome and preferable to us than creating an entirely new authorisation requirement for PEPP providers.</p>	Agreed
109.	Vanguard Asset Management,	Question 1	PEPP provider authorisation requirements should strike a balance between the important policy objectives of: (i) ensuring that providers	

	Limited		<p>are competent, are subject to appropriate conduct rules in terms of acting in the overall best interests of investment members, and are not charging unreasonable fees for the product, versus (ii) not subjecting PEPP providers to excessive, redundant and costly registration burdens that would ultimately result in higher fees paid by investors.</p> <p>Leveraging existing standards would enable PEPP providers to utilise existing products that have simple investment restriction guidelines. This will help to mitigate the challenge of increasing product proliferation. Limiting product proliferation will help with lowering investor costs and avoiding undue investor confusion.</p> <p>Thus, we would support a streamlined and efficient stand-alone authorisation that takes into account and provides broad accommodation for the fact that a provider may already be authorised to operate under existing sectoral rules (such as UCITS, MiFID, Solvency II, CRD IV and IORP directives).</p>	Partially agreed, following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated PEPP providers
110.	VPB	Question 1	In order to reduce complexity as well as language issues and to keep bureaucratic requirements at a low level, we suggest an authorization procedure at the national level.	Following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate

				for EU regulated PEPP providers (solid notification procedure is).
111.	VVO	Question 1	<p>The VVO is of the opinion that all licensed providers should be able to offer the product under the existing license. It is not necessary to introduce an additional authorisation process. However it is of utmost importance to ensure a regulatory level playing field and fair competition between all providers.</p> <p>The PEPP should enjoy appropriate prudential treatment under the relevant framework (ie Solvency II), taking account of the long-term nature of the product and the ability of insurers to manage market volatility in the long term. The same prudential standards should apply to all providers in order to guarantee a level playing field.</p> <p>The November 2008 G-20 Declaration clearly requested "that all financial markets, products and participants are regulated or subject to oversight." The insurance industry is committed to provide and to promote financial stability. This ambition shall not be undermined by the creation of a new category of providers, escaping sound and solid European regulation.</p>	<p>Agreed, following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated PEPP providers (solid notification procedure is).</p> <p>Disagreed, EIOPA believes introducing an identical solvency regime for all PEPP providers might not be feasible or proportionate.</p>
112.	Vzbv	Question 1	As consumers need to have a guarantee in the decumulation phase	Disagreed,



			there must be a harmonised capital requirement regime for all product categories and substitutes specific product rule at a European and national level. If PEPP is created as a default without any Options, a centralisation of product and provider supervision in one single institution is welcome. Further more, there must be a harmonisation of rules regarding guarantee schemes. If consumers are to trust a PEPP, they must know that their money is safe. However promoting a PEPP without answering the question what will happen when a provider goes bankrupt would mean that consumers' expectations are being deceived.	EIOPA does not aim to propose a specific form of decumulation.
113.	WIT	Question 1	<p>The issue here is the extent to which any existing authorisation is sufficient to</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Safeguard individual customer's capital, and</li> <li><input type="checkbox"/> Uphold conduct of business on an end to end basis (from acquisition to maturity / decumulation).</li> </ul> <p>Provided sufficiency is obtained, then further authorisation processes should not be necessary.</p>	Agreed, following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated PEPP providers (solid notification procedure is).
114.	Working Group on Shariah financial and insurance p	Question 1	We think there is a need for a stand-alone authorisation requirement. Existing Union law does not sufficiently cover the requirements for Shariah compliant PEPP providers. We would issue PEPPs, but we are not already authorised by another existing authorisation regime. Existing authorisation regimes such as in Germany are hindering Shariah conform private pension products. PEPP should be a chance to permit Shariah compliant products.	Following this consultation EIOPA has developed the view that a stand-alone authorisation might not be the most appropriate for EU regulated

				PEPP providers (solid notification procedure is).
115.	Zurich Insurance Group	Question 1	<p>Our expectation would be that most potential PEPP providers would already be authorised through one of the existing authorisation regimes - particularly as either insurers or fund managers. We agree that all providers must operate on a level playing field – particularly around governance and solvency. This is essential to protect consumers. A standalone authorisation requirement for new entrants to the sector would be necessary to achieve this although may seldom be used given it is likely that most players will come from existing financial service sectors.</p> <p>We would question if a current authorisation under the Institutions for Occupational Retirement Provision (IORP) Directive is sufficient in itself given the difference in solvency approach that is emerging from the recast of the Directive. IORPs are unlikely to be subject to a Solvency II regime, reflecting a different funding environment involving employers. This would not extend to PEPPs where there is not an employer to support any shortfall so a lighter solvency regime would not be appropriate. To protect consumers, there should not be the opportunity by way of regulatory arbitrage to select a lighter solvency or governance environment.</p> <p>The UK market has the concept of a Group Personal Pension contract – a Pillar 2 solution - where the purchasing is initiated by an employer on behalf of their employees. We believe these types of arrangements should remain separate from any PEPP regulation – and should remain under the auspices of the IORPII Directive.</p>	<p>Agreed, following this consultation EIOPA has developed the view however that only EU regulated providers should be able to offer PEPPs.</p> <p>Agreed, for EIOPA’s views with regard to UK group personal pensions please see definition of PPPs in Preliminary report on single market for PPPs of Feb 2016</p>

A.	EIOPAs Occupational Pensions Stakeholders Group	Question 2	<p>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.</p> <p>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 minimum standard of consumer protection.</p> <p>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.</p> <p>In all events, simplicity should be a key principle and the PEPP should have clear regulatory rules on standards for consumer protection.</p> <p>The OPSG also suggests that the impact of differences in national legislation, e.g. tax regulations, social insurance regulations, should be</p>	<p>Partially agreed, EIOPA envisages a PEPP however that should contain non-complex default/core investment options</p> <p>Please see ch. 1.1. and 1.2 of the consultation paper on PPP of 1 Feb 2016 for this analysis</p> <p>Partially agreed, yet several Stakeholders affirmed there is a need in addition to current schemes.</p> <p>Agreed</p> <p>Agreed, for</p>
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		<p>further investigated. 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>analysis on these topics please see e.g. p. 59 of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>Noted, other options have been analysed following this consultation (see annex I of the consultation paper on creation single market PPP of 1 Feb 2016</p> <p>With regard to advice please see ch. 2.3.1 and Annex VI of the consultation paper on creation single</p>
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		<p>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:</p> <ul style="list-style-type: none"> <li>- The PEPP should be an individual savings product aimed for retirement purposes</li> <li>- It should present features that differentiate it from pure savings and investment products Its use should be clearly for retirement purposes.</li> <li>- it should be a cost-effective product</li> <li>- PEPP's default investment options should be suitable, simple, and appropriate</li> <li>- PEPPs should strike a balance between long-term commitments and the flexibility for consumers to access their savings before retirement</li> <li>- 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</li> <li>- 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</li> <li>- 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.)</li> <li>- We propose that PEPPs should include these basic principles : <ul style="list-style-type: none"> <li><input type="checkbox"/> Any PEPP must guarantee a life-long annuity as one of the</li> </ul> </li> </ul>	<p>market PPP of 1 Feb 2016</p> <p>Noted</p> <p>Noted</p>
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			<p>decumulation / pay out options.</p> <p><input type="checkbox"/> In principle, pay-outs should not decrease once started, unless specific forms of decumulation allow for this.</p>	<p>Partially agreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase.</p>
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 2	<p>While a prescriptive 2nd regime may theoretically lead to a high standard of consumer protection and ensure confidence in the product, it is important not to define excessively prescriptive rules at EU level, given the close links to areas of national competence (ie the principle of subsidiarity) and the different features of PPPs already being sold across Europe. The IRSG would invite EIOPA to clarify the relationship and interaction between the 2nd regime framework and the national rules of general good, especially with reference to the applicability of these rules in all cases.</p> <p>To equally achieve the policy objectives of ensuring a high level of consumer protection and encouraging EU citizens to sufficiently save for retirement, the IRSG believes the PEPP would need to be adapted to national practices and demand. Specifically, there is a need to adapt product features to national practices and rules of general good, such as the presence of long-term guarantees, profit-sharing mechanisms, risk coverage, pay-out options and surrender options.</p>	<p>Agreed, areas of national competence and general good provisions (existent in non-harmonized areas) shall be respected.</p> <p>Partially agreed, EIOPA believes PEPPs should be capable of incorporating flexible features to enable providers to adapt PEPPs to a diverse EU personal pension landscape so that: (1) PEPPs cater for satisfying potential</p>

			<p>Furthermore, the IRSG believes that the PEPP initiative is dependent on the fiscal treatment of the product at national level (ie tax incentives).</p> <p>Finally, the IRSG would like to comment on the proposed clusters of national rules of general good. In particular, with regard to cluster 6 (National requirements with regard to decumulation practices): the PEPP should not only include but also promote life-long retirement income (annuities) as an option consumers can choose. Public pensions are always paid as annuities. Therefore, the PEPP initiative should include regulation with regard to decumulation. In countries that have no legal requirements for providers to offer a life-long pay out,</p>	<p>demand to cover against certain risks such as biometric risk and the provision of a minimum return guarantee, both of which should be supported by robust solvency requirements and (2) consumers can choose a retirement age as well as appropriate forms of decumulation, if available in the relevant EU jurisdiction.</p> <p>Noted</p> <p>Partially agreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase. EIOPA</p>
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			<p>providers and consumers may choose other options.</p> <p>It should be reminded that in page 13 (Section 3.4.1) of the European Commission's Green Paper towards adequate, sustainable and safe European pension systems it was clearly reflected that "it is not always clear what differentiates general saving from pensions. This raises the question whether the label 'pension' should not be restricted to a product that has certain features such as security and rules restricting access including a payout design which incorporates a regular stream of payments in retirement."</p>	<p>does not propose to regulate the form of the decumulation options at EU level</p> <p>Partially agreed, please see ch. 3.1 of the consultation paper on single market for PPP of Feb 2016</p>
116.	Pensioenfederatie	Question 2	<p>First of all, we would like to repeat (see also our General Comments) that we are not convinced that a 2nd regime is desirable and needed. Before considering the introduction of such a regime, a thorough investigation should be undertaken to assess whether existing EU and national regulations and providers would not be sufficient in order to realise the goals aimed at by EIOPA.</p> <p>Having said that, we agree that a highly prescriptive 2nd regime could achieve the policy objectives of ensuring a high minimum standard of consumer protection, which might encourage more EU citizens to save for an adequate retirement income. However, we doubt whether this will actually happen. Practice shows that even in countries with a high level of consumer protection, people tend to be reluctant to save for their retirement on a voluntary basis. Furthermore, such a regime could include investment restrictions resulting in sub optimal returns.</p>	<p>Noted, following this consultation this assessment took place. See Annex I, ch. 4, 5, 6 of the consultation paper on single market for PPP of 1 Feb 2016</p> <p>Disagreed, for EIOPA's analysis please see chapter 1.1 and 1.2 of the consultation paper on single market for PPP of 1 Feb 2016</p>



			With regard to the information provided to the participants, it should be equivalent to the information as laid down in the IORP II Directive and as discussed in the context of the TTYPE project.	Partially agreed, EIOPA believes PRIIPs KID should serve as the basis for providing information. EIOPA took into account IORP II Directive disclosure requirements when further analysing information needs during the accumulation phase of the PEPP.
117.	Pensionskasse der Mitarbeiter der Hoechst-Gruppe	Question 2	<p>To our understanding, this question contains two sub-sections about consumer protection (1) and about encouraging for more retirement income (2) that will be answered separately below.</p> <p>1. We disagree that a (highly prescriptive) 2nd regime will assure a high level of consumer protection. From the perspective of occupational pension schemes this is already ensured by means of the Social and Labour Law (SLL) of the Member States, which have got their own protection mechanisms, such as employers' ultimate responsibility, pension protection schemes or social</p>	Disagreed, EIOPA acknowledges that national SLLs seek to protect consumer's interests. The PEPP initiative was started in order to remedy

		<p>partners' competence to adjust the pension plans. Notably the years after the break-out of the last financial and economic crisis have proven that IORPs are stable and that these protection tools are working efficiently.</p> <p>2. We furthermore do not believe that a 2nd regime in form of a new pension product will encourage more citizens for pension savings. There are more than 110,000 occupational pension plans across Europe, hence sufficient vehicles for supplementary pension savings already in the second pillar.</p> <p>A new pension product is therefore not necessary in particular since the consultation paper does not describe all features of this new 2nd regime and thus leaves many questions open. In this context, the intended relationship</p>	<p>existing market failures and to unlock the potential of an EU-wide PEPP market while at the same time setting high consumer protection standards. The fact that national SLLs already exist should not prevent a remedy for existing market failures to be introduced or unlocking the potential for consumers of an EU single market</p> <p>Disagreed, EIOPA analysis has shown that the introduction of a highly recognisable, trustworthy 3rd pillar retirement savings product</p>
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		<p>of the PEPP with national rules is still unclear. According to the table under 3.6.7 of the consultation document, four out of seven clusters should remain in the competence of the Member States whereas only the accumulation phase should be governed by unified EU-rules. This, however, contradicts to the basic statement under 3.6.1 that “the purpose of introducing a 2nd regime for PEPPs is to create a pan-European legal framework.” But if the future PEPP will be largely defined by national rules, we do not see any added value of such a product since the current problems of cross-border pensions (e.g. different retirement ages, non-harmonised tax and social security rules) will not be solved. If – on the other hand – the PEPP should be governed by largely unified rules also during the payout phase, we wonder how this will be in line with already existing national rules, such as the protection mechanisms of the SLL, conditions to obtain fiscal advantages, possible requirements of equal treatment etc.</p> <p>Against this background we believe that a PEPP will only be a new pension product in competition with already existing pension plans and we are therefore wondering about the added value. In this context, we finally would like to remember the recent creation of RESAVER as a pan-</p>	<p>through a 2nd regime has the potential to encourage more citizens to save for retirement. EIOPA envisages a PEPP where the level of standardisation is sufficiently high in order to bring a single market significantly closer.</p> <p>Please see ch. 1.1. and 1.2 of</p>
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			<p>European occupational pension plan for mobile researchers. Due to the above-mentioned open questions and problems, we consider it to be more reasonable to observe and later assess the success of this new pan-European pension plan before the invention of a (further) PEPP.</p>	<p>the consultation paper on single market for PPP of 1 Feb 2016</p>
118.	<p>aba – Arbeitsgemeinschaft für betriebliche Altersv</p>	<p>Question 2</p>	<p>We consider that this question contains two sub-sections about consumer protection (1) and encouraging savings for more retirement income (2) that will be answered separately below.</p> <p>1. We disagree that a (highly prescriptive) 2nd regime will achieve a high level of consumer protection. This is already ensured by Social and Labour Law (SLL) of the Member States, which have their own (and different) protection mechanisms, such as employers' ultimate responsibility, pension protection schemes or social partners' competence to adjust the pension plans. In the wake of the last financial and economic crisis these instruments have proven robust and durable.</p> <p>2. Furthermore we do not believe that a 2nd regime in form of a new pension product will encourage significantly more citizens to increase pension savings. There are nearly 110,000 occupational pension plans across Europe ("2015 Market development report on occupational pensions and cross-border IORPs"), which is evidence that there are already sufficient vehicles for supplementary pension savings in the second pillar.</p> <p>A new pension product therefore appears unnecessary in particular since the consultation paper does not describe all features of this new 2nd regime and thus leaves many questions open. In this context, the</p>	<p>See resolutions in row 117</p>

			<p>intended relationship of the PEPP with national rules is still unclear. According to the table under 3.6.7 of the consultation document, four out of seven clusters should remain in the competence of the Member States whereas only the accumulation phase should be governed by unified EU-rules. This, however, contradicts the basic statement under 3.6.1 that “the purpose of introducing a 2nd regime for PEPPs is to create a pan-European legal framework.” But if the future PEPP will be largely defined by national rules, we do not see any added value of such a product since the current problems of cross-border pensions (e.g. different retirement ages, non-harmonised tax and social security rules) will not be solved. If – on the other hand – the PEPP should be governed by largely unified rules during the payout phase as well, we wonder how this will be in line with already existing national rules, such as the existing (and different) protection mechanisms of the SLL, conditions to obtain fiscal advantages, possible requirements of equal treatment etc.</p> <p>Against this background we believe that a PEPP simply constitutes an additional pension product in competition with existing pension plans and wonder what added value it has. Employers, companies and social partners should be encouraged and motivated to introduce, maintain and develop efficient occupational pension systems.</p> <p>Finally, we would like to draw attention to the recent creation of RESAVER as a pan-European occupational pension plan for mobile researchers. Due to the above-mentioned questions and problems, we consider it to be more reasonable to observe and later assess the success of this new pan-European pension plan before the invention of a (further) PEPP.</p>	
119.	ACA	Question 2	We are not convinced that a PEPP product will be really competitive with regard to domestic products tailored to national specificities.	Disagreed, see – inter alia – ch. 1.1, 1.2 and 5.2 of the consultation paper on single

				market for PPP of 1 Feb 2016
120.	Actuarial Association of Europe	Question 2	<p>Yes, we agree in principle. We do state again, however, that this should not result in requirements for guarantees and certainty in the financial outcome as this is not necessarily best for the consumer as this should be based on the individual's personal situation and preferences. We would seek guarantees and certainties in the clarity of product specifications and in the information and, where applicable, the advice to the consumer.</p> <p>At the same time we think it is a tricky one; we can see the benefits in standardization but if the national characteristics are ignored then there isn't a level playing field. Further, whilst we agree that is important to have a standardized pan-European product, it should not stop the development of innovative local products.</p> <p>We are not sure that the problem is analysed thoroughly enough yet. The table on page 14 in 3.6.7 lists national requirements and restrictions. Could this be a somewhat incorrect way of presenting issues? In most countries you can have very different products as such. But then countries have their own national tax codes that define what are the tax efficient products. We feel that tax reasons will be one of the main problems of any PEPP product as of now.</p> <p>In 3.6.3 it is said "From a PEPP provider point of view it would be beneficial if PEPP characteristics do not differ significantly from country</p>	<p>Agreed, EIOPA recognises however that due to wishes of some consumers and national requirements it should be possible to offer PEPP investment options with guarantees</p> <p>Agreed.</p> <p>Agreed, EIOPA believes steps should be taken to lower hurdles emanating from taxation issues</p> <p>Agreed, however the sentence merely reflects a fact. EIOPA does</p>

			to country – how would you do this, it would mean changing tax codes, changing contract legislation, changing social and labour law, etc. – all issues outside of the mandate of the EU?	realise that at this moment in time, much work will need to be done before a fully standardised PEPP can see the light of day. EIOPA’s analysis has shown however that making big steps is already possible at this moment in time.
121.	Af2i Association française des investisseurs insti	Question 2	<p>As a starter of the future unique market of PEPPs products a highly prescriptive 2nd regime will achieve the policy objectives of ensuring a high standard of consumer protection, encourage more EU citizens to plan their retirement income in a more appropriate way, and, later if necessary, as a basis to elaborate more sophisticated schemes.</p> <p>Nevertheless EIOPA should not ignore the diversity of existing additional personal or professional pension or retirement saving products and must very cautiously evaluate the potential impacts of the creation of PEPPs, in order to avoid unintended consequences for the beneficiaries of the existing additional products.</p>	<p>Agreed</p> <p>Agreed</p>
122.	AFG	Question 2	<p>Yes, AFG thinks that the 2nd regime will ensure a high minimum standard of consumer protection and will encourage more EU citizens to save for retirement.</p> <p>Of course, the success of the PEPP will also mainly depend on the national tax treatment.</p>	Agreed

123.	Allianz	Question 2	<p>A 2nd regime could be a way to cope with the large variance of product features, legal elements and tax treatments for personal retirement products among all EU Member States. In this sense the 2nd regime must offer a prescriptive framework (i.e. concluding contracts, policy obligations, cancellation procedures, definitions of coverage terms et al.).</p> <p>In order to achieve a high level of consumer protection, we believe</p> <ul style="list-style-type: none"> <li>- that a certain level of guarantee is necessary, e.g. the guarantee of paid-in funds at the end of the accumulation phase (a 0% minimum return guarantee), and</li> <li>- that regardless of offering PEPPs per internet, interested consumers must be offered the opportunity of advice, be it by e-mail, social media, robot advice or call centre et al.</li> </ul> <p>In any way it should be mentioned, that tax incentives are of utmost importance.</p>	<p>Disagreed, EIOPA envisages a PEPP where offering guarantees is possible but not mandatory</p> <p>Agreed, EIOPA's advice does not aim for this</p> <p>Agreed</p>
124.	Amundi	Question 2	<p>Amundi agrees with the highly prescriptive regime proposed by EIOPA. With reference to cluster 2 we tend to consider that restitution should not be permitted before retirement, except in case one loses his job when getting near to the retirement age.</p> <p>It is important to stress on the fact that the success of any PEPP will also depend on national tax incentives.</p>	<p>Partially agreed, EIOPA envisages a PEPP where the accumulation phase should be followed by a decumulation phase (as defined at national level)</p> <p>Agreed</p>



125.	ANASF	Question 2	<p>With regard to the clusters of rules of general good identified by EIOPA, please refer to the following comments:</p> <p>- national requirements to provide minimum return guarantees. As we explain in Q6 and Q8, the default investment option should be based on a "safeguard solution" for the average PEPP holder, while the other investment options may cater for investors with riskier profiles;</p> <p>- national requirements with regard to decumulation practices. As a general comment, a thorough harmonised legal framework for PEPPs requires an effective harmonisation of tax treatments (considering both</p>	<p>Agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).</p> <p>Partially agreed, EIOPA believes a single market for</p>
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			<p>the deductibility of premiums and the taxation of benefits). As the current legal framework varies among Member States (for a comprehensive analysis, please refer to the Tables published by Insurance Europe, "Tax treatment of 2nd and 3rd pillar pension products", 12 September 2014), a real internal market for PEPPs cannot be achieved without an effective standardisation of tax treatments. Accordingly, EU institutions and authorities should consider regulatory projects to achieve the harmonisation of tax treatments, so as to foster the market for pension products (these projects should not be limited to PEPPs, but they should also encompass all 2nd and 3rd pillars pension products);</p> <p>- national requirements with regard to mandatory advice. If some Member States provide for mandatory advice to access individual pension products, in this case we consider that for PEPPs personal advice should be "highly recommended". As we explain in our answer to Q15, investment decisions concerning personal pension products are too important and should not be made in the absence of advice.</p>	<p>PEPPs would benefit greatly from more harmonised taxation regulations. It also believes the current hurdles do not have to prevent providers from developing PEPPs suitable for marketing in more than one member state</p> <p>Partially agreed, EIOPA envisages a PEPP where not all investment options are considered complex products</p>
126.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 2	<p>APFIPP is of the opinion that a Pan-European Pension Product such as PEPP should be harmonized to the fullest extension to prevent any kind of regulatory of fiscal arbitrage between PEPPs domiciled in different jurisdictions and that this can only be achieved through a 2nd regime.</p> <p>Even aspects that apparently should remain country specific, we think that there is no reason why they could not be harmonized at European level.</p>	<p>Agreed</p> <p>Disagreed, e.g., standardising the form of decumulation for</p>

				PEPPs does not seem appropriate at this moment in time
127.	Association for Financial Markets in Europe (AFME)	Question 2		
128.	Association of British Insurers	Question 2	<p>Pensions are inextricably linked to social policy and are shaped by national social and labour laws. Pension products are developed in line with national taxation systems, which are unique to member states, and which remain a member state competence. While we support the overall objective to encourage EU citizens to save more for an adequate retirement, we do not believe that the creation of a PEPP is the solution to this as EU member states have vastly different pension systems (taking into account pillars 1 and 2), which also vary in degree of maturity.</p> <p>We would strongly object to any highly prescriptive measures for a '2nd regime' for PEPPs. As outlined previously, it is vital that EIOPA take into account national developments with respect to pension systems across the EU before producing any one-sized-fits-all regime. We have also identified further challenges to developing a standardised PEPP, which may be problematic for the UK market given the recent pension reforms and the UK Government consultation on Pensions Tax Relief..</p>	<p>Disagreed, EIOPA analysis and research indicates that there is a need for PEPPs. The development of highly standardised PEPPs, suitable for marketing in more than one member state, is feasible</p> <p>Disagreed, a highly prescriptive 2nd regime introducing the PEPP, in EIOPA's opinion, does not mean that national developments</p>

			<p>Firstly, a highly prescriptive 2nd regime is likely to create an inflexible personal pension regime which is unlikely to be able to meet the ongoing needs of consumers in different member states. Any pension, personal or occupational, is distinguished from other savings due to its long term nature and exists in response to a national government's social policy which, broadly, is designed to meet the needs of the majority of those who live in a member state.</p> <p>Moreover, a highly prescriptive product is unlikely to be able to adapt to the pension tax, and other, benefits of a national system. EIOPA believes that PEPPs should receive beneficial tax treatment where these benefits are also granted to existing national PPPs but this will not be possible unless the PEPP can mirror the features of a national PPP. However, a standardised PEPP product would not allow this, for example not all member states have or will maintain a system of deferred taxation.</p>	<p>and rules will not be taken into account. The PEPP is highly standardised but not fully.</p> <p>Disagreed, the proposed PEPP has flexible elements that help cater for this.</p> <p>Disagreed, EIOPA recognises the impact of national taxation rules on personal pension products, but believes a PEPP is flexible to the extent that it can meet the tax requirements of Member States.</p>
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			<p>Should a 2nd regime exist for personal pensions, consumers may become confused as to their options and risks. They may not therefore be well placed to understand the implications of any second regime in relation to their tax benefits.</p> <p>For a 2nd regime to be effective both consumer and pension provider would have to opt-in and agree to enter into a contract governed by that regime, as opposed to the law of the member state, which could lead to further confusion and result in a lack of consumer confidence/trust.</p> <p>Secondly, we would also highlight that the notion of having a "standardised" PEPP may not work in practice as national rules concerning encashing retirement savings also varies from one member state to another. Therefore, any degree of standardisation would require careful consideration of 'retirement ages'. As previously mentioned, in the UK there is a, 'minimum pension age' (opposed to</p>	<p>Disagreed, EIOPA envisages a PEPP that is highly standardised and therefore very recognisable for consumers as a product with high consumer protection standards</p> <p>Partially agreed, however EIOPA believes the PEPP product features and accompanying measures (e.g. strong supervision) will make it clear to consumers that the PEPP is a trustworthy product</p> <p>Disagreed, EIOPA envisages a PEPP that is highly standardised,</p>
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			<p>retirement age), currently set at age 55 (this will increase to 57 from 2028). Before this age, encashing is limited to ill health or serious ill health early retirements and otherwise fiscal penalties apply. Many savers do not access their personal pensions when they retire from employment.</p> <p>Furthermore, many British savers do not access their personal pensions at the moment when they 'retire' from employment. As a result of the pension reforms in the UK, consumer behaviour varies from those taking all of their benefits at age 55 and continuing to work, to those who do not withdraw any of their benefits as they want to pass these onto their beneficiaries.</p> <p>While EIOPA envisages that the decumulation options will not be standardised at EU level, there would be information disclosed to the consumer regarding decumulation at the point of sale. Pension savings contracts throughout the EU take decumulation options into account within the savings contract and so contracts are often chosen by consumers according to the level of flexibility proposed. As decumulation options vary between member states, the PEPP will not be able to achieve standardisation and the PEPP will not be easily comparable. We do not think that it is desirable or feasible for a PEPP to be immediately comparable due to the differing needs between member states.</p>	<p>but not fully. The PEPP therefore does not prescribe the form of a decumulation phase, although EIOPA envisages that the PEPP accumulation phase is followed by a decumulation phase.</p> <p>The idea behind the PEPP is that, if well developed, the product can cater for this specific form of decumulation which is standard in the UK but not in all other Member States.</p> <p>Agreed – with regard to decumulation, please see the above</p>
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		<p>For example, if all pension savings could be accessed at retirement without the need to purchase an annuity, savers with the capability of forming only a small pot are more likely to save and increase their savings immediately before retirement as they will see the direct value between their savings and being able to benefit from them. However, if this is not the case and savers are obliged to purchase an annuity, the rates for which may fluctuate from time to time, savers on low incomes may be less inclined to save or to increase their savings nearer retirement.</p> <p>Due to the different taxation systems in each member state, standardisation of tax relief in all member states is not possible and this therefore remains the most significant obstacle to designing a 'standardised' PEPP. The point at which tax relief is received is a significant barrier to standardising a PEPP. For example, if tax relief is to be applied at entry to a pension, i.e. taxation is deferred since it encourages citizens to save for their old age, and in one member state but in others it is applied on exit, at the decumulation stage, significant inequalities could emerge and the effects of the PEPP would not be comparable across member states.</p> <p>Furthermore, if, for example, the UK moved pensions to a tax on entry basis then it would be very problematic to track the tax liability (and to whom it is due) as people moved from state to state between 'tax on entry' and 'tax on exit models'. If it were harmonised, there would be arbitrage within existing local models, i.e. people could exploit the local</p>	<p>Partially agreed, EIOPA recognises the impact tax hurdles have in the field of providing cross-border personal pension products. These are hurdles however, not necessarily preventing the development of PEPPs suitable for marketing in more than one member state</p> <p>Agreed, although EIOPA believes seeking solutions with regard to</p>
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			and PEPP regimes to their advantage. This again emphasises that whilst a long term savings vehicle could be created on a cross border basis, it would be difficult to see how this could be a 'pension'.	existing taxation hurdles would be beneficial it has not proposed that PEPPs should receive tax benefits when it has product characteristics that differ significantly from those of national PPPs
129.	Assofondipensione , Assoprevidenza and Mefop	Question 2	<p>The creation of a new EU harmonized 2nd regime of PPP, is likely to end up a weak regulation of the market, with the risk of worsening the protection of members/consumers, particularly in countries where the 3rd pillar is already developed and very well regulated. This achievement, not only contradicts one of the key reasons put forward by EIOPA to develop PEPP, but is likely to erode the trust of employees and other potential members on supplementary pension products, negatively affecting the membership of pension funds (both occupational and personal).</p> <p>The negative effects of this sort of "race towards the bottom" could be further exacerbated by the proposal of EIOPA to extend to PEPP the tax incentives currently supporting national PPP.</p> <p>To achieve the policy objectives of ensuring a high minimum standard of consumer protection and encouraging more EU citizens to save for an adequate retirement income could be really useful if EIOPA also access the other approach suggested in the Call for Advice of the European Commission to the Authority released on July 2014:</p>	<p>Disagreed – EIOPA envisages a PEPP that has high consumer protection features</p> <p>Please see last resolution in row 128</p> <p>Noted – following this consultation this option has been analysed (see Annex I of the consultation</p>



			<p>establishment of a common regulatory framework as much uniform as possible for all PPP (or at least the major ones) currently provided at national level and on the release of a “passport” for the cross-border activity.</p>	<p>paper on single market for PPP of 1 Feb 2016). EIOPA has developed the view that introducing a 2nd regime for PEPPs would offer most advantages though. Please see ch. 1.1, 1.2 and 5.2 of the consultation paper on single market for PPP of 1 Feb 2016</p>
130.	Assogestioni	Question 2	<p>We don't think the adoption of a prescriptive 2nd regime would be the best mean to achieve the objectives behind the PEPP initiative: as already stated in the general comments and in Q1, we think PEPP should be regulated through the issuance of a European Regulation, defining rules for the product, its manufacturing and distribution process.</p>	<p>Partially agreed, the regime would be introduced through a Regulation defining the rules mentioned, but for the moment EIOPA suggests the adoption of a voluntary 2nd regime sitting beside national regulations (see the Impact</p>

			<p>To avoid any confusion or misunderstanding on how PEPPs will interact with national social security and labour law as well as with existing national personal pension products' regulations, no reference to the adoption of a second regime should be made. Indeed, it is not clear how a second regime would work in practice, which elements would differentiate it from an EU Regulation and whether it would aim at standardizing only the product rules or both the product and the provider rules.</p> <p>On the other hand European Regulation has been largely and successfully used as instrument in recent years to harmonize specific pieces of legislation among EU Member States; it is a well-known tool among intermediaries operating in the different Member States and this would undoubtedly facilitate the success of the PEPP initiative.</p>	<p>Assessment on Annex I of the consultation paper on single market for PPP of 1 Feb 2016).</p> <p>Disagreed, please see resolution above.</p> <p>See resolution above</p>
131.	Better Finance	Question 2	<p>As a preliminary response, we believe EIOPA and the EU Authorities should eliminate any reference to a «2nd Regime ». this wording is not intelligible for EU citizens, and it does not reflect reality, as it is not clear a « 1st regime » already exists in all 28 Member States ? It is also confusing with the reference to a « 29th regime » (for example on page 5 of the Consultation Document).</p> <p>Specifically on question 2 :yes, depending on the decisions made on the following questions, in particular on :</p> <ul style="list-style-type: none"> <li>- the simplicity and the cost-effectiveness of the offerings</li> <li>- the suitability, simplicity, and intelligibility of the default investment options ;</li> </ul>	<p>Disagreed, please see resolutions in row 130.</p> <p>Noted</p>

			<ul style="list-style-type: none"> <li>- the user' friendly switching options, especially when the PEPP delivers unexpected poor performance</li> <li>- 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.</li> <li>- The actuarial methods of the calculation of biometric risks (longevity and death risk) have to be standardized and fixed by the terms and conditions of the pay-out phase at least.</li> <li>- 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) are essential for a high minimum standard of consumer protection. There must not be any difference of the level of consumer protection between PEPPs and PRIIPs.</li> <li>- We propose that PEPPs should include these four basic principles : <ul style="list-style-type: none"> <li><input type="checkbox"/> The higher the accumulated capital by payments/contributions is, the higher the pay-outs have to be.</li> <li><input type="checkbox"/> Any PEPPs must guarantee a life-long annuity as one of the decumulation / pay out options.</li> <li><input type="checkbox"/> Pay-outs must not decrease once started.</li> <li><input type="checkbox"/> Mandatory participation at risk benefits (related to longevity / death risk).</li> </ul> </li> </ul>	<p>Agreed</p> <p>Partially agreed - However the PEPP regime will not prescribe a specific form of decumulation however</p> <p>Mandating the participation in risk benefits might not be</p>
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				desirable for all consumers
132.	BIPAR	Question 2	<p>BIPAR is not convinced of the added value that the concept of a second regime for a PEPP, could offer. We believe that more research is needed.</p> <p><input type="checkbox"/> We believe that the benefits for consumers as presented in the consultation paper do not seem to be very convincing. The impact of differences in national legislation, e.g. tax regulations, social insurance regulations, seem underestimated. We wonder how a second regime can be created or how EU citizens will be able to see the added value of a PEPP over a national PPP without those fields of regulation being discussed. Even if, in the end, it is the intention to create a sort of "fourth pillar" pension regime as a "European" complement to the existing national systems, tax and social security factors will continue to impact the system and potentially remain a main barrier.</p> <p><input type="checkbox"/> We are not convinced that the creation of a PEPP would "encourage more EU citizens to save for an adequate retirement income" (p 9, point 3.1.6). We believe that PEPPs could potentially substitute existing PPP instead of creating new demand. Also, the decision whether or not to save for retirement income will above all depend on the economic circumstances.</p> <p><input type="checkbox"/> If PEPPs would be introduced, they would represent another</p>	<p>Disagreed – following this consultation the impact of differing national legislations has been analysed further and led to EIOPA's advice that introducing a PEPP through a 2nd regime offers the best possibility to reap the benefits of the single market</p> <p>Disagreed, please see analysis in ch. 1.1 and 1.2 of the consultation paper on PPP of 1 Feb 2016</p> <p>Disagreed,</p>

			<p>regime in the already existing multitude of regimes and systems. We doubt if adding another layer will help reducing complexity.</p> <p><input type="checkbox"/> We also wonder whether the costs will not exceed the benefits. A cost-benefits analysis will definitely be necessary. We believe that before concluding that a second regime is the best option, it would be necessary to study the other options in detail, establish a clear list of obstacles and identify those that would remain if a second regime would not be established.</p> <p><input type="checkbox"/> The move into a world of more individual choice, control and responsibility with regard to pension planning, points to a greater need for individual guidance with pension planning. Pensions are arguably the most complex and important financial products that a person will purchase. But the guidance aspect is not only important because of the fact that a product is complex or simple but because the situation of the investor is complex and never standardized. Especially in this field it is necessary to have a close look to the interdependence of a pension product and the personal situation of a PPP holder, also with view to the legal and tax environment. A PEPP will need to fit into the mix of the existing family situation, investment portfolio, patrimonium, etc. Therefore we believe that there will be a need for personalized guidance, and this in the different stages of the life of a PEPP/PPP.</p>	<p>EIOPA envisages a PEPP that is highly standardised and therefore very recognisable for consumers as a product with high consumer protection standards</p> <p>For impact assessment please see Annex I of the consultation paper on PPP of 1 Feb 2016</p> <p>Partially agreed - Please see EIOPA's analysis with regard to labelling well developed default/core investment options as non-complex products (see ch. 2.3.1 of the consultation paper on PPP of 1 Feb 2016)</p>
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			<p>For these reasons among others we are surprised by the tone of the EIOPA paper and the rather explicit a priori favourable approach to internet as a technique for distributing PEPPs. We refer here in particular to page 10, point (vii) and (viii); page 11, point 3.3.2; page 34 point 4.2.11.4 and p 35, point 4.2.11.7., which in our view include statements which are not underpinned by scientific relevant studies and facts.</p> <p><input type="checkbox"/> We also wish to stress the importance of the need of a level playing field between all distribution channels and providers. This is also important for consumers, who need a level regulatory playing field to ensure that all their pensions are adequately protected, irrespective of the provider or channel of distribution used.</p> <p>Aspects of a level playing field between the PEPP and national existing PPPs are referred to in point 3.6.11. The consultation paper states that existing tax benefits should also apply to PEPP. In this respect we would like to stress that it is also essential that the creation of PEPP has no detrimental impact on those covered by existing private sector schemes.</p>	<p>EIOPA believes the internet, as one (not the only) of the methods of distribution for PEPPs can – as do other distribution methods - offer significant benefits</p> <p>Agreed</p> <p>Agreed, although EIOPA believes seeking solutions with regard to existing taxation hurdles would be beneficial it has not proposed that PEPPs should receive tax benefits when it has product characteristics</p>
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			<p><input type="checkbox"/> We wonder how the tax issue will be tackled in the decumulation phase which is not covered in this PEPP consultation paper.</p> <p><input type="checkbox"/> The distinction between the three pillars should continue and exist.</p>	<p>that differ significantly from those of national PPPs</p> <p>Noted, this is a matter of national competence</p> <p>Agreed</p>
133.	Blackrock	Question 2	<p>We agree with the aim of encouraging more citizens to save for retirement. We would also add in a broader aim of encouraging citizens to save more effectively by allocating away from cash and property. BlackRock completed its 2014 Investor Pulse survey interviewing 11,000 European savers to understand their approach to saving. There were a number of key findings. These include the following:</p> <p><input type="checkbox"/> More than half of all household assets across Europe are held in cash. For the benefit of both savers and the European economy alike, these assets need to be put to more productive use.</p> <p><input type="checkbox"/> Professional investment advice is one of the fundamental elements which drive investor confidence and market participation.</p> <p><input type="checkbox"/> Efforts to encourage the take up of financial advice and guidance are needed to give Europeans the tools they need to make effective retirement planning decisions. Despite clear benefits, only about half of Europeans have ever sought help from a professional.</p> <p>There is currently a significant mismatch between the amount citizens think they need to save for an adequate retirement income and the amount they actually need to save.</p>	<p>Agreed, although EIOPA believes the level of advice that needs to be given depends upon product characteristics</p> <p>Noted, the setup of national</p>

		<p>We recommend consideration of auto-enrolment initiatives such as those in the UK. The design of automatic enrolment incentivises individuals saving in pension funds not to put their holdings in cash. This helps to protect them against the risk of under-saving, and inflation reducing the real value of their savings. The reliance on default investment strategies is crucial in mitigating individual's inherent investment risk-aversion. From an investment perspective it is essential that individuals have access to a wide range of appropriate asset classes in which to invest their savings and build an income in retirement.</p> <p>Long-term investment is the way to generate long-term consistent growth for the economy, and pension fund investment forms the bedrock of this wider long-term funding for the economy. By definition pension liabilities are long-term and individuals should therefore be incentivised to take a long-term investment view. The pensions regime should be designed to provide savers with a form of illiquidity premium, to reward those who lock away money for future retirement needs. Any change that makes short-term investment or cash holdings more attractive would be to the detriment of both individuals and the long-term health of the economy.</p> <p>There is a real and pressing need for investment in long-term assets such as infrastructure. Within private sector DC or personal pensions, the very construct required to facilitate individual investment decision making forces investment to be channelled towards more liquid instruments traded on public markets, so overall product design is very important.</p> <p>In respect of consumer protection we support a clearly defined regime which is needed to underpin effective pass porting rights. As the PEPP is a second regime, and if introduced by Regulation as for other second regime products such as the ELTIF, it is justifiable to have a simple passport regime without significant additional host state requirements. The objective should be that once the PEPP is authorised in its home</p>	<p>pension regimes is a matter of national competence however</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed, please see p. 67 and onwards of the consultation paper on PPP of 1 Feb 2016 where this topic is discussed</p>
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			<p>member state, notification to market the PEPP in other member states would be given by the home competent authority. This would allow immediate marketing in all member states subject to a common marketing standard and avoid the plethora of local marketing rules which apply to many other pan European products such as UCITS.</p> <p>National tax authorities should be encouraged to confirm the tax status of the PEPP under national law to avoid delays in launching the PEPP.</p>	Agreed
134.	Bund der Versicherten e.V. (BdV – German Associati	Question 2	<p>As a preliminary response, we believe EIOPA and the EU Authorities should eliminate any reference to a «2d Regime ». This wording is not intelligible for EU citizens, and it does not reflect reality, as it is not clear if a « 1st regime » already exists in all 28 Member States ? It is also confusing with the reference to a « 29th regime » (for example on page 5 of the CP).</p> <p>Specifically on question 2 : yes, depending on the decisions made on the following questions, in particular on :</p> <ul style="list-style-type: none"> <li>- the simplicity and the cost-effectiveness of the offerings;</li> <li>- the suitability, simplicity, and intelligibility of the default investment options ;</li> <li>- the user' friendly switching options, especially when the PEPP delivers unexpected poor performance;</li> <li>- 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;</li> <li>- the actuarial methods of the calculation of biometric risks (longevity and death risk) have to be standardized and fixed by the terms and conditions of the pay-out phase at least;</li> <li>- 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) are essential for a high minimum standard of consumer</li> </ul>	See resolutions in row 131

			<p>protection. There must not be any difference of the level of consumer protection between PEPPs and PRIIPs.</p> <p>We share the concerns that parts of the asset management industry are keen to maintain complex and opaque pension products, as these are often more profitable. We might go so far as to say that the level of simplicity and transparency of the PEPP embedded in a Regulation will be inversely proportional to firms' willingness to offer the product to the market.</p> <p>We propose that PEPPs should include these four basic principles :</p> <ul style="list-style-type: none"> <li>- The higher the accumulated capital by payments/contributions is, the higher the pay-outs have to be.</li> <li>- Any PEPPs must guarantee a life-long annuity as one of the decumulation / pay out options (cf. EIOPA's Fact Finding Report on Decumulation Phase Practices, October 2014).</li> <li>- At the end of the payment / contribution phase there has to be an open market decision for the consumer for choosing a provider for the pay-out phase.</li> <li>- There has to be an obligatory participation at risk benefits (related to longevity / death risk).</li> </ul>	
135.	Cardano Risk Management	Question 2	<p>A simple standardised universal product could help some consumers to overcome some of their procrastination towards saving for an adequate retirement income. The PEPP authorisation regime will only be an enabler, not a driver, for increased savings.</p> <p>The quality of the PEPPs will depend on the nature of the prescriptions. If the prescriptions are not adequate, it is better to have a less prescriptive regime complemented with a strong duty of care. A highly</p>	

			<p>prescriptive regime could be counterproductive as it will hamper product innovation.</p> <p>Ideally, the PEPPs should be able to distribute across all member countries without significant adaption to country specific regulation. Some of the current country specific regulation might not be beneficial for the consumer.</p> <p><input type="checkbox"/> The demand for a minimum guaranteed return as mentioned in 3.6.9. should not be included in the PEPP. Such demand could actually be damaging for the consumers, please refer to our response to Question 4 and 6.</p> <p><input type="checkbox"/> Some mechanisms to keep costs and charges under control would be beneficial to gain the consumer's trust. Past experience shows that bad market practice, particularly in distribution, can result in mis-selling scandals which severely erodes the consumer's trust.</p> <p><input type="checkbox"/> It would be beneficial if transparency on cost and charges is mandatory in the PEPP. It is in the consumer's interest to have full transparency and be able to understand the impact of the overall costs and charges. To make the costs and charges understandable they could be communicated as a nominal amount calculated over a specific time period. One example of creating such a measure is the so called 'Norman beloppet' in Sweden.</p>	<p>Agreed, in order to make the PEPP suitable for marketing in more than one member state however, the PEPP should be flexible to a certain extent.</p> <p>Agreed, offering a guarantee in the PEPP is not mandatory</p> <p>Agreed</p> <p>Agreed, see consultation paper on PPP of 1 Feb 2016 (disclosure requirements)</p>
136.	Community Life GmbH	Question 2	Prescriptive regime for consumer protection, transparency and cost efficiency	

			<p>Community Life agrees that a highly prescriptive regime 2nd regime may achieve the objective of ensuring a high level of consumer protection and encouraging savings for retirement. Appropriate rules for a standardized product can secure consumer protection and enable transparency and comparability (see key objectives nos. 2 and 3).</p> <p>Standardization will also contribute to creating trust and familiarity with the product concept, both of which will be important to encourage savings (key objective no. 6). For example, every market participant who markets a PEPP may assist in creating "brand" recognition for PEPPS overall, assuming that a clear designation as a PEPP were made a product requirement.</p> <p>A standardized product may also reduce cost barriers for cross-border offerings, as providers would be able to retain the same fundamental product structure for all markets (3.1.6). However, local general good and tax requirements may significantly limit the potential cost advantages. In this respect, it would be important that the 2nd regime be sufficiently extensive to minimize the impact of local requirements.</p> <p>However, any highly prescriptive standardization should leave sufficient room for adjustments to changes of either customers' personal situations or wider economic circumstances. This is of particular importance for swaps to other providers during the accumulation phase (4.2.8.2.).</p> <p>Information on decumulation phase to focus on purpose of PEPPs</p> <p>We are of the view that a prescriptive regime should ideally also</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>EIOPA has contemplated this but believes</p>
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			<p>comprise the decumulation phase. The decumulation phase would not necessarily have to comprise biometric risks (4.3.4.), but could also take place in the format of a payment plan.</p> <p>From the point of view of an average customer however, the retirement benefit is a crucial point of reference, which should be reflected in probability forecasts (4.2.10.20) and the summary indicators of costs in monetary and percentage terms (4.2.10.24). Although we support EIOPA's view that specific rules for the decumulation phase are not needed (3.6.9 (ii)), we are of the view that a PEPP should provide for more guidance. For example, two basic models could be provided to consumers in order to illustrate how the final pension payment could be structured. Depending on the customer's choice, this could be either a payment plan (without biometric risk) or a life-time annuity. In our view, the key objective of savings for retirement would be better achievable if the PEPP encompassed information on what the PEPP is seeking to encourage: adequate financial provision during the retirement phase. This will also contribute to the trustworthiness of PEPPs for consumers.</p>	<p>that, at this moment in time, standardising the decumulation option is hard to achieve. EIOPA recognises however that the PEPP accumulation phase should be followed by a decumulation phase.</p> <p>Agreed, please see ch. 2.2 of the consultation paper on PPP of 1 Feb 2016 for further elaboration (disclosure requirements)</p>
137.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 2	It is important that PEPP creates new special incentives for consumers e.g. by incentivising long-term investments. Otherwise, we might see only shifts within the existing product landscape and no additional savings.	Agreed

			A 2nd regime creates new Europe-wide rules and might, therefore, encourage additional savings. A standardised pension product needs a high level of reliability and comparability for consumers. A 2nd regime could support those aspects and additionally create a level playing field among the various providers.	Agreed
138.	Deutsche Bank	Question 2	The setup of a 2nd regime for PEPPs seems reasonable. Whether citizens will be encouraged to save more for an adequate retirement income will depend on many factors including the simplicity of the solution and the level of unification. National exceptions should be kept at a minimum level. It should be possible to finance a reasonable commission for advice out of the product in order to ensure penetration, subject to EU investor protection requirements.	Agreed, however, e.g., standardising the form of decumulation for PEPPs does not seem appropriate at this moment in time.
139.	EFAMA	Question 2	<p>EFAMA fully agrees with EIOPA that “the overriding policy objective of creating a 2nd regime for PEPPs is to encourage more EU citizens to save for an adequate retirement income by creating a truly internal European PEPP market”. We also believe that a broader aim should be to encourage citizens to achieve a more diversified allocation of their savings. Indeed, it is very hard to believe that the proportion of household financial wealth held in bank accounts (41.5 percent in the euro area at end 2014) is optimal. In a world where citizens are increasingly being required to take personal responsibility for financing their own retirement, it is very important that they attach more importance to the return of their savings and the potential offered by a well-diversified portfolio when saving for the long-term.</p> <p>The importance of complementary pension savings</p> <p>As the European Commission’s White Paper on Pensions stressed,</p>	

			<p>demographic change will have profound implications on the sustainability of national pension provision in the next twenty to thirty years. Europeans are living longer and so they will need to work longer and save more to maintain the standard of living enjoyed by current generations. Even if the situation varies across Europe, we believe that the creation of a PEPP would constitute a beneficial complement to existing national regimes.</p> <p>While the IORP directive contributed to increase the coverage, quality and cost-effectiveness of occupational pensions, nothing equivalent has been done in the area of personal pensions. Hence, the development of an EU legislative framework for a PEPP is of importance.</p> <p>We recognize that the need for a PEPP may vary within the EU. Clearly, a number of Member States have already in place comprehensive, tax-advantaged, national private pension coverage. So the potential demand for a PEPP is likely to be smaller in these countries than in Member States where there is currently limited access to personal pension products.</p> <p>More generally, we also believe that a key driver to the success of a PEPP would be the incentives that could be provided by Member States to encourage their population to save in PEPPs. In this respect, we strongly believe that PEPPs should receive beneficial tax treatment, especially because of the long-term nature of pension savings. Additional supporting mechanisms such as the automatic enrolment mechanism with opt out would also help stimulate the level of demand necessary to drive scalable products.</p> <p>The importance of creating a pan-European personal pension</p>	<p>Agreed</p> <p>Agreed</p> <p>This is a matter of national competence</p>
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			<p>Currently, each member state has its own legislation for the design of personal pension. The specificities of the national legislation explain why the personal pension market is highly fragmented, making personal pension provision a local business. Existing national provisions force those providers who want to operate cross-border to offer different PPPs to comply with different national rules. This situation reduces the scope for competition and economies of scale and leads to relatively high prices for the final consumer.</p> <p>The PEPP legislation should not aim at harmonizing all types of existing personal pension pensions. Instead, the aim should be to create an EU-wide personal pension product that could be offered to EU citizens, in addition to the products that are currently available at national level.</p> <p>The creation of a PEPP would benefit EU consumers. With one EU product regulation, the same product could be sold across the EU. Cross-selling of PEPPs would increase competition between personal pension product providers by enhancing consumer choice and reducing cost. Mobile citizens could keep saving in the same product when they move from one country to another. The standards of consumer protection would associate the PEPP with a recognized high-quality EU label. All these points would encourage more EU citizens to save for an adequate retirement income.</p> <p>The importance of creating a highly standardized product</p> <p>While we understand EIOPA's wish to strike a balance between rules that will be standardised at EU level and rules of general good that will remain country specific, we would like to stress the importance of achieving a highly standardized product to avoid gold plating by Member States that would put the overarching goal of the project at</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
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			<p>stake. This is a necessary condition for the single market for PEPPs to work properly.</p> <p>Importantly, the investment policy of the PEPPs should not be bound to any national rules in terms of asset allocation. Assets should be allocated efficiently and in a diversified manner. Illiquid assets such as infrastructures and ELTIFs should be eligible investments to match the long-term profile of such product. In terms of consumer protection rules, UCITS-like diversification and concentration rules could be specifically mentioned.</p> <p>So while we fully agree that the goal should not be to harmonize all types of existing personal pension products, it is clear to us that the PEPP initiative can only achieve its objectives in terms of cross-border business and scale economies if providers can sell the same PEPP across Europe, once certified in one Member State.</p>	<p>Agreed</p> <p>Agreed</p>
141.	European Association of Paritarian Institutions (A	Question 2	<p>First of all we would like to repeat (see also our General Comments) that AEIP is not convinced that a 2nd regime is desirable and needed.</p> <p>It is far from clear whether there is consumer demand for such a product. This is something that should be investigated and reported before any concrete proposal is done.</p> <p>Where occupational pension schemes exist, they proved to be an effective means for ensuring a high level of protection of the beneficiaries. Thus, the goals aimed at by the Commission is already realised. Where no occupational pensions exist - before considering the introduction of such regime - a thorough investigation should be undertaken whether existing EU and national regulations and providers would not be sufficient in order to realise the goals aimed at by EIOPA.</p>	<p>Disagreed, please see ch. 1.1 and 1.2 of consultation paper on single market for PPP of 1 Feb 2016</p> <p>Disagreed, EIOPA favours a multi-pillar approach towards saving for retirement. 3rd pillar</p>

			<p>It is therefore uncertain if a 2nd regime could achieve the policy objectives of ensuring a high minimum standard of consumer protection, which might encourage more EU citizens to save for an adequate retirement income. As a matter of fact, behavioural economics shows that, even in countries with a high level of consumer protection, people tend to be reluctant to save for their retirement on a voluntary basis.</p>	<p>provisions exist in countries with a strong 2nd pillar also. With regard to the investigation referred to – please see Annex I of the consultation paper on single market for PPP of 1 Feb 2016</p> <p>Disagreed, please see ch. 1.1 and 1.2 in the consultation paper on single market for PPP of 1 Feb 2016</p>
142.	European Federation of Financial Advisers and Fina	Question 2	<p>With regard to the clusters of rules of general good identified by EIOPA, please refer to the following comments:</p> <ul style="list-style-type: none"> <li>- national requirements to provide minimum return guarantees. The default investment option should be based on a “safeguard solution” for the average PEPP holder, while the other investment options may cater for investors with riskier profiles;;</li> <li>- national requirements with regard to decumulation practices. As a general comment, a thorough harmonised legal framework for PEPPs requires an effective harmonisation of tax treatments (considering both the deductibility of premiums and the taxation of benefits). As the current legal framework varies among Member States (for a comprehensive analysis, please refer to the Tables published by</li> </ul>	<p>See resolutions in row 125</p>

			<p>Insurance Europe, “Tax treatment of 2nd and 3rd pillar pension products”, 12 September 2014), a real internal market for PEPPs cannot be achieved without an effective standardisation of tax treatments.</p> <p>- national requirements with regard to mandatory advice. If some Member States provide for mandatory advice to access individual pension products, in this case we consider that for PEPPs personal advice should be “highly recommended”.</p>	
143.	Fairr.de GmbH	Question 2	<p>A highly prescriptive second regime is the only way to achieve the desired policy outcomes.</p> <p>1. The aim of ensuring a minimum standard of consumer protection: It is our view that in order to prevent misselling of financial products, consumer protection should be “built in” to the product to the point where a sales force is no longer necessary. Our experience at fairr.de has been that incumbents providers often support a large sales force and their stream of sales-commission revenues to the detriment of the consumer. As a result, consumer costs remain elevated by a multiple of what is necessary. Incumbents do not compete on price, new players do. Prescriptive regulation forces down excessive fee structures.</p> <p>2. Encouraging more EU citizens to save for retirement income: The acceptance of the PEPP by the customer will depend on the same factors across Europe.</p> <p>Trust: the PEPP will serve as a pan-european brand or “co-brand” to providers</p> <p>Simplicity: the PEPP should be self-explanatory with no need for</p>	<p>Partially agreed, EIOPA does not favour specific distribution methods provided the interests of consumers are well taken into account</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed, EIOPA advises to limit the number of</p>

			<p>advice, at least in its default version.</p> <p>Choice: there should be no more than options 5 per provider as "too much choice kills choice".</p> <p>Costs: there should be no need for costly advice. Product costs of 1% per year coming out of a 3% annual return already represent 30% of the return.</p> <p>Tax and beneficial treatment/ good rules: the PEPP should benefit from at the very least the equivalent of the good rules which currently apply to national PPPs.</p>	<p>investment options</p> <p>Partially agreed, some investment options (not the default option) might trigger the need for advice</p> <p>Agreed</p>
144.	Fédération Française des Sociétés d'Assurances (FFS)	Question 2	<p>FFSA welcomes the discussion on the introduction of PEPPs, as such an initiative, if appropriately calibrated, may increase the volume of personal pension products sold throughout Europe and so may have a positive impact on the allocation of funds towards long-term illiquid investments.</p> <p>In theory, prescriptive 2nd regime could lead to a high standard of consumer's protection. This could ensure confidence in the product, which is an important success factor for such an initiative.</p> <p>In contrast, it may be inappropriate to define excessively prescriptive rules at EU level, taking into consideration the close links to areas of national competence (ie. principle of subsidiarity) and of the different features of PPPs already being sold across Europe.</p> <p>To achieve the dual policy objective of ensuring a high level of consumer protection and encouraging EU citizens to save for an adequate retirement income, the insurance industry believes the PEPP would need to adapt to some of the demands and specificities of each market.</p> <p>In particular, there is a need to consider product features as long-term guarantees or profit-sharing mechanisms, risk coverage, pay-out options and surrender options.</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p>

			<p>This would make PEPPs more protective for European consumers.</p> <p>We also believe that the success of the PEPP initiative also depends on the tax treatment granted at national level.</p> <p>Finally, we would like to comment on the proposed clusters of national rules of general good. In particular, with regard to:</p> <ul style="list-style-type: none"> <li>Cluster 1 (national investment restrictions): To ensure a level playing field, harmonised investment principles for PEPPs should apply across Europe (eg. the Prudent Person Principle under Solvency II).</li> <li>Cluster 6 (National requirements with regard to decumulation practices): the PEPP must include life-long retirement income. Therefore, the PEPP initiative should include regulation with regard to decumulation. In countries where there is no legal requirements for providers to offer a life-long pay out, providers and consumers may choose other options.</li> </ul>	<p>Agreed, key principles are prescribed for the PEPP, such as the prudent person principle, as well as proper diversification and effective risk management, as foreseen under Solvency II</p> <p>Disagreed, the assets accumulated in the PEPP should be used for generating a retirement income, as defined at national level. The PEPP does not seek to standardise the form of</p>
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				decumulation at EU level.
145.	Fidelity International	Question 2	Yes, we agree the 2nd regime should be highly prescriptive.	Agreed
146.	Financial Services Consumer Panel	Question 2	<p>Encouraging EU citizens to save for retirement</p> <p>The Panel is not convinced that the PEPP would lead to a general increase in the amount citizens to save for their retirement.</p> <p>In more developed markets, a PEPP has the potential to lead to worse consumer outcomes if people were encouraged to switch from schemes with guaranteed employer contributions to a PEPP that relies on individual contributions.</p> <p>At this stage, we do not think the proportionality of the PEPP initiative has been proven and we consider that further in-depth analytical work is required to establish the impact of the proposal on consumers, particularly in Member States with well-established domestic markets for PPPs, or where second-pillar alternatives are widely available.</p>	<p>Partially agreed, proper disclosure should prevent a consumer from making choices that are not advisable</p> <p>EIOPA has identified current market failures and the advantages a 2nd regime PEPP could offer, please see chapter 1.1 and 1.2 of the consultation paper on single market for PPP of 1 Feb 2016. 3rd pillar savings are significant in many countries with a strong 2nd pillar also and the market</p>

			<p>A highly prescriptive regime: Simple and transparent products</p> <p>The Panel agrees with EIOPA’s assessment that a PEPP should be simple and transparent, and ensure a high standard of consumer protection. There is plenty of evidence that consumers find interaction with investment-based products and providers difficult.(E.G. Ron Sandler, ‘Medium and Long-Term Retail Savings in the UK’, 2001; <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191721/sergeant_review_simple_products_final_report.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191721/sergeant_review_simple_products_final_report.pdf</a>).</p> <p>One of the main barriers to consumers’ engagement with their pension is the opacity of investment costs. The Panel believes that a key component of the PEPP, if introduced, should be the requirement for a clear cost structure that does not allow asset managers to defray their expenses directly against the funds invested in by the consumer.</p> <p>Bringing greater clarity to the costs and charges of saving into a pension would make it easier for people to plan for their retirement, and alleviate the deep-seated distrust of the asset management industry that has persisted over the years. The European Commission’s own Consumer Markets Scoreboard in 2014 ranked investment products among the lowest for trust and comparability of all consumer markets (<a href="http://ec.europa.eu/consumers/consumer_evidence/consumer_scoreboards/10_edition/docs/consumer_market_brochure_141027_en.pdf">http://ec.europa.eu/consumers/consumer_evidence/consumer_scoreboards/10_edition/docs/consumer_market_brochure_141027_en.pdf</a>). We elaborate further on this issue in response to question 19.</p>	<p>failures apply to these products too.</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
147.	FSUG	Question 2	<p>Generally yes, however, the mandatory features of the PEPP are the key to this.</p> <p>If the PEPP is recognized as a product (not provider), than clear prescriptive regulation could lead to the creation of EU-wide market.</p> <p>EIOPA’s draft guidelines for Product Oversight and Governance Arrangements (October 2014) and its Technical Advices on conflicts of</p>	<p>Agreed, the PEPP is a product</p> <p>Agreed, but further work to</p>

			<p>interest (January 2015) and on product intervention powers (July 2015) are essential for a high minimum standard of consumer protection. There must not be any difference of the level of consumer protection between PEPPs and PRIIPs.</p> <p>There is an unanswered question on prescribing actuarial aspects of a product for a pay-out phase. The actuarial methods of the calculation of biometric risks (longevity and death risk) have to be standardized and fixed by the terms and conditions of the pay-out phase at least.</p> <p>There are some good examples and practices that can be used as inspiration for prescribing a PEPP in a regulation. We refer to the paper of Kevin Dowd and David Blake (2013), Blake, Cairns and Dowd (2009) and OECD Roadmap for the Good Design of Defined Contribution Pension Plans which was published in June 2012. Some good examples can be taken from the national schemes implemented in UK (NEST), Sweden, Estonia or Slovakia. Additional good example is a 401(k) scheme applied in USA. Some interesting findings on a good design and operation of PEPP can be found in the OXERA Study on Position of Savers in Private Pension Products (2013).</p>	<p>be done in order to assess the adjustments that might be needed</p> <p>Agreed, further analysis of decumulation related aspects is deemed necessary</p> <p>Noted</p>
148.	German Insurance Association (GDV)	Question 2	<p>A 2nd regime that balances prescriptive requirements to ensure consumer protection and national features could increase consumers' trust in the PEPP market. However, in well-established markets high standards of consumer protection and soundness of institutions already exist. Therefore, PEPP has the potential to encourage more EU citizens to save for retirement in such markets where consumers currently have low level of trust in those institutions offering pension products and where PEPP would receive tax incentives. From our view the demand for PEPP as a voluntary retirement savings product also depends on the individuals' awareness of a need, savings capability and many other country specific and individual factors. Therefore, the effects of PEPP may vary between Member States.</p>	Agreed



			<p>Comments on the clusters in table p. 14:</p> <p><input type="checkbox"/> Cluster 1: To ensure a level playing field, harmonised investment principles for PEPPs should apply across Europe. Besides, investment principles like the Prudent Person Principle under Solvency II, sound prudential regulation of providers established through one of the already existing European frameworks and protection against insolvency are very important for consumer protection.</p> <p><input type="checkbox"/> Cluster 2 (early encashing retirement savings): EIOPA states that a legal requirement to forbid cashing out would be superfluous, because tax penalties discourage consumers to cash out in most countries. From a prudential point of view, however, for providers, in particular those offering a guarantee, the possibility of consumers surrendering early increases requirements for solvency capital and for risk management. Therefore, a legal requirement to forbid cashing out would not only benefit consumers (e. g. by avoiding tax penalties), but also enables providers to offer higher returns through adjusted product calculation and asset allocation. However, cashing out and switching have the same consequences for providers.</p> <p><input type="checkbox"/> Cluster 6: A 2nd regime for good quality pension products should include life-long retirement income as a default option. This would ensure that consumers benefit from steady income in retirement and do not risk running out of money when they get old. Therefore, PEPP should include regulation with regard to decumulation. In countries that have no legal requirements for providers to offer a life-long pay out, providers and consumers may choose other options than the default.</p>	<p>Agreed</p> <p>Partially agreed, although EIOPA does not envisage forbidding cashing out</p> <p>Disagreed, EIOPA envisages a PEPP where an accumulation phase is followed by a decumulation phase (as defined at national level). Mandatorily prescribing a decumulation default does not seem appropriate at this moment in time however.</p>
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149.	Hristina Mitreva – member of OPSG, employees repre	Question 2	<input type="checkbox"/> Yes! It is necessary the EU Regulation that introduce a 2nd regime for PEPPs to be highly prescriptive with regard to the product characteristics and to contain a firm set of rules with regard to its providers in order to ensure a high minimum standard of consumer protection and to encourage more EU citizens to save for an adequate pensions.	Agreed
150.	ICI Global	Question 2	<p>This consultation is an ambitious step towards creation of an attractive PEPP; yet, EIOPA should proceed cautiously in creating too many prescriptions. Because a PEPP, by design, is a voluntary investment, it must be designed in a way to attract an EU citizen to make a deliberate choice to purchase a PEPP. For this reason, we disagree with the recommendations that a PEPP should have a specified number of investment options, and any requirement that the non-default alternatives must have guarantee features or life-cycle strategies. We also oppose the imposition of fee caps.</p> <p>We raise these objections because they may hinder the PEPP’s objective to become an attractive 3rd pillar savings vehicle, which role is to supplement savings in pillars 1 and 2. As pillars 1 and 2 vary from Member State to Member State, the attractiveness of a PEPP will depend on what a particular EU citizen seeks to accomplish with a 3rd pillar product. They may wish to use a PEPP that is very similar to their current savings portfolio, or they may wish to put together a more aggressive savings vehicle; or the opposite, they may prefer a PEPP with a more conservative approach. Also see answer to Question 8.</p>	<p>Partially agreed, EIOPA does not advise to specify the number of investment options but to limit the number of investment options</p> <p>A cap on costs is not mandatory</p> <p>Partially agreed, EIOPA does not believe self-investment options should be possible for PEPP, however investment options available should offer a range of funds</p>

			<p>As discussed below, we do not object to requiring that each PEPP have a default option, and we believe that a life-cycling strategy with de-risking (LCS) would be an appropriate default. We also strongly support EIOPA's recommendation that the specific design of the LCS should be left to PEPP providers, including whether to add a guarantee.</p>	<p>from several broad investment strategies that are suitable for consumers</p> <p>Agreed</p>
152.	Insurance Europe	Question 2	<p>Insurance Europe recognises the importance of looking at possible ways of encouraging and supporting citizens to save for their retirement. In that sense, Insurance Europe welcomes the discussion on the introduction of PEPPs, as such an initiative, if appropriately calibrated, may increase the volume of personal pension products sold throughout Europe and so may have a positive impact on the allocation of funds towards long-term illiquid investments.</p> <p>In theory, a prescriptive 2nd regime could lead to a high standard of consumer protection. This could ensure confidence in the product, which is important for such an initiative. In contrast, it may be inappropriate to define excessively prescriptive rules at EU level, given the close links to areas of national competence (ie the principle of subsidiarity) and of the different features of PPPs already being sold across Europe.</p> <p>To achieve the dual policy objective of ensuring a high level of consumer protection and encouraging EU citizens to save for an adequate retirement income, the insurance industry believes the PEPP</p>	<p>Agreed</p> <p>Agreed</p>

			<p>would need to adapt to some of the demands and specificities of each market. In particular, there is a need to adapt to national markets, in terms of product features (ie presence of long-term guarantees or profit-sharing mechanisms, risk coverage, pay-out options and surrender options). This could additionally make PEPPs potentially more appealing to European consumers.</p> <p>Insurance Europe believes that consumer demand for the PEPP also depends on the fiscal treatment granted at national level, which remains a member state competence.</p> <p>Finally, Insurance Europe would like to comment on the proposed clusters of national rules of general good. In particular, with regard to:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Cluster 1 (national investment restrictions): To ensure a level playing field, consistent investment principles for PEPPs should apply across Europe (eg the Prudent Person Principle under Solvency II).</li> <li><input type="checkbox"/> Cluster 6 (National requirements with regard to decumulation practices): the PEPP should include life-long retirement income as an option consumers can choose. Therefore, the PEPP initiative should include regulation with regard to decumulation. In countries that have no legal requirements for providers to offer a life-long pay out, providers and consumers may choose other options.</li> </ul>	<p>Agreed</p> <p>Agreed, key investment principles are prescribed for the PEPP, such as the prudent person principle, as well as proper diversification and effective risk management</p> <p>Disagreed, forms of decumulation are defined at national level. In countries where there is a legal obligation to offer a life-long pay-out the PEPP provider can offer this option.</p>
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				It does not seem necessary to include this obligation into a PEPP regulation therefore
153.	Intelsat San Paolo Vita O.P.A.	Question 2	Intesa Sanpaolo Vita agrees that a prescriptive 2nd regime to could encourage EU citizens saving for retirement, especially considering the growing number of expats; we are ready to contribute in designing a functioning system and to find the balance with tax, labour and all the other legislation among EU Member States.	Agreed
154.	KBC Asset Management NV	Question 2	PEPP regime should consider the requirements of existing sectorial legislation (f.e. UCITS) when developing requirements for PEPP's. UCITS products are in general deemed suitable for the mass retail market. If PEPP's regime envisages to develop a product accessible for a very broad category of investors, alignment with the UCITS product requirements would be considered an efficient solution to safeguard the policy objectives for a high minimum standard of consumer protection on a product level. MIFID requirements with regard to marketing and distribution would provide an additional high standard of consumer protection in the relationship between the product provider and the end-client.	Agreed, but EIOPA's analysis also encompassed other product and conduct of business requirements, such as from IDD (and from DMD), which shall be adequately calibrated taking into account the specificities of PEPPs
155.	Legal & General Group plc	Question 2	Yes we agree with this. As the primary purpose of this product is to allow for a consistent approach across Member States, it makes absolute sense that the regime under which it operates should be highly prescriptive. Without this, there would be a risk of divergence, leading to different Member States offering potentially different types of product, which defeats the object. However, any such regime	Agreed, EIOPA aimed to balance these aspects when writing its PEPP consultation

			should not in any way impact regimes for retirement saving that a Member State may already operate, and to avoid making the establishment and operation of such products too onerous (and potentially commercially unviable) for providers to even consider entering into this market. Therefore, any prescription needs to be proportionate for this new initiative and take into account both the needs of the customer and the commercial viability of the proposition.	paper
156.	Mercer	Question 2	We would question whether establishing such a regime will be sufficient to meet the policy objectives of a high standard of customer protection and encouraging more individuals to save for retirement. As noted in our general comments above, national differences present a number of obstacles to the development of a common market for PEPPs. Our view is that these obstacle would need to be overcome before a workable second regime could be established.	Partially agreed, EIOPA believes that the level of PEPP standardisation that can be reached, notwithstanding existing obstacles, is already sufficiently high
157.	Ministry of Finance of the Czech Republic	Question 2	We agree that there is a high minimum standard of consumer protection on the creation of a standardised PEPP product proposed in the Consultation Paper. Nevertheless, we are rather sceptical that a consumer protection per se is a sufficiently appealing incentive for consumers to buy the PEPP product.	Partially agreed, EIOPA proposes several other characteristics that would benefit consumers of the PEPP product
158.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 2	The NAPF does not accept that a high level of regulatory prescription is the key to getting large numbers of savers to use the PEPP. EIOPA should provide evidence to support this assumption.  On more specific points, it would not be appropriate to include 'Cluster	Disagreed, please see ch. 3.1.2 of the consultation paper on single market for PPP of Feb 2016

			<p>2' regulation (national restrictions on encashing retirement savings before retirement) given that the UK no longer has a 'retirement age' as such; the statutory retirement age was abolished in 2011.</p> <p>It is not clear how EIOPA's proposed approach to taxation of PEPPs – allowing them to receive the same beneficial tax treatment as national PPPs - would work in practice, given the different tax regimes across Member States.</p> <p>For example, would a saver in a country with an 'EET' tax system be able to move their PEPP at retirement to a country with a 'TEE' system, thereby avoiding tax altogether? This is a good example of how difficult it would be to design an EU-wide PEPP against the backdrop of national tax systems.</p>	<p>Partially agreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase but does not propose to regulate the form of a decumulation option at EU level.</p> <p>Noted, EIOPA believes equal tax treatment should be granted to PEPPs that meet national tax requirements. Taxation does not lie within EIOPA's remit.</p>
159.	Nationale-Nederlanden Group	Question 2	<p>We believe that existing regulation for personal pensions (and amended regulation for PEPP) should not be highly prescriptive. It is our experience that both in accumulation and in decumulation phase, free choice of a customer is very important. This free choice should be accompanied by well defined defaults. Rather than prescribing e.g. investment restrictions or capping costs and charges, giving the customer free choice will encourage providers to offer products fit for the customer. Restrictions on a European level could be contradictory to local regulation. E.g. investment policies are different if the purpose</p>	<p>Noted, EIOPA envisages a PEPP that is attractive for the large majority of consumers.</p> <p>An adequate level of restrictions is</p>

			of a PEPP is a lifelong annuity or a lump sum. There should be a level playing field between local PPP providers and PEPP providers.	therefore required. If a PEPP does not offer specific choice (i.e. self-investment) for a consumer other personal retirement savings products might offer this option
160.	PensionsEurope	Question 2	<p>As mentioned in the general remarks, we question the demand for a PEPP and question whether it will encourage people to save more for their retirement. It might highly depend on the national Member State whether the PEPP will be an attractive product. It will favor retirement savings especially in Member States where:</p> <ul style="list-style-type: none"> <li>- There is no 3rd pillar;</li> <li>- There is limited 2nd pillar coverage;</li> <li>- There is poor security (consumer protection) for 3rd pillar products;</li> <li>- The national existing individual products are not attractive enough.</li> </ul> <p>The success of the PEPP will furthermore highly depend on its tax treatment. There is a huge variety of national tax systems across the EU, it is not clear how EIOPA's approach to taxation of PEPPs, giving them the same beneficial tax treatment as national PPPs, would work in practice, also given that taxation is and should remain a Member State competence.</p>	<p>Agreed</p> <p>The (flexibility of) PEPP features should allow for the development of PEPPs that meet existing tax requirements. Taxation does not lie within EIOPA's remit.</p>



			Having said this we agree that a highly prescriptive 2nd regime could contribute to the policy objectives of ensuring a high minimum standard of consumer protection.	
161.	Previet outsourcing Solutions	Question 2	Agreed	Noted
163.	State Street Corporation	Question 2	<p>Europe's changing demographics means that the sustainability of national pension provision by Member States will come under increasing pressure during the coming years. People are living longer, which means they will need to work for a longer period of time in order to save more to ensure a sufficiently high level of retirement provision.</p> <p>We therefore welcome the proposal to create a standardised PPP as an important step in ensuring Europe's citizens are able to secure their financial futures.</p> <p>Removing the barriers to the provision of cross-border PEPP provision will be important in helping achieve this. Currently, each Member State has its own national system for the provision of personal pensions which has led to high level of fragmentation in the PPP market. This has essentially made personal pension provision local to each Member State. This means that providers who wish to operate across borders have to comply with a a large number of different national rules which reduces competition, negates the ability to achieve significant economies of scale and ultimately leads to higher costs for consumers.</p> <p>However, we also recognise that a number of Member States already have comprehensive national private pension systems in place so demand for a PEPP is likely to be greater in countries where such comprehensive systems do not currently exist. We therefore believe that the creation of a PEPP should not seek to harmonise all existing</p>	<p>Agreed</p> <p>Agreed, even though the obstacles mentioned exist EIOPA believes a relatively high level of standardisation can already be reached.</p> <p>Agreed</p>

			personal pension products but create a PEPP that is available to all European citizens alongside those products that are already available at a national level.	
164.	The Association of International Offices (AILO)	Question 2	<p>While AILO can appreciate the apparent attraction of a highly prescriptive 2nd regime, we do not believe that will encourage use of such a product for it needs to take account of both the more and less sophisticated clients. It also needs to be flexible in order to enable innovation as national and economic conditions as well as the needs of the client as they change and evolve.</p> <p>As attention is focussed on the accumulation phase we believe it important that providers do not face prescriptive requirements at retirement. For example some providers may not wish to offer certain forms of decumulation options but should enable the client to transfer the pension pot to another provider without charge.</p>	<p>Partially agreed, EIOPA envisages a PEPP where self-investment is not allowed but believes the product is sufficiently flexible to adjust to national, economic and personal conditions</p> <p>Disagreed, EIOPA envisages a PEPP where the accumulation phase is followed by a decumulation phase (as defined at national level)</p>
165.	The Danish Insurance Association	Question 2	We agree that a highly prescriptive 2nd regime can achieve high minimum standards for consumer protection. And we strongly support high standards to ensure adequate protection for consumers. However, a highly prescriptive regime may be a costly and inflexible way of achieving this goal. From a Danish perspective we are not convinced that a highly prescriptive 2nd regime necessarily will encourage savings nor be the most effective way of increasing savings. The DIA believes that the same objective can be reached by principle-based	EIOPA's analysis revealed that a simple and trustworthy product has the best chance of encouraging savings. Please

			rules that allows for national flexibility and adaptability.	see ch. 1.1 and 1.2 of the consultation paper on single market for PPP of 1 Feb 2016. EIOPA believes it has struck the right balance between the level of standardisation and flexibility in the proposed PEPP regime.
166.	The investment association	Question 2	<p>A high degree of consumer protection is clearly important in ensuring that consumers have the confidence to save for retirement. To that extent EIOPA should ensure that it creates a regulatory environment that results in PEPP providers delivering products that are suitable for the target market, are transparent in their costs and charges and deliver value for money to the end consumer. On this last point, we would note that value for money should be viewed in terms of the quality of the product offering and not just the price.</p> <p>Beyond this, we believe there is a big role for public policy to play in increasing retirement savings around Europe. Creating the right consumer protection regime will not on its own lead to an increase in retirement saving. Behavioural economics has highlighted the inherent human biases that can militate against long term saving and the UK experience of automatic enrolment has shown that significant policy interventions may be required in order to generate step-changes in retirement saving.</p>	<p>Noted</p> <p>Agreed</p>

			An additional cultural challenge faced across Europe is the relative lack of consumer exposure to capital markets as a way of generating a future pension income. For many savers the concept of investing in market instruments to generate income and increase savings is an alien and disquieting concept and persuading individuals to take risk over extended periods of time is a challenging task, particularly given the general preference for exposure to cash across Europe. Changing these cultural norms is crucial to increasing savings in long term investment products such as the PEPP. Such norms can only be changed by educating consumers and this is an area where European governments should take the lead.	Noted
167.	Vanguard Asset Management, Limited	Question 2	<p>Vanguard agrees that a 2nd regime PEPP will be a good start for achieving the policy objectives of ensuring high minimum standards of consumer protection and encouraging more EU citizens to save for an adequate retirement. Enabling global financial firms like Vanguard to generally operate under a single set of rules for personal pensions across European country borders would foster economies of scale and serve as an important catalyst for the delivery of retirement savings investment and other investor services in a cost effective manner.</p> <p>Certainly, the details of prescriptions on such a 2nd regime will be important considerations. We strongly agree with EIOPA's statements in the Consultation that characteristics such as simplicity, transparency, cost effectiveness, provider-trustworthiness and appropriate oversight and governance will deliver considerable benefits for consumers and should be core characteristics of a standardised PEPP.</p>	Noted
168.	VPB	Question 2	Consumer protection and standards are important and necessary prerequisites for workable markets. However, excessive regulation does not necessarily lead to higher product quality and consumer benefits. On the contrary, it might lead to a lack of products on the supply side, undermining competition and choice.	Agreed, EIOPA's aim has always been to prevent excessive regulation while at the same time

				giving providers the room they need to create the PEPP they deem most appropriate for their clientele
169.	VVO	Question 2	In order to encourage more EU citizens to save for an adequate retirement income it is of utmost importance to raise awareness among the citizens about the necessity of personal pension provision. Many citizens are not aware about the longevity risk with which they are faced. There are already many appropriate and secure pension insurance products on the market with high consumer protections standards that offer protection against longevity risk to people. The partly low penetration of retirement savings products has less to do with the offer of pension products but more with low awareness and existing framework conditions at national levels (pension age, replacement rates, tax treatments, etc). E.g. national tax incentives are one of the most important elements in order to encourage private retirement savings.	Agreed
170.	Vzbv	Question 2	That depends on the details of PEPP. Consumers demand for ONE simple low cost product which would enable them to react to changes in their personal circumstances. The access to PEPP must be easy, e.g. via internet. Consumers need to have trust in the PEPP provider. That is why PEPP has to be completely separated from existing pension markets.	Agreed, although EIOPA does not favour one distribution method over the other
171.	WIT	Question 2	Not on its own, not without ensuring that the prescriptions are in the appropriate areas, not without appropriate enforcement, not without speedy responses to emerging regulatory gaps and market failure, not without due consideration of the return on capital to be achieved by suppliers and not without the political will and sustained support for the package in its entirety. There are lessons to be learned from the introduction of the Personal Retirement Savings Account in Ireland	Agreed and noted

			which are worth considering in this context.	
172.	Working Group on Shariah financial and insurance p	Question 2	We agree that a highly prescriptive 2nd regime will achieve the policy objectives of ensuring a high minimum standard of consumer protection and encouraging more EU citizens to save for an adequate retirement income. We believe the requirement for a PEPP is possible that works in compliance with Shariah.	Agreed
173.	Zurich Insurance Group	Question 2	<p>A second regime would only represent part of a solution in terms of delivering a high level of consumer protection and encouraging people to save.</p> <p>Importantly, a second regime removes one barrier that stops providers marketing more solutions in countries where they are not present – thus creating increased competition and consumer interest.</p> <p>However encouraging saving will be heavily driven by tax incentivisation and mandatory requirements within a country-specific context.</p> <p>The existence of a PEPP is unlikely, in itself to dramatically change the level of saving.</p>	<p>Agreed</p> <p>Agreed</p> <p>Partially agreed, please see analysis in ch. 1.1 and 1.2 of the consultation paper on single market for PPP of 1 Feb 2016</p>
A.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 3	<p>Do stakeholders agree that EIOPA has identified the correct challenges associated with introducing a 2nd regime? If so, how might these challenges be overcome? If not, what do stakeholders believe might be other challenges associated with introduction a 2nd regime?</p> <p>The IRSG welcomes that EIOPA addresses the risk of a regulatory arbitrage among the challenges of introducing a standardised pension product. A level playing field between all types of providers is essential to a functioning internal market.</p> <p>However, a number of other challenges remain to be resolved:</p> <p><input type="checkbox"/> The different national pension tax treatment and legislation would pose a significant challenge to the implementation of the PEPP initiative.</p>	<p>Noted</p> <p>Agreed, taxation does not lie within EIOPA's remit however.</p>

			<p><input type="checkbox"/> While The IRSG notes that switching between PEPPs and/or PEPP providers is a key feature of EIOPA’s proposal, more information should be disclosed on a number of issues, eg a minimum investment period, automaticity of the procedure, responsibility for putting the old and new providers in contact, prevention of surrender when switching, provision of tax authorities with the relevant information, allocation of costs generated by switching, language applicable to the procedure.</p> <p>Decumulation is in many markets an intrinsic aspect of pension products. The IRSG thus believes that the PEPP should consider aspects related to decumulation with the aim to guarantee the best outcome for the consumer. National practices should be duly considered.</p>	<p>Noted, please see pp. 52 and onwards of the consultation paper on single market PPP of Feb 2016</p> <p>Agreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase.</p>
174.	Pensioenfederatie	Question 3	<p>We think that the challenges that EIOPA has identified to be associated with the introduction of a 2nd regime are correct. However, an important challenge has been overlooked.</p> <p>That additional challenge is to avoid regulatory gaps favouring non EU regulated national providers and thus creating an unlevel playing field with other pension providers (see also our answer on Question 1). We therefore recommend that EIOPA not only focuses on economical and financial aspects (such as product specifications, supervisory regime and cost transparency), but also pays attention to other aspects, which might be also or even more decisive for a succesful approach:</p> <p>One of them is that EIOPA should take into account, which service level the consumer could expect from the PEPP provider.</p> <p>Example:</p>	<p>Agreed, EIOPA has now taken the stance that PEPPs should only be offered by EU regulated providers (please see consultation paper on single market for PPP of 1 Feb 2016 (inter alia</p>

			<p>A consumer in Italy has effected a PEPP offered by a supplier from Denmark. Several years later he is involved in a divorce. He calls the Danish supplier and expects the supplier to answer him in Italian and to give him an advise which is in accordance with Italian civil law on divorces.</p> <p>We do not see a solution for this problem, and would therefore ask EIOPA, if it really believes that the concept of PEPP will work. Establishing a local subsidiary, with local employees and familiar with local legislation, could be a solution. But this is what is actually happening already. Many insurance companies and banks have established or acquired subsidiaries in other countries. In that respect one could say that the problem mentioned by EIOPA (lack of cross border activity; which refers to the freedom to provide services) is compensated by the right of establishment and the free movement of capital.</p>	<p>chapter 4.3)</p> <p>Disagreed, the PEPP is sufficiently flexible to cater for such circumstances. Cross-border provision also encompasses the mentioned freedom of establishment.</p>
175.	Pensionskasse der Mitarbeiter der Hoechst-Gruppe	Question 3	<p>To our understanding, EIOPA has only touched on some problems without having presented a thorough analysis of a really need for a new pension product. From our point of view, the following preliminary questions are not answered:</p> <ol style="list-style-type: none"> <li>1. Is there really a market for a PEPP? The experience of occupational pensions just prove the contrary with only around 80 cross-border operating IORPs more than 10 years after the introduction of the IORP I-Directive. Companies and social partners apparently prefer local or national pension providers.</li> <li>2. Has EIOPA undertaken a deepened analysis about the reasons of</li> </ol>	<p>EIOPA's analysis shows there is a market for PEPP. Please see ch. 1.1, 1.2 and 5.2 of the consultation paper on single market for PPP of 1 Feb 2016</p>



			<p>insufficient supplementary pension savings? Has EIOPA taken into consideration the often low earning level or the extremely high unemployment rates in some countries / regions of the EU?</p> <p>3. Is EIOPA aware of the future dualism between a possible 2nd regime and the already existing supplementary pension saving vehicles, which could weaken the position of the latter ones? Such a dualism might cause a so-called "race to the bottom" as far as the benefit level is concerned.</p> <p>4. EIOPA recognizes the high level of consumer protection in many PPP markets and mentions a possible "regulatory arbitrage" in this context (n° 3.7.2). With respect to the situation in Germany, it is not understandable, how such an "regulatory arbitrage" can work in practice since all pension products of the second and third pillar are supervised on the basis of EU-rules (Solvency II- or Pension Fund Directive), which have been transferred into national legislation.</p> <p>One of the main impediments of cross-border pensions are the different taxation rules. Has EIOPA got any idea how to overcome them since taxation issues remain in the unique competence of the Member States? Finally, has EIOPA undertaken a thorough research about further legal areas that might be implied in case of introducing a PEPP?</p>	<p>Noted</p> <p>EIOPA envisages the introduction of a PEPP with a high level of consumer protection and additional measures, and does not intend the product to start a race to the bottom</p> <p>Sections 1.2, 3.2 and 4.3 inter alia make reference to some of the issues EIOPA has considered to prevent the risk of regulatory arbitrage from occurring</p> <p>Agreed, for the research carried out by EIOPA on these issues please see ch.</p>
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				3.2 of the consultation paper on single market for PPP of 1 Feb 2016
176.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 3	<p>We consider that EIOPA has only touched on some problems without having presented a thorough analysis of a real need for a new pension product. From our point of view, the following preliminary questions are left unanswered:</p> <ol style="list-style-type: none"> <li>1. Is there really a market for a PEPP? The experience of occupational pensions proves the opposite with only 76 cross-border operating IORPs more than 10 years after the implementation of the IORP I-Directive. Companies and social partners apparently prefer local or national pension providers.</li> <li>2. Has EIOPA undertaken an in-depth analysis on the reasons of insufficient supplementary pension savings? Has EIOPA taken into consideration those citizens with low earning levels or the extremely high unemployment rates in some regions of the EU?</li> <li>3. Is EIOPA aware of the future dualism between a possible 2nd regime and the already existing supplementary pension saving vehicles, which could weaken the position of both? Such a dualism might cause a so-called “race to the bottom” as far as the benefit level is concerned.</li> </ol> <p>One of the main impediments of cross-border pensions are the different taxation rules. Does EIOPA recognise this and has it an idea how to overcome them since taxation issues remain in the sole competence of the Member States? Finally, has EIOPA undertaken a thorough research on further legal issues that might arise upon introducing PEPPs?</p>	See resolutions in row 175
177.	ACA	Question 3	The PEPP could ideally remove national protection measures and create a level playing field between competing operators. Its inconvenient is	Partially agreed, the PEPP is

			related to the fact that it doesn't take into consideration the national particularities consumers normally are attached to.	sufficiently flexible to cater for such circumstances.
178.	Actuarial Association of Europe	Question 3	Yes, we agree that EIOPA has identified the correct challenges associated with introducing a second regime. These challenges can be overcome to allow different product characteristics in order to comply with national (pension) requirements and at the same time requiring full clarity about cost components and honest and open information/advice.  See 2.	Agreed
179.	Af2i Association française des investisseurs insti	Question 3	We think that EIOPA has identified the correct challenges associated with introducing a 2nd regime, but we cannot hide the possible radical consequences of a regulatory arbitrage between the 2nd regime and the existing national regime.  In one way, if the 2nd regime is obviously more efficient and more protective, the existing national products might gradually disappear.  In the other way, the introduction of a 2nd regime will be of no effect at all.	Noted
180.	AFG	Question 3	As the objective is to facilitate the distribution of the PEPP in all Member states to obtain economies of scale, it is important to have similar rules. National restrictions or constraints should be reduced to the minimum. The more uniform the rules are, the more cross border the PEPP will be. Each national rule will be a barrier to cross border distribution. Tax treatment specificities cannot be avoided but other rules should be harmonized.	Agreed

181.	Allianz	Question 3	<p>A 2nd regime cannot cater for assuring different levels of consumer protection in various EU Member States. It would indeed avoid regulatory arbitrage, but it would also treat citizens of different MS with existing national products unequally. In the end EU MS will need to agree on a certain level of consumer protection and product features making PEPPs attractive to develop. There will remain a competition to national schemes which cannot be avoided. In the long run, differing rules will need to assimilate into one common system throughout the EU. In other words, we don't believe that a partially standardized system with additional national elements will be legally possible nor politically acceptable. Only a true 2nd regime including tax treatment, social and labour law, consumer protection and prudential rules – if politically accepted – will be possible.</p>	<p>Partially agreed, the proposed standardised and flexible elements of the PEPP should allow the creation of products that sufficiently take into account national specificities. Tax treatment and social and labour law lie under the remit of Member States.</p>
182.	APFIPP – Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios	Question 3	<p>As mentioned in Question 2, APFIPP believes that the future success of the PEPP's regime depends on its level of harmonization. The PEPP's regime should try to harmonize every aspect of the product including, investment rules, access to the retirement income (decumulation phase) and ideally taxation so that it is indifferent where the PEPP is domiciled or where the PEPP holder resides.</p> <p>We strongly believe that building a new product following a 2nd regime and, at the same time, wanting to encompass all the existing national regulations and all the fiscal singularities of all European countries, is not worth of trying.</p> <p>Regarding investment rules, we think that PEPP's rules should be based</p>	<p>Partially agreed, due to the principle of subsidiarity harmonization is not possible in the areas under the competence of Member States.</p> <p>Disagreed</p> <p>So far, EIOPA</p>

			<p>on the UCITS model, both in terms of eligible assets, diversification and risk spreading. Being a long-term savings instrument, PEPP should be allowed to invest a significant amount (up to 30%) in illiquid assets, such as non-listed companies, SME's and infrastructures.</p> <p>We also consider that special attention should be given to the so-called national requirements, because these may hamper the success of PEPPs and their ability to be sold cross-border.</p> <p>Different retirement age or minimum age to access the retirement income as well as different decumulation practices across countries will mean different procedures to sell the PEPP. For example, even if all other PEPP holder characteristics are similar, the fact that, in one country, the retirement age is earlier than in others will probably determine a different investment option for that PEPP holder. Additionally, the information to be provided in the pre-retirement stage will need to be adjusted not only in relation to the retirement age but also in relation to the decumulation practices that are allowed in each country. This will mean greater costs for PEPP providers, and ultimately for the PEPP holder, which will reduce the accumulated retirement income.</p> <p>APFIPP, therefore, believes that the only way to assure the success of PEPPs is through full harmonization of the features of the PEPP, including those that apparently should remain country specific. We believe that there is no reason why the new PEPP's regime shouldn't specify every aspects of the PEPP's functioning including when and how the PEPP holder can access the retirement income, which may be different than the ones that prevail at national level.</p>	<p>has not developed investment rules.</p> <p>Agreed</p> <p>Partially agreed, please refer to the resolution below.</p> <p>Partially agreed, EIOPA has aimed to balance the downsides of a fully standardised product and the need to be able to take into</p>
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			<p>Also tax harmonization will be a key element to secure the success of PEPP as a truly Pan-European Product. Without tax harmonization, there will be fiscal arbitrage and cross-border transfers of PEPPs will be difficult or costly to execute.</p> <p>From our point of view, the best tax regime for a product such as PEPP would be a TEE system, whereby contributions are taxed, and income generated by the PEPP and also the retirement benefits are tax exempt.</p> <p>This would facilitate portability across countries and also prevent fiscal arbitrage.</p> <p>From worldwide experience, we must also be aware that if we want to encourage individuals to save for their retirement, we may need to have an additional tax allowance on the contributions. This allowance would create an extra incentive for individuals to place their savings in a long-term, for retirement purposes savings product.</p>	<p>account national specificities. At this moment in time, EIOPA believes the PEPP can be successful although it is not a fully (but highly) standardised product</p> <p>Noted. The mentioned aspects fall outside of EIOPA's scope of actions.</p> <p>Noted</p> <p>Noted</p>
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			<p>Another aspect that needs to be properly addressed by EIOPA / European Commission, in order to provide PEPP holders with sufficient confidence in the product relates to political risks.</p> <p>In fact, in recent years, many European countries used Private Pensions to finance their deficits. This was achieved through different ways, such as increased taxation on the income / and or the generated benefits, or by integrating (private) Pension Funds, with their assets and liabilities, in the national pension systems.</p> <p>In Portugal, as an example, the Government approved different levels of cuts to pensions above certain thresholds, which included private second-pillar pensions.</p> <p>PEPP holders should be protected against such short-term measures and, therefore it should be completely forbidden the appropriation of any part of the benefits or accumulated income by any Member State.</p>	The aspects mentioned are outside of EIOPA's scope of actions.
183.	Association for Financial Markets in Europe (AFME)	Question 3		-
184.	Association of British Insurers	Question 3	<p>The ABI would agree that EIOPA has identified some of the challenges associated with the introduction of a 2nd regime; however, in addition to those mentioned, we would also raise a number of other challenges, including taxation and exit costs.</p> <p>Later in the consultation paper, EIOPA suggests that for the PEPP to be a flexible product, consumers should be able to switch between PEPP providers, and also between a PEPP and a national PPP. Moreover, there would be no minimum investment period for these products. This presents a couple of challenges from our perspective.</p> <p>Firstly, we have some reservations about consumers being able to</p>	EIOPA recognises the challenges posed

		<p>switch between a PEPP and a national PPP. As previously highlighted, national pension taxation rules vary greatly between the member states. While the majority of member states use the EET system, there are some which use the TEE system which would create further challenges when considering an option to switch between a PEPP and a national PPP.</p> <p>It should also be highlighted that the UK Government are currently consulting on potential changes to the way in which pensions are taxed. At present, the UK operates on a tax on exit model, however, if, for example, the UK moved pensions to a tax on entry basis then it would be very problematic to track the tax liability (and to whom it is due) as people moved from state to state between 'tax on entry' and 'tax on exit models'. If it were harmonised, there would be arbitrage within existing local models, i.e. people could exploit the local and PEPP regimes to their advantage.</p> <p>In addition, those member states using the ETT system would see it operate in vastly different ways, with differing levels of tax relief being set that would have been limited to a certain level, or a fixed income. These limits would have been developed to reflect the national savings regime of that particular member state. Unless, and until, all pensions operate on near identical basis with near identical tax treatment, consumers will find it extremely difficult to understand whether a transfer would be in their interest or not.</p> <p>Secondly, without a minimum period of investment, of a sufficiently long timeframe, the pension product would not produce sufficient returns, as investments could not be made on a sufficiently long-term basis. As we view pensions to be a long-term product, with the ability to switch from one PEPP to another would inevitably increase costs and as a result reduce returns for the consumer.</p>	<p>by non-harmonised national tax regimes. Taxation issues are not within EIOPA's remit however.</p> <p>EIOPA does not believe arbitrage with existing models has to occur</p> <p>Noted</p> <p>Agreed, following this consultation EIOPA has developed the view that a free of charge switch might not be the optimal solution, please see</p>
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			<p>While we appreciate the desire to create a flexible pension product by allowing consumers to switch providers, we do not believe that this would make it attractive to consumers alone to engage with their retirement income provision.</p> <p>Other challenges that we would encourage EIOPA to consider in relation to developing a PEPP include:</p> <ul style="list-style-type: none"> <li>- Currency differences - since the Euro is not the currency of all EU member states, including the UK, standardisation cannot be achieved which will mean that investment returns would be affected by currency exchanges;</li> <li>- Regulation of PEPPs - national regulators will be challenged to co-ordinate their efforts to regulate PEPP providers, who may fall under different rules;</li> <li>- Dispute resolution – this has not been considered by EIOPA in light of the PEPP. In particular, how would this operate on a cross-border basis and there would be associated costs in training an ombudsman service or the local courts. Any system implemented would need to operate on a consistent basis – however it should be noted that national legal systems have developed over a number of years and so such a system for the PEPP could not be easily replicated.</li> <li>- Competing with national PPPs – the PEPP would be competing with national PPPs, which already have existed in some member states for a number of years, and so if the PEPP were to be established, it is important the PEPP is not seen to be poor value for money in</li> </ul>	<p>consultation paper on single market for PPP of 1 Feb 2016</p> <p>Agreed</p> <p>Agreed</p> <p>Please see the consultation paper on single market for PPP of 1 Feb 2016 with regard to redress mechanisms</p> <p>Agreed, EIOPA believes the PEPP has sufficient</p>
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			<p>comparison to national PPPs. PPPs would have been developed with specific local features in mind and so it is important that the PEPP has sufficient flexibility to adapt its country-by-country offering.</p> <p>The ABI supports the existence of the UK's investor guarantee scheme as it plays a role in helping to increase/restore consumer confidence and trust in the insurance market. The Financial Services Compensation Scheme is funded by levies on firms operating in the UK, which then would pay compensation to the consumer in the event of failure of the provider. However, if the PEPP was established, it is unclear which jurisdiction this guarantee scheme, or others, would operate under and so we would recommend that EIOPA conduct further analysis on this.</p>	<p>flexibility to cater for this</p> <p>Noted</p>
185.	Assofondipensione , Assoprevidenza and Mefop	Question 3	<p>Correctly EIOPA recognizes that the main risk related to the introduction of a 2nd regime of PEPP is the regulatory arbitrage between PEPP and PPP already issued at national level. The risk of regulatory arbitrage is higher when national regulation is already very well structured and functioning.</p> <p>Unfortunately there are a lot of concerns on the effectiveness of the measures envisaged by EIOPA to overcome regulatory arbitrage. Given certain conditions, we agree with the assumption that an increased competition may end up with a more efficient market and, in the end, with more consumers protection. Nevertheless the market of supplementary pension products, particularly 3rd pillar products, shows some peculiarities that EIOPA should take into account. In fact, the financial and economics literature find out huge information gaps and inertia on the demand-side that very often prevent members/potential members to take an effective advantage from the opportunities offered by the market. When leaving to the only competition between providers the achievement of a more efficient market and, consequently, a higher consumers protection, EIOPA should take in mind such information asymmetries, which end up with a market</p>	<p>Agreed, with regard to preventing information asymmetries, please see ch. 2 of the consultation paper on single market for PPP of 1 Feb 2016</p>

			<p>failure if not well addressed. EIOPA should carefully evaluate the possible spillover of this failures on the income of the members of PEPP when retire.</p> <p>Once again, The EU Authorities should even consider the other approach suggested in the Call for Advice of the European Commission released on July 2014, which is based on the establishment of a common regulatory framework as much uniform as possible for PPP's (or at least the major ones) currently provided and on the release of a "passport" for the cross-border activity. The strengthening of the multi-pillar approach to promote the growth of supplementary pension schemes, one of the goals of PEPP's, may be better achieved by improving the effectiveness of the schemes already in place (both occupational and personal), rather than enrich the supply-side of the market with a new type of pension product which, up to now, does not seems very well defined, at least as regard the profile of customer care.</p>	<p>Following this consultation on PEPP, EIOPA performed this analysis, please see annex I of the consultation paper on single market for PPP of 1 Feb 2016</p>
186.	Assogestioni	Question 3	<p>As already expressed in Question 2, it is not sufficiently clear how the 2nd regime is supposed to tie in with existing national regime; in this regard, we believe EIOPA should further investigate how the issues arising from this interaction should be faced, as for example the implications linked to the applicable tax treatment.</p> <p>Moreover, since PEPP is conceived as a simple product, suitable to be sold on the internet, more analysis should be made on how the distribution process would work in practice and how the consumer interests would be protected.</p>	<p>EIOPA believes the flexibility of the PEPP enables the product design to accommodate differing taxation rules and applicable national practices</p> <p>Please see ch. 2.3 of the consultation paper on single market for PPP of 1 Feb 2016</p>

187.	Better Finance	Question 3	<p>See our Q2 response about this unclear « 2nd regime » labeling.</p> <p>We understand that EIOPA’s PEPP proposal does not address any of the possible issues generated by the decumulation phase of the PEPP. However, it is often challenging to disconnect decumulation phase issues from the accumulation phase ones. It is an issue in particular with the life cycle investment option (we refer to our replies to questions 4, 6 and 8).</p> <p>So not withstanding EIOPA’s focus on the accumulation phase only, we believe that the EU Authorities should also establish EU-wide transparent, competitive and standardised retail annuities markets; and grant more freedom to pension savers to choose between annuities and withdrawals (but after enforcing a threshold for guaranteed life time retirement income) (cf. Better Finance Briefing Paper on CMU, 6 May 2015, p. 28).</p> <p>A contract with transparent contract clauses related to early withdrawal, exemption from payment of premiums; participation to benefits; and with several pay-out options (annuities or lump sum) (cf. Better Finance Response to the EC CMU consultation, 13 May 2015, p. 18).</p> <p>In order to ensure a high minimum standard of consumer protection, the terms and conditions of the calculation of the annuity ought to be disclosed and fixed in a mandatory way at the moment of the contract subscription (mortality table, participation at risk benefits, fees for any changes of the contract etc.). Product regulation of PEPP must include this parameters.</p> <p>It is very important to take into consideration that - related to pensions - guarantees can be given not only for the accumulation phase (like guarantee of repayment of gross premiums), but for the pay-out phase as well (i.e. minimum monthly amount of annuity). In this case, the insurers align their marketing on the « defined benefit » and even</p>	<p>Noted, however EIOPA does not envisage to prescribe at EU level the form of decumulation that must be chosen</p> <p>See first resolution in this row. EIOPA envisages the PEPP to be a product where the accumulation phase has to be followed by a decumulation phase ( as defined at national level)</p> <p>Noted</p>

			<p>stronger on the surplus. That is why – related to annuity insurances - the « monetary illusion » is as dangerous during the pay-out phase as during the accumulation phase. It consists mainly in a misleading marketing, which emphasizes more the surplus than the minimum monthly amount. Surpluses are added during the entire pay-out phase, of course if there are any by the asset management of the insurer. Currently these surpluses have dramatically been reduced by the ongoing low interest phase. Another source of risk benefits are current changes related to actuarial calculations (if death rates increase, longevity is shorter than anticipated, so pensions will have to be paid only for a shorter period).</p> <p>National Governments interference especially in the tax regime will certainly be a key challenge to the success of the PEPP. We would like EIOPA to at least issue a proposal for a strong recommendation for a “best favoured nation” tax treatment for PEPPs (accumulation phase / pay-out phase) to be granted by member states.</p>	EIOPA has clearly indicated that steps need to be taken in order to overcome taxation hurdles – while realising taxation does not lie within its remit
188.	BIPAR	Question 3	See our response to question 2.	Noted
189.	Blackrock	Question 3	<p>Demographic change will have profound implications on the sustainability of national pension provision in the next twenty to thirty years. Europeans are living longer and so they will need to contribute more and / or work longer to maintain the standard of living enjoyed by current generations. Each Member State has its own traditions of pension provision and will be confronted by a different sense of challenges and opportunities to deliver a sustainable regime. The development of personal pension products, if properly coordinated, could constitute a beneficial complement to existing national regimes.</p> <p>Demand for the PEPP will vary significantly within the Union. A number</p>	<p>Agreed</p> <p>Agreed, a well-designed</p>

		<p>of larger Member States already have comprehensive, tax-advantaged, national private pension coverage. Unless the PEPP can be successfully integrated into existing frameworks, demand for an PEPP is therefore likely to be higher from those Member States where there is currently limited access to retirement savings vehicles. We also believe that the fear of currency fluctuations may well depress demand for PEPP which is not denominated in local currency where member states which do not form part of the Eurozone.</p> <p>To be a success at national level it is likely that the PEPP will need an element of compulsion (e.g. by way of automatic enrolment with opt out). As such it is key that the EPP offers a well-designed default investment option. We set out in Q6 a number of references to national best practice based on industry and stakeholder consultation on designing default investment options for pension products. We recommend that that these are taken into account in the design of the PEPP.</p> <p>Given that the PEPP will be an unfamiliar concept to many European citizens used to a combination of state and employer collective provisions simply presenting individuals with a product, however well designed, is unlikely to stimulate the level of demand necessary to drive scalable products. There needs to be significant focus on education especially on the interaction with existing Pillar 2 and Pillar 3 regimes. As mentioned above initiatives such as auto-enrolment can have a significant impact. In the UK, auto-enrolment which allows individuals to opt out if they wish to make alternative plans, is a key driver to broadening the takeup of pension savings. For example the Occupational Schemes Survey 2014 by the UK's Office of National Statistics showed an increase in membership of 2.5 million compared with a similar survey conducted in 2013. This increase is largely attributable to auto-enrollment. Close cooperation with national authorities considering similar initiatives will be essential to the success of the PEPP.</p>	<p>default/core investment option is key to the success of the PEPP. EIOPA believes that prescribing automatic enrolment is more a matter of national competence to construct its own pension system</p> <p>See previous resolution. EIOPA favours all efforts to increase financial literacy</p>
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			<p>This type of initiative also needs to be accompanied by clear messages as to what levels of contributions are likely to deliver an adequate level of replacement income in retirement. Methods such as auto-escalation whereby individuals agree to allocate a proportion of future salary increases to enhance their pension contributions are a valuable way of reaching a suitable contribution level as well as stimulating demand for the product.</p>	Agreed
190.	Bund der Versicherten e.V. (BdV - German Associati	Question 3	<p>See our Q2 response about this unclear « 2nd regime » labeling.</p> <p>We understand that EIOPA's PEPP proposal does not address the decumulation phase issues. However, it is often challenging to disconnect decumulation phase issues from the accumulation phase ones. It is an issue in particular with the life cycle investment option (we refer to our replies to questions 4, 6 and 8).</p> <p>So notwithstanding EIOPA's focus on the accumulation phase only, we believe that the EU Authorities should also establish EU-wide transparent, competitive and standardised retail annuities markets; and grant more freedom to pension savers to choose between annuities and withdrawals (but after enforcing a threshold for guaranteed life time retirement income) (cf. Better Finance Briefing Paper on CMU, 6 May 2015, p. 28).</p> <p>A PEPP contract should be a contract with transparent contract clauses related to early withdrawal, exemption from payment of premiums; participation to benefits; and with several pay-out options (annuities or lump sum) (cf. Better Finance Response to the EC CMU consultation, 13 May 2015, p. 18).</p>	Please see resolutions in row 187

			<p>In order to ensure a high minimum standard of consumer protection, the terms and conditions of the calculation of the annuity ought to be disclosed and fixed in an obligatory way at the moment of the contract subscription (mortality table, participation at risk benefits, fees for any changes of the contract etc.). Product regulation of PEPP must include this parameters.</p> <p>It is very important to take into consideration that - related to pensions - guarantees can be given not only for the accumulation phase (like guarantee of repayment of gross premiums), but for the pay-out phase as well (i.e. minimum monthly amount of annuity). In this case, the insurers align their marketing on the « defined benefit » and even stronger on the surplus. That is why – related to annuity insurances - the « monetary illusion » is as dangerous during the pay-out phase as during the accumulation phase. It consists mainly in a misleading marketing, which emphasizes more the surplus than the minimum monthly amount. Surpluses are added during the entire pay-out phase, of course if there are any by the asset management of the insurer. Currently these surpluses have dramatically been reduced by the ongoing low interest phase. Another source of risk benefits are current changes related to actuarial calculations (if death rates increase, longevity is shorter than anticipated, so pensions will have to paid only for a shorter period).</p> <p>National Governments interference especially in the tax regime will certainly be a key challenge to the success of the PEPP. We would like EIOPA to make at least a proposal for a recommendation for a unique tax regime related to PEPPs (accumulation phase / pay-out phase), which member states may adopt. Example: in Germany only the surplus or net return (“Ertragsanteil”) of an annuity insurance is taxed. The rate of the tax depends on the age of the policyholder, when the pay-out phase begins (the elder you are, the less it is). At the age of 65 it is 18%.</p>	
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191.	Cardano Risk Management	Question 3	<p>The investment profile in the accumulation phase is conditional on goal/objective with the savings (i.e. decumulation phase). Saving for an adequate retirement income requires that the accumulation and decumulation is considered as one solution. To paraphrase the Cheshire cat from Alice in Wonderland "If you don't know what you are saving for, any pension scheme will get you there!".</p> <p>It is strange that the PEPP authorisation regime does not include the decumulation phase. There are two extreme interpretations of a decumulation product, a lump sum at retirement date and an inflation linked life-long retirement income. Depending on what the consumer chooses, the resulting investment strategy and risk mitigation approaches in the accumulation phase will be fundamentally different.</p> <p>The main challenge for the PEPP authorisation regime is that it only covers the accumulation phase. Strictly speaking it is more of a general savings product than a retirement income product. The decision to exclude the decumulation phase from the PEPP authorisation regime probably explains the unclear definition of the objective (stable retirement income versus a stable pension pot) as outlined in our General Comment.</p>	<p>Partially agreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase as defined at national level, it does not seek to standardise/harmonize decumulation at EU level.</p>
192.	Community Life GmbH	Question 3	<p>Standardisation of documentation and advice for transparency and cost efficiency</p> <p>In identifying relevant challenges, EIOPA has focused on two important areas: investment management (3.6.8. Cluster 1 to 4) and policyholder advice (3.6.8. Cluster 1 to 4). Wee fully share the view that any standardization of the retirement date would be too much of</p>	

		<p>an intrusion on the pension systems of the Member States (3.6.9 (iii)).</p> <p>Regarding mandatory advice, EIOPA has already provided for initial guidance on effective and meaningful disclosure through pre-contractual information, risk information and projections. Paragraph 4.2.10. of the CP clearly demonstrates that there is a scope for uniform European rules on documentation of advice.</p> <p>2nd regime should not be undermined by local general good requirements</p> <p>The most significant obstacle facing a PEPP regime for the Single Market are local general good provisions. These barriers are a massive cost driver which should be overcome in the interest of customers. Are consumers within the EU really so radically different in their need for protection that each Member State must add further specific general good requirements to safeguard them? Given the high level of protection contemplated by the CP, local differentiation is unnecessary.</p> <p>General good requirements are often harmful to EU citizens, as they create cost barriers for cross-border providers, and beneficial to local industry, as they reduce competition.</p> <p>Analyzing the spirit of many general good rules, it should be possible to extract a set of general good provisions that can adequately protect customers' interest in a standardized manner and on a pan-European level. In our view, a standardization of general good provision, which only applies to a 2nd regime, would in any event be required as a first step to assess the capping of costs and minimum return guarantees as a second step. Within a 2nd regime, standardized general good provisions would foster a level playing on which providers can achieve cost synergies within the Single Market in the interest of its citizens</p>	<p>Agreed, although EIOPA believes a certain level of flexible product features is more efficient to take into account certain national specificities</p> <p>Partially agreed, although EIOPA has not sought to standardise rules of general good.</p>
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			<p>(see key objective no. 5).</p> <p>EU tax harmonization required for attractiveness of PEPPs</p> <p>In light of an increasingly flexible labor market, PEPPs should be portable ensuring that customers can maintain contributions and the same expectations at retirement. In this context, standardized tax rules would be important to achieve the key objectives of a trustworthy and transparent product. At present, customers who move from one Member State to another will be confronted by differing tax regimes in relation to exempt contributions and emerging benefits. The effects could be penal, if for example the first Member State taxes contributions but not benefits, while the second Member State does the opposite.</p> <p>To overcome the issue we suggest carrying out a cluster analysis similar to the one which has already been started for national requirements. The purpose of the analysis should be to assess whether there is room for genuine PEPP tax rules. If these tax risks are not addressed, PEPPs may be less attractive for anyone who may move to another Member State during the product term.</p> <p>Insurance by correspondence to reduce general good challenge</p> <p>The principles of insurance by correspondence should be clarified to ensure that they can be applied to reduce the challenges resulting from differing local legal requirements. With respect to online business, contracts should be governed by the law of the country through which the relevant online provider acts. For example, an Austrian customer willing and expressly agreeing to take out a PEPP subject to German law should be able to do so from a provider that has established an online platform in and for the German market.</p>	<p>Agreed, EIOPA would be supportive of further standardisation in this field.</p> <p>Agreed</p> <p>This does not lie within EIOPA's remit</p>
193.	Deutsche Bank	Question 3	We agree that the correct challenges have been identified.	-
194.	EFAMA	Question 3	A 2nd regime	

		<p>A 2nd regime is a body of law enacted by the European legislator in a particular field of law, which creates an alternative uniform European system to the different national regimes, thus providing parties with an option between two regimes, one originating in national legislation and one – i.e., the 2nd regime – in European legislation. The 2nd regime is defined at EU level and enacted through an EU regulation.</p> <p>The benefits of the 2nd regime remain to be proven. Very few people know what a 2nd regime is and how such regime would function.</p> <p>Any further clarification that EIOPA and/or the European Commission could bring to reach a better understanding of the goal and functioning of a 2nd regime would be welcome.</p> <p>A “standard” regulation</p> <p>EFAMA considers that a PEPP could be created through a “standard” regulation, which would include the product rules that a personal pension product would need to comply with in order to benefit from an EU passport. Existing national personal pensions would not be bound by these rules, unless they want to have the PEPP label.</p> <p>More explicitly, EFAMA suggests taking the route of a “standard” EU regulation similar to the ELTIF regulation.</p> <p>Indeed, the ELTIF regulation is a good example of a regulation that does not apply to existing long-term investment funds that are not offered on a cross-border basis.</p> <p>The ELTIF regulation is very different from the EU’s commission’s</p>	<p>Agreed please see analysis in consultation paper on PPP of 1 Feb 2016 (inter alia, ch. 5.2)</p>
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		<p>proposal for a Money Market Funds (MMF) regulation. If adopted, such regulation would indeed apply to all funds wishing to be marketed as MMFs. This would require Member States to adapt their national legislation to ensure that all national MMFs comply with the new regulation.</p> <p>These comments illustrate the fact that there are two kinds of EU regulation and that an ELTIF-like regulation could be the most practical way to implement a 2nd regime to create a PEPP. Adopting a regulatory solution that is well known by Member States and the industry would also offer the best understanding in terms of implementation with respect to consumer protection.</p> <p>The lack of tax harmonization</p> <p>Whatever the legislative tool chosen to launch a PEPP, the lack of tax harmonization will hinder cross-border activity of PEPP providers as well as the portability of the PEPP for mobile consumers.</p> <p>From this perspective, achieving full tax harmonization would address an important challenge that PEPP providers will face when engaging into cross-border activities. Without common principles of taxation of personal pensions, the cost of managing a PEPP that is offered across borders would be considerable. One should not underestimate in particular the risk that different tax treatments during the accumulation phase (stamp duty, withholding tax, etc.) will complicate the administration of PEPPs sold on a cross-border basis, thereby increasing their costs and impeding the success of the initiative.</p> <p>Therefore, to facilitate cross-border sales of PEPPs, consideration should be given to encourage Member States to apply a so-called TEE</p>	<p>Agreed</p> <p>Noted, taxation does not lie within EIOPA's remit however</p>
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		<p>system under which contributions are taxed, but returns and retirement income are tax-free. This system has three main advantages:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Advantage for governments: under TEE, people saving in a PEPP would increase the government’s revenue as the payments are made from tax income. Compared to an ETT regime, a TEE regime would also eliminate the risk that the beneficiary moves out of the country on retirement, preventing the State to levy the tax on retirement.</li> <li><input type="checkbox"/> Advantage for consumers: once taxed on the contributions paid, consumers wouldn’t need to worry about taxation. This would significantly increase the portability of PEPP assets across borders.</li> <li><input type="checkbox"/> Advantage for providers: providers would not have to worry about administrating different tax treatments on investment income and at retirement.</li> </ul> <p>TEE system is applied to Individual Savings Accounts (ISAs) in the United Kingdom and to Roth-style individual retirement accounts (IRAs) and [Roth-accounts in some] 401(k)-type plans in the United States.</p> <p>Working together on solutions to administer the PEPP on a cross-border basis</p> <p>We believe that EIOPA and the European Commission should rapidly initiate a process of reflection with relevant stakeholders on the various administration issues to address the operational difficulties that will complicate the distribution of PEPPs in several countries. This work</p>	<p>Agreed</p>
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			could lead to the development of common reporting standards to facilitate the administration of the PEPP on a cross-border basis. It would also be a good idea to examine the feasibility of creating a common European administrative platform, possibly through some sort of European/national public private partnership, to facilitate a pan-European offering of the PEPP.	
195.	European Association of Paritarian Institutions (A	Question 3	<p>It is difficult to give a meaningful answer to this question in default of an in depth analysis on the side of EIOPA. Which populations groups does EIOPA want to reach? Is there a market for PEPP? Is PEPP a suitable instrument for people with low income?</p> <p>As for the challenges that EIOPA has identified to be associated with the introduction of a 2nd regime, AEIP thinks they are correct.</p> <p>However, matters relating to tax treatment and what EIOPA describes as "national rules of general good" are mentioned, but the potential obstacles that these are posing are not explored. For example, EIOPA states that it "believes that PEPPs should receive beneficial tax treatment where these benefits are also granted in existing national PEPPs." Many countries require existing pension plans to meet several conditions before such beneficial treatment is conferred. Considering the different role played by PEPPs through Member States, it should be taken into consideration the wider legal national frameworks that differently regulate the PEPPs. This would not be included into the scope of a hypothetical PEPP regulation in any case. If a Member State encourages people to contribute to PPPs through tax relief, the choice of granting such a relief to PEPP will depend on the evaluation of the product by the Member State, and this evaluation is and must continue to be up to Member States (EU does not even have the competences to legislate on that).</p> <p>The differences between tax and social law across different Member States still represent a main challenge for the introduction of a 2nd regime. Even acknowledging that "EIOPA will not further develop any</p>	<p>Please see the consultation paper on single market for PPP of 1 Feb 2016 (e.g. ch. 1.1 and 1.2)</p> <p>Agreed, EIOPA believes a sufficient level of</p>

		<p>work in relation to tax issues nor will it include tax related proposals in its Final Advice to COM" (EIOPA Towards a single market for personal pensions. An EIOPA Preliminary Report to COM? EIOPA-BoS-14/029, page 60), we wonder how the 2nd regime will accommodate the tax differences among Member States.</p> <p>An additional challenge would be to ensure the avoidance of regulatory gaps in favour of national providers which are not EU-regulated and of an unlevel playing field with other pension providers (see also our answer on Question 1).</p> <p>We therefore recommend that EIOPA not only focuses on economic and financial aspects (such as product specifics, supervisory regime and cost transparency), but also pays attention to other aspects, which might be also (or even more!) decisive for a successful approach.</p> <p>One of them is that EIOPA should take into account what service level the consumer can expect from the PEPP provider.</p> <p>Example:</p> <p>A consumer in Italy has contracted a PEPP offered by a supplier from Denmark. Several years later he is involved in a divorce. He calls the Danish supplier and expects the supplier to answer him in Italian and to give him an advice which is in accordance with Italian civil law on divorces.</p> <p>We do not see a solution for this problem, and would rather ask EIOPA if it really believes that the concept of PEPP will work. Establishing a local subsidiary, with local employees and familiar with local legislation, could be a solution. But this is what is actually happening already, given the fact that many insurance companies and banks have</p>	<p>standardisation combined with the flexible elements of the PEPP can overcome many of the challenges referred to.</p> <p>Following this consultation EIOPA has developed the view that only EU regulated providers should be allowed to offer the PEPP</p> <p>Partially agreed, EIOPA believes PEPP providers are capable of doing that.</p>
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			established or acquired subsidiaries in other countries. In that respect one could say that the problem mentioned by EIOPA (a lack of cross border activity; which refers to the freedom to provide services) is compensated by the right of establishment and the free movement of capital.	
196.	Fairr.de GmbH	Question 3	<p>EIOPA has identified the right challenges associated with introducing a second regime.</p> <p>It is our view at fairr.de that 3 additional points should be addressed:</p> <p>1. Decumulation: For today's savers, life expectancy will reach 92 years on average. Meanwhile EU citizens are experiencing less and less continuity in their careers and funding for pillar 1 pensions is insufficient. It is thus crucial to focus not just on accumulation but also on the decumulation phase where the impetus must be to gradually phase out investment risk while staying invested as long as possible into retirement age.</p> <p>2. Online product information, and conclusion and documentation of online purchases: It is our experience at fairr.de that a well documented online process is superior to a traditional human sales channel as it yields more reliable data points than the human signature on a piece of paper. Moreover, constructively simplified and interactive information has proven in our business to be more helpful to the consumer than traditional and often confusing paperwork. Still, the most recent Insurance Distribution Directive (IDD) still foresees oral or written pieces for the conclusion of an insurance contract, and is thus restricting the freedom of providers to move from a traditional to an online distribution model.</p> <p>3. Side-recommendations to the second regime: A second regime, once established, should be flanked by</p>	<p>Agreed, EIOPA may want to investigate decumulation further</p> <p>Agreed</p>

			recommendations surrounding spheres that remain under national legislative authority. These recommendation should aim to further standardisation across national good rule regimes, PPP taxation benefits, and decumulation options.	
197.	Fédération Française des Sociétés d'Assurances (FFS)	Question 3	<p>FFSA welcomes EIOPA's efforts to thoroughly assess the feasibility of a 2nd regime, notably in light of the close links to areas of national competence (ie the principle of subsidiarity) and of the different features of private pension products currently sold across Europe. FFSA believes that EIOPA's analysis is, as it stands, incomplete and so would recommend further work being carried out.</p> <p>We welcome EIOPA specifically addresses the risk of a regulatory arbitrage among the challenges of introducing a standardised pension product, as ensuring a level playing field between all types of providers is key to a well functioning internal market.</p> <p>Without an adequate framework, this switching possibility could have a detrimental prudential impact on the financial management of the provider's company and its management costs thus affecting its capacity to invest and resulting in higher premiums to be paid by PEPP holders.</p> <p>Furthermore, the insurance industry believes switching between PEPPs and national personal pension products poses a major challenge to the proposed PEPP.</p> <p>Indeed, national products are subject to different tax treatment, social law, as well as consumer protection and prudential rules.</p> <p>Thirdly, a pension product aims at providing a retirement income and decumulation is an intrinsic aspect of pension products. The PEPP should consider aspects related to decumulation with the aim to guarantee the best outcome for the consumer.</p>	<p>Agreed, please see p. 52 and onwards of the consultation paper on single market for PPP of 1 Feb 2016</p> <p>EIOPA envisages a PEPP where the accumulation phase is followed by a decumulation phase (as defined at national level).</p>

			<p>Furthermore, in member states where mandatory duty of advice applies, a “default option” approach may not be viable, as consumers will always have to make an active choice.</p> <p>The success of the PEPP initiative also depends on the tax treatment granted at national level.</p> <p>French Insurance industry would like to highlight the issue of biometric risk coverage. EIOPA groups this possibility as a “flexible feature” for the PEPP. Biometric risk coverage should be mandatory for products defined as personal pension products.</p> <p>We suggest adding this feature among the cluster of national rules of general good in chapter 3.6.</p> <p>The interaction of PEPP features and national contract law should also be clarified, eg. with regard to:</p> <p>Rules on the conclusion of the contract,</p> <p>Rules on the termination of the contract (e. g. under German law, life insurers are required to provide surrender values at any point in time for products with certain pay-outs).</p>	<p>Standardising the form of decumulation at EU level does not seem feasible at this moment in time. Further research is needed.</p> <p>Disagreed, EIOPA does not believe a mandatory duty of advice excludes the need for a default option</p> <p>Agreed</p> <p>Disagreed, at this moment in time EIOPA does not believe that mandating biometric risk cover is warranted</p>
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			Information requirements: The rules stipulated for the PEPP should be flexible enough to capture the national specificities of pension products. Furthermore, for insurers some information requirements are contained in the Solvency II framework. Duplication of information should be avoided.	Agreed
198.	Fidelity International	Question 3	We would argue that because the PEPP regime is highly prescriptive but some national regimes are not, transfers into PEPPs should be allowed from national regimes but not the other way round.	Disagreed, EIOPA only envisages switching between PEPP providers.
199.	Financial Services Consumer Panel	Question 3	<p>The Panel agrees that there are a number of challenges to be overcome to make the PEPP successful and guarantee good outcomes for consumers. We set out our position on the most important challenges below.</p> <p>Clarity for consumers</p> <p>The "2nd regime" would operate in parallel to existing national legal frameworks for PPPs. This could create confusion for consumers when faced with a choice between non-standardised national personal pension products NPPPs but with regulated sales processes, and competing "2nd regime" products. In effect, consumers will have to understand that different product requirements and consumer protection standards apply depending on the type of PPP they choose.</p> <p>The Panel is concerned that the regime could in effect transfer risk to the consumer because they may not understand the existence of parallel legal regimes may not be readily understood by customers. Accordingly, the Panel questions the presumption put forward in the consultation paper that the PEPP will "help to enhance legal clarity" from a consumer perspective.</p> <p>The Panel agrees that the underlying principle for the PEPP should be simplicity, but we would caution that the market for pension products</p>	Agreed

		<p>generally does not have a good record in achieving this.</p> <p>Harmonising consumer protection standards</p> <p>The PEPP Regulation should have clear regulatory rules on standards for consumer protection.</p> <p>However, the question should not be whether the PEPP Regulation offers a 'high minimum standard' of consumer protection. In some Member States this will be easier to achieve compared to existing personal pension products than in others. For those Member States which already have a high standard of consumer protection related to PPPs, the Panel wants to emphasise that the PEPP initiative should categorically not lead to the marketing of a pension product which offers a lower level of protection than those afforded by the pre-existing national legal framework.</p> <p>Encouraging firms to develop simple products</p> <p>The simplicity of the PEPP, and a high level of consumer protection, are important to stimulate consumer engagement and understanding of the product they are considering purchasing. This does, however, raise some issues on the supply side.</p> <p>Much work has already been undertaken in the UK on developing simple long-term savings products. The Sandler Review in 2001 called for a range of "Stakeholder" savings products which were simple, low-cost and risk-controlled, including a medium-term investment product related to collective investment schemes (<a href="http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/Sandler_Consultation(240Kb).pdf">http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/Sandler_Consultation(240Kb).pdf</a>).</p> <p>The Review led to the creation of the "Stakeholder Pension" (<a href="http://www.thepensionsregulator.gov.uk/employers/about-stakeholder-pensions.aspx">http://www.thepensionsregulator.gov.uk/employers/about-stakeholder-pensions.aspx</a>). This was a type of personal pension which employers were required to offer their employees between 2001 and 2012, and which had to meet some minimum standards set by the government. Stakeholder pensions are still available in the UK, but the requirement for employers to offer a Stakeholder was discontinued in</p>	<p>Agreed</p>
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		<p>2012. Notably, Stakeholder Pension management charges could not be more than 1.5% of the fund's value for the first 10 years, and only 1% subsequently. Consumers could also switch providers without being charged.</p> <p>The Stakeholder Pension thus provided clear benefits in terms of cost transparency and consumer choice. To incentivise uptake of the Stakeholder Pension, the UK's Financial Services Authority (FSA) introduced a rule (known as RU64), which required advisers, when recommending a pension that was not a stakeholder pension, to explain in writing why the recommended policy was "at least as suitable as a stakeholder pension".</p> <p>We would ask EIOPA and the Commission to consider whether the PEPP (on the condition it provided the high level of consumer protection set out in the consultation paper) would benefit from an EU-level equivalent of such a regulatory rule to ensure that consumers, when seeking advice about their retirement options, are signposted to the PEPP if it provided benefits above and beyond the alternative personal pensions products being considered. It would also make the PEPP into a benchmark product across the EU.</p> <p>The UK has also pursued other schemes to bring more simple financial products to the market. In 2013, the Government launched a "Simple Products" initiative (<a href="https://www.gov.uk/government/news/simple-financial-products-a-step-closer">https://www.gov.uk/government/news/simple-financial-products-a-step-closer</a>), a voluntary certification scheme to tackle the problems consumers face when buying financial products. However, to date no investment product has received certification under the 'Simple Products' initiative.</p> <p>We believe EIOPA and the Commission should examine these reviews in detail, because the success of the PEPP initiative would rely entirely on the willingness of the industry to develop and market PEPPs. It is clear from the UK experience that it is difficult to persuade firms to do this voluntarily.</p> <p>The Panel has concerns that parts of the asset management industry are keen to maintain complex and opaque cost structures for the</p>	<p>EIOPA does, at this moment in time, not plan to add this message to the proposed mandatory PEPP disclosure regime</p> <p>Noted</p> <p>Agreed</p>
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		<p>management of funds invested in pension products, as these are often more profitable. We might go so far as to say that the level of simplicity and transparency of the PEPP will be inversely proportional to firms' willingness to offer the product to the market, a key challenge to be overcome to make the PEPP a success.</p> <p>Taxation</p> <p>In addition to the potential challenges we have already highlighted, the major inhibitor to a successful cross-border regime for personal pensions are rooted in Member State competences in areas of taxation and insurance contract law. Divergent national practices in these areas reduce the likelihood of success of a simple cross border product.</p> <p>The European Commission's own expert group on insurance contract law concluded in 2014 that "the differences between Member States' tax laws have a significant bearing on the portability of insurance pension contracts and form the main obstacle, which cannot be ignored, for cross-border pensions". (<a href="http://ec.europa.eu/justice/contract/files/expert_groups/insurance/financial_report_en.pdf">http://ec.europa.eu/justice/contract/files/expert_groups/insurance/financial_report_en.pdf</a>)</p> <p>In absence of harmonisation of relevant national legislation, an uneven playing field could emerge that does not benefit the Single Market. To prevent consumers from opting for a PEPP from a Member State with the most generous tax relief on pension contributions, they would presumably be required to purchase a PEPP in the Member State in which they are resident for tax purposes. This would undermine the cross-border trade in PEPPs that EIOPA envisages.</p> <p>The consultation paper also does address the technical difficulties in making PEPPs transferable across national borders. The measures required to avoid the possibility of tax evasion arising from varying tax treatments currently applicable to pension contributions in different Member States would also increase complexity for savers seeking to move their pension to another country.</p> <p>EIOPA proposes that PEPPs should receive beneficial tax treatment where these benefits are also granted to existing 'national' PPPs. We</p>	<p>EIOPA believes the applicable tax treatment is not determined by the location of the PEPP but by the location of the PEPP holder.</p>
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			would welcome more clarity on whether such harmonisation of taxation is politically feasible under the current Treaty framework, as it is a precondition to make the PEPP competitive.	Agreed
200.	FSUG	Question 3	<p>Generally yes, however, consumers use different products for securing retirement income (including criticized unit-linked life insurance).</p> <p>It should be noted, that PEPPs would face a competition from national PPPs (either investment or insurance based). Consumers, however, except of recognizing the vehicle, do pay more attention to the ultimate goal (objective) of using such saving vehicles – securing a certain level of retirement outcome at certain point of life-path.</p> <p>EIOPA has recognized the key limitation and ways of dealing with this issue, which is the different tax regime in each of 28 member states.</p>	Agreed
201.	German Insurance Association (GDV)	Question 3	<p><input type="checkbox"/> Regarding the level of standardisation: See our comments on the clusters in Q2.</p> <p><input type="checkbox"/> Regulatory arbitrage: A level playing field between different providers offering the same type of products is necessary. Given the intention of cross border business facilitated by internet distribution, this is not only important for the risk of arbitrage between existing national and new 2nd regime products, but also between providers regulated under EU law and those not regulated.</p> <p><input type="checkbox"/> Additional challenge: The interaction of PEPP features and national contract law needs to be clarified, for example:</p> <ul style="list-style-type: none"> <li>- Rules on the conclusion of the contract.</li> <li>- Rules on the termination of the contract (e. g. under German law, life insurers are required to provide surrender values at any point in time for products with certain pay-outs).</li> <li>- Information requirements: The rules stipulated for the PEPP should be flexible enough to capture the national specificities of pension products. Furthermore, for insurers some information requirements are contained in the Solvency II framework. Duplication</li> </ul>	<p>Agreed, EIOPA envisages that only EU regulated providers can develop and offer PEPPs</p> <p>Agreed</p>



			of information should be avoided.	
202.	Hristina Mitreva – member of OPSG, employees repre	Question 3	<input type="checkbox"/> Provided that PEPPs are highly standardised and have characteristics required in the consumer’s country of residence this means that the PEPPs would not significantly differ from country to country concerning to the national rules of general good. The other challenges associated with introduction a 2nd regime could be related to different characteristics of potential retirement savers, their level of knowledge and understanding of the complexity of the product and their financial capability.	Agreed
203.	ICI Global	Question 3	<p>A PEPP creation will likely face a number of challenges, from differences in Member States’ retirement laws to cultural reluctance to utilise a 3rd pillar product, especially because this pan-European product may potentially compete with national PPPs.</p> <p>Nevertheless, we believe EIOPA should seek to resolve some challenges. For example, EIOPA chose not to standardise certain features that vary from Member State to Member State. On taxation, EIOPA stated that “EIOPA believes that PEPPs should receive beneficial tax treatment where these benefits are also granted to existing ‘national’ PPPs, especially considering the same long-term pensions savings perspective of PEPPs.” (EIOPA consultation, § 3.6.11) In its advice to the Commission, we urge EIOPA to consider how it might foster a tax approach that would allow PEPPs to be competitive across the EU and facilitate the free movement of capital. We believe this to be a critical issue for a successful PEPP.</p>	<p>Agreed</p> <p>Taxes are not within EIOPA’s remit. EIOPA believes that PEPPs that meet the criteria for receiving beneficial tax treatment in Member States, should not be discriminated against</p>
205.	Insurance Europe	Question 3	Insurance Europe welcomes EIOPA’s efforts to thoroughly assess the feasibility of a 2nd regime, notably in light of the close links to areas of national competence (ie the principle of subsidiarity) and of the different features of private pension products currently sold across Europe. Insurance Europe believes that EIOPA’s analysis is, as it	Agreed

		<p>stands, incomplete and so would recommend further work being carried out.</p> <p>Insurance Europe welcomes that EIOPA specifically addresses the risk of regulatory arbitrage among the challenges of introducing a standardised pension product, as ensuring a level playing field between all types of providers is key to a functioning internal market.</p> <p>This being said, a number of other challenges must be tackled.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Firstly, the different national pension tax treatment and legislation would pose a significant challenge to the implementation of the PEPP initiative. For instance, the consultation paper does not cover the portability of PEPPs in sufficient detail to be clear about what would happen if: <ul style="list-style-type: none"> <li><input type="checkbox"/> A consumer moved from country A to country B and wished to switch providers (assuming they only operate either in country A or country B)? Would the consumer be allowed to consolidate his/her pension pot into the new PEPP offered in country B? Would that be considered as "early withdrawal" in country A and thus be subject to a tax penalty as per national legislation?</li> <li><input type="checkbox"/> A consumer contributes to a PEPP in country A. His/her PEPP provider only offers the PEPP in country A, where tax relief is granted when submitting the annual tax declaration. Consumer A moves to country B but decides to keep contributing to their PEPP in country A. What happens to the tax relief if the consumer does not earn any income in country A?</li> <li><input type="checkbox"/> Secondly, while Insurance Europe notes that switching between PEPPs and/or PEPP providers is a key feature of EIOPA's proposal, the consultation paper does not provide sufficient detail on the following key issues:</li> </ul> </li> </ul>	<p>Noted</p> <p>Taxes are not within EIOPA's remit. EIOPA believes that PEPPs that meet the criteria for receiving beneficial tax treatment in Member States, should not be discriminated against.</p> <p>Noted, please see pp. 52 and onwards of the consultation paper on single market PPP of</p>
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		<p>with the aim to guarantee the best outcome for the consumer. National practices and rules on decumulation protection mechanisms, such as pay out and annuities, and survivor's/death benefits should be duly considered.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Furthermore, in member states where mandatory duty of advice applies, a "default option" approach may not be viable, as consumers will always have to make an active choice.</li> <li><input type="checkbox"/> Consumer demand for PEPPs will also depend on the fiscal treatment granted at national level, which remains a national competence.</li> <li><input type="checkbox"/> The insurance industry would like to highlight the issue of biometric risk coverage. EIOPA groups this possibility as a "flexible feature" for the PEPP. Indeed, it can be offered as an additional feature of the PEPP. However, in some markets, biometric risk coverage is mandatory for insurance products and products defined as personal pension products. Therefore, Insurance Europe suggests adding this feature among the cluster of national rules of general good in chapter 3.6.</li> <li><input type="checkbox"/> The interaction of PEPP features and national contract law should also be clarified, eg with regard to: <ul style="list-style-type: none"> <li><input type="checkbox"/> Rules on the conclusion of the contract</li> <li><input type="checkbox"/> Rules on the termination of the contract</li> <li><input type="checkbox"/> Information requirements: The rules stipulated for the PEPP should be flexible enough to capture the national specificities of</li> </ul> </li> </ul>	<p>Disagreed, EIOPA does not believe a mandatory duty of advice excludes the need for a default option</p> <p>Agreed</p> <p>Partially agreed, the flexibility of the PEPP offers the possibility to offer biometric risk covers in Member States where this is mandatory</p> <p>Noted</p>
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			<p>pension products. Furthermore, for insurers some information requirements are contained in the Solvency II framework. Therefore, duplication of information should be avoided</p> <p><input type="checkbox"/> Rules on the information that insurers can request from potential policy holders or beneficiaries (in particular if biometric risk cover is provided)</p>	Noted
206.	Intesa Sanpaolo Vita S.p.A.	Question 3	Please refer to Q.2	Noted
207.	KBC Asset Management NV	Question 3	The need for adequate supervision and supervisory convergence should be added. As the PEPP would serve an important goal in personal financial planning (post -retirement planning) and cross-border competition is envisaged, regulatory arbitrage should at all times be avoided.	Agreed, please see ch. 4.3 of the consultation paper on single market for PPP of 1 Feb 2016
208.	Legal & General Group plc	Question 3	We agree that the challenges identified need to be addressed. It would be appropriate for Member States to be able to operate products with certain flexibilities (for example, offering decumulation options and adhering to any particular investment restrictions). However, some of those areas should be standardised for this particular product if it is to truly operate cross-border with complete flexibility. For example, if individual Member States were able to impose different minimum retirement ages, a customer that is too young could simply switch to a provider with a lower minimum age and take their benefits. The tax treatment of this product is a key area that requires careful and detailed consideration as to whether tax advantages will apply, and in what form. That will inevitably drive the elements of flexibility that individual member states can offer.	Agreed  Agreed
209.	Mercer	Question 3	Please see our general comments and our response to Question 2.	Noted
210.	Ministry of Finance of the Czech Republic	Question 3	We agree that EIOPA has identified the correct challenges. As for the regulatory arbitrage, we agree there is a potential risk, however, we cannot agree with the proposition that the national rules would be	Noted

			<p>standardised in order to avoid different levels of consumer protection. We believe that the regulatory arbitrage might be an issue both on the European level (among the EU members' different legislations in case of discretionary EU policy) as well as on the national level (among the local institutions offering the PEPP product).</p> <p>Furthermore, we would like to state again that it is undesirable to allow product transfers between registered (with relevant authorisation) and non-registered institutions within the EU.</p>	Noted
211.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 3	As discussed in the previous answer, the single biggest challenge is the huge variety of national tax systems across the EU. It is difficult to see how a single pensions system could be implemented across national borders without alignment of taxation regimes – a matter beyond EU competence.	Agreed, EIOPA believes equal treatment should be granted to PEPPs that meet national tax requirements
212.	Nationale-Nederlanden Group	Question 3	The introduction of a 2nd regime could prove to be challenging. Maintaining a level playing field when introducing this new product is essential. If introducing a 2nd regime is a means to open the retirement savingsmarket to providers that aren't covered by existing European legislation (Solvency II, UCITS, CRD IV, IORP) we can't see how the policy objectives of consumer protection and high minimum standard could be achieved.	Agreed, following this consultation EIOPA envisages that only EU regulated providers can offer the PEPP
213.	PensionsEurope	Question 3	<p>We think that the challenges that EIOPA has identified as associated with the introduction of a 2nd regime are correct. In our view an adequate and sharp definition of such a regime, clearly differentiating workplace occupational pensions from personal pensions, is an important challenge. Furthermore more research is needed on how the 2nd regime ties in with national regimes and whether there is a real demand for a PEPP.</p> <p>We agree that distribution organisation will be key for the success of a</p>	<p>Agreed, please see ch. 1.1 and 1.2 of the consultation paper on single market for PPP of 1 Feb 2016</p> <p>Agreed</p>

			PEPP. Distribution should not be too complicated, and we agree that internet seems to be a good channel for the PEPP. Nonetheless we also think that more analysis should be made on how the distribution process would work in practice and how the consumer interests would be protected.	
214.	Previnet outsourcing Solutions	Question 3	Major challenges have been identified	Agreed
216.	State Street Corporation	Question 3	<p>A significant potential obstacle to the cross-border activity of PPP providers is the lack of tax harmonisation amongst national tax regimes.</p> <p>In order to ensure that the creation of a PEPP is a viable alternative to national offerings it is essential that they are afforded the same domestic tax treatment as that given to national products.</p>	Agreed, EIOPA believes that if a PEPP meets local tax requirements it should receive equal tax treatment as local pension savings products
217.	The Association of International Offices (AILO)	Question 3	EIOPA has identified a number of relevant challenges, however AILO does not believe it is possible to consider the product features in isolation from other key issues such as taxation and contract law, especially when it is suggested that the product would be subject to local general good requirements. It does not appear feasible to suggest that such a product would in fact be "portable" enabling a client to take the product with them to another MS and maintain contributions and the same expectations at retirement. In fact it would appear that cross border providers would be faced with the same barriers insurers face today of having to offer MS specific products in each MS they wished to carry out business with all the cost and risk that entails. The likelihood is that the cost of complying with 'general good' differences, would outweigh any benefit of providing such products. If things like disclosure rules can be standardised and kept simple rather than having local MS general good requirements – it would help keep costs down and encourage more provision.	Disagreed, EIOPA believes the proposed PEPP characteristics, including the flexible elements, will allow PEPP providers to develop PEPPs that can be sold in more than one member state

			<p>For example, even where a client moves from one MS to another in which each MS taxes or exempts contributions or emerging benefits there will be differences in the level of taxation and providers operating on a Freedom of Services basis will also have no nexus with local taxation authorities. Potential clients will be potentially disadvantaged as they will need to deal direct with the taxation authorities themselves rather than seamlessly through the product as with local providers.</p> <p>Frequently taxation treatment is linked to asset linkage requirements which differ from MS to MS. Such restrictions would further hinder portability.</p>	Noted
218.	The Danish Insurance Association	Question 3	<p>The DIA believes that the issue of taxation is a particular importance when considering the very real challenges to a 2nd regime. We would like to point to the more detailed information on this point in the response of the Insurance Europe to the Consultation.</p>	Agreed
219.	The investment association	Question 3	<p>With regards to introducing a 2nd regime we do not feel there is enough detail as to what this would constitute to be able to form a view on it at this stage.</p> <p>Any further clarification that EIOPA and/or the European Commission could provide on the goal and functioning of a 2nd regime would therefore be welcome.</p> <p>We believe that it would be possible to create a PEPP through a "standard" regulation, which would include the product rules that a personal pension product would need to comply with in order to benefit from an EU passport. Existing national personal pensions products would not be bound by these rules, unless their providers wished them to have the PEPP label.</p>	<p>Agreed, please see ch. 5.2 of the consultation paper on single market for PPP of 1 Feb 2016</p> <p>Disagreed, please see first resolution in this row.</p>



			<p>The ELTIF regulation is an example of EU regulation that is set up along similar lines – it does not apply to existing long-term investment funds that are not offered on a cross-border basis.</p> <p>Adopting a regulatory structure that builds upon existing regulations that are well understood by Member States and the financial services industry would also offer the best outcomes in terms of implementation and consumer protections.</p>	<p>Noted</p> <p>Noted</p>
220.	Vanguard Asset Management, Limited	Question 3	<p>As EIOPA recognises in the Public Consultation, an important challenge (and opportunity) for establishing a successful standardised PEPP product is to ensure that investor costs are low and product design is simple. As noted above, leveraging economies of scale, fostering competition and leveraging existing products that have simple investment restriction guidelines will help overcome these challenges.</p> <p>Another challenge of a 2nd regime will be reconciling the variety of national tax systems that exist across EU Member States. This challenge should not be viewed as insurmountable given the fact that the UCITS regime has no corresponding tax harmonised regime directly associated with it, yet the UCITS regime has been stunningly successful when viewed by the numbers and according to common consent.</p> <p>Ensuring that PEPP investment funds themselves are making the best use of tax rules to minimise the impact of taxes (notably the impact of withholding tax rules), will be essential to ensuring that an individual’s potential retirement savings outcome is not eroded and the best outcome is achieved. Today, Tax Transparent Funds (TTFs) exist in a number of Member States that could facilitate this, and we would encourage EIOPA to consider ways to integrate the use of TTFs under PEPPs.</p>	<p>Agreed</p> <p>Noted</p>

			In the long run, we encourage EIOPA to consider advice and guidance that would encourage the application of consistent and the most beneficial tax treatment granted by existing national individual retirement savings accounts in order to facilitate pooling and transferability across borders for PEPPs.	Noted
221.	VPB	Question 3	We share EIOPA's stance on the necessity to promote private pensions. Introducing a 2nd regime could contribute to achieving this goal. To overcome the identified challenges, EIOPA should also assess public incentives granted to consumers.	Agreed
222.	VVO	Question 3	<p>We are of the opinion that there might be several challenges with regard to the introduction of a 2nd regime which are primarily due to the fact that it will be hard to deal with national framework conditions which would have to be integrated in the PEPP concept.</p> <p>One of the challenges might be the different national pension tax treatment and legislation. National tax legislation often stipulates specific product requirements in order to benefit from tax incentives (e.g. guarantees, investments rules, minimum contract durations, coverage of biometric risk, protection of surviving dependants, etc.) Each Member State has different tax rules. There might be the case that these national requirements for tax incentives don't go along with the proposed product features of the PEPP.</p> <p>Different pension schemes (retirement age, etc.) and different contract laws which might be even different for categories of providers (insurance companies, banks, investment funds) within one country (requirements regarding surrenders, rules on contract conclusion, rules on contract termination, information requirements etc.) will make it difficult to develop a product which fits in each Member States' jurisdictions.</p>	<p>Agreed, EIOPA has taken these national framework conditions into account during its analysis</p> <p>Agreed, EIOPA believes that if a PEPP meets local tax requirements it should receive equal tax treatment as local pension savings products</p> <p>EIOPA believes a sufficient level of standardisation combined with the flexible elements of the PEPP can overcome many</p>

			<p>Considering the fact that a pension product aims at providing a retirement income and that decumulation is in many markets an intrinsic aspect of pension products, we believe that the PEPP should consider aspects related to decumulation with the aim to guarantee the best outcome for the consumer. National practices and rules on decumulation protection mechanisms, such as pay out and annuities, and survivor's/death benefits should be duly considered.</p>	<p>of the challenges referred to.</p> <p>Agreed, EIOPA has taken these issues into account when developing its advice on decumulation</p>
223.	Vzbv	Question 3	<p>PEPP offer the chance to create a commission free saving product. Only in that case will it be supported by consumer organisations. We must not repeat the mistakes of "1st regime"! Consumers are fed up with the markt situation there. PEPP must be designed as a "one fits all" modell, allowing consumers to choose between either taking the default or having to deal with a wide range of different saving products under heteogeneous product and provider regulation.</p>	<p>Agreed, EIOPA envisages a PEPP without advice. Although highly standardised, the PEPP (in current environment) must contain some flexible elements in order for it to be marketable in as many Member States as possible</p>
224.	WIT	Question 3	<p>EIOPA is right to consider a second regime in order to cut the Gordian knot that otherwise might inhibit or paralyse meaningful consumer/ household oriented innovation</p> <p>It would worth examining further:</p> <p>(i) The relative profitability of such an initiative</p> <p>(ii) The relative attractiveness of non-financial services solutions</p>	<p>Noted</p> <p>See ch. 1.1 and 1.2 of the consultation</p>

			<p>such as direct property investment, state backed saving savings vehicles, reinvestment of profits in businesses by self-employed persons,</p> <p>(iii) the potential at household level for long term savings</p> <p>(iv) the degree to which capital might migrate from some regions in Europe which could exacerbate low income levels in those regions</p> <p>(v) the adequacy of measures that are being pursued sectorally, nationally and globally to enhance trust in financial markets and financial service providers</p> <p>(vi) the acceptability of excluding the decumulation phase from the regime, as consumers are exposed at the commencement of that phase to the same set of circumstances with their accumulated fund as they were at the very outset of the PEEPP journey and which warranted this policy intervention.</p>	<p>paper on single market for PPP of 1 Feb 2016</p> <p>Noted</p> <p>Noted</p> <p>Agreed, EIOPA believes that the PEPP accumulation phase should be followed by a decumulation phase.</p>
225.	Working Group on Shariah financial and insurance p	Question 3	We believe the requirement for a PEPP to be possible in compliance with Shariah might be another challenge associated with introducing a 2nd regime.	Noted, EIOPA believes the PEPP is sufficiently flexible to accommodate the needs of the majority of retirement savers, provided the envisaged product characteristics are not contrary to national legal requirements
226.	Zurich Insurance	Question 3	EIOPA has identified many of the challenges and outlines the risks of	

	Group		<p>regulatory arbitrage between different types of providers.</p> <p>Tax treatment is likely to be the greatest challenge as it remains very country specific and may shape how benefits are taken. That means a PEPP would need to link with multiple tax arrangements. We also see a growing number of citizens moving from one country to another and the tax impact of any portability would need to be clear.</p> <p>A PEPP will be competing not just with other PEPPs but often with local personal pension solutions that have specifically local features – be they as a result of regulation, taxation, culture or just history. It would be important that the PEPP was not seen as a poor relation to local solutions with less flexibility or more regulation. This means a PEPP needs some regulatory flexibility to adapt its offering country-by-country.</p>	<p>Agreed, EIOPA believes that if a PEPP meets local tax requirements it should receive equal tax treatment as local pension savings products</p> <p>Agreed, the PEPP is flexible to an extent that makes this possible.</p>
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 4	<p>Yes. An investment option containing a guarantee does not necessarily need to have a life-cycling strategy in addition.</p> <p>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.</p>	<p>Agreed</p> <p>Agreed, EIOPA does not require guarantees to be added to PEPP.</p>
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 4	<p>Yes the IRSG agrees.</p> <p>With regard to a 0% minimum return guarantee, the IRSG believes this should not be a mandatory requirement. Rather, providers should be able to offer different types of guarantees.</p>	Agreed
227.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 4	Employers, companies and social partners should be encouraged and motivated to introduce, maintain and develop efficient occupational pension systems. We wish to clearly state that our answering the very detailed EIOPA questions below should not be taken as support of the	Partially agreed, guarantees can be added to PEPP.

		<p>PEEP proposals in principle.</p> <p>This is a question of detail.</p> <p>The question posed may be based on the assumption that among the offered investment options at least the default solution should operate with a (0%-) minimum return guarantee.</p> <p>German Old Age Provisioning (collective as well as individualized) has a long tradition of such offerings – e.g. DC schemes with guaranteed minimum benefits (“Beitragszusage mit Mindestleistung”) based on the according regulation of the Occupational Retirement Provision Act (BetrAVG). Potential downsides of guarantees have been widely discussed:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees come at a price. The current level of interest determines that price, the relationship between the two is inverse proportional: if interest levels rise, the price will decrease and the other way around;</li> <li><input type="checkbox"/> The higher the guarantee the lower the risk budget and thus the potential for satisfactory returns;</li> <li><input type="checkbox"/> The price of guarantees will rise with the duration of the investment – with long term investments from PEPP the price will be especially high;</li> </ul> <p>While the advantage of a PEPP product with the promise of a minimum return thus is not “a given” it will without doubt protect participants from the loss of capital. The idea to have a default option include a guarantee should be supported. However, any associated regulation should be limited to regulating this default only.</p> <p>A life cycle strategy (LCS) on top of the guarantee could help to safeguard realized returns. Such a feature could be a selling proposition for a provider. It should not be a requirement over and above an implemented guarantee as the market will have to recognize different individual risk profiles – potentially calling for an exposure</p>	<p>Agreed</p> <p>Agreed</p> <p>Partially agreed, guarantees can be added to PEPP</p> <p>Agreed</p>
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			<p>towards risky assets even after statutory retirement age.</p> <p>Also, potential features of the LCS in question should be left to the provider as already today there are numerous ways of implementation (static, dynamic, CPPI etc.) and EIOPA is correct in assuming that market participants will develop additional products that aim at protecting realized gains.</p> <p>We agree that an investment option containing a guarantee, does not require in addition a regulatory imposed life-cycle strategy with de-risking when approaching retirement.</p>	Agreed
228.	ACA	Question 4	We believe that a life-cycle strategy, additional to an investment option containing a guarantee, is not necessary.	Agreed
229.	Actuarial Association of Europe	Question 4	<p>We think there should always be a default lifestyle strategy and as we have already argued any life style strategy in a pensions context is a function of the decumulation phase so a default life style strategy would also require a default decumulation phase in our view. Perhaps the standard should be based on annuitisation in retirement as standard for the decumulation phase.</p> <p>However, it may be that there could be a place for other strategies that would allow accumulation to blend into decumulation.</p> <p>4.2.3.3 seems also to indicate that whatever guarantees or life-cycling strategies there are they need to remain cast in stone – but we should be aware that the world changes continuously</p>	<p>Partially agreed, offering a default/core investment option with a guarantee would be possible</p> <p>Agreed</p>
230.	Af2i Association française des investisseurs insti	Question 4	Af2i members are of the opinion that an investment option containing a minimum return guaranty of any level is quite a different matter from a life-cycle strategy with de-risking when approaching retirement. Even if they are both wise provisions.	Agreed

		<p>A minimum return guaranty (concerning the liabilities of the PEPP provider) is a matter of prudential regulation while the de-risking strategy, which begins far before the retirement day and goes on after that event, looks like the appropriate way to manage a personal pension plan with a personal account (and concerns the assets management of the PEPP provider).</p> <p>The PEPP regulation, as Solvency 2 Directive, should not impose a list of the eligible assets. The asset management, research and active/passive teams should have the full freedom to design, manage and select the assets in order to :</p> <ul style="list-style-type: none"> <li>- adapt the asset allocation on changing economic and financial conditions and according to expected returns and term premiums offered by the markets.</li> <li>- adapt the allocation with the characteristics of the liabilities and the design of the different options (ALM) (existence of a minimum return guaranty, flexible assets or time de-risking strategies)</li> </ul> <p>Changes over the last 40 years of international bond, money and equity markets, as well as significant fluctuations in real estate markets call for this freedom of movement and range of diversification. It is the best protection for the investor and the retirees future.</p> <p>It is also important to ensure that PEPP will not be forced by regulation requiring specific investments, domestic in particular and, on the contrary, will benefit from a wide geographical or spacio-temporal diversifications.</p> <p>That is why writing « assets should be selected with a view to the most efficient liquidity profile over the long term, including the potential participation in longer term investments as appropriate to the investment horizon and pay out profile of the PEPP, as appropriate,</p>	<p>Agreed, EIOPA envisages that high level investment principles, combined with strict rules with regard to the investment options offered, should apply to the PEPP</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed, EIOPA does not</p>
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			<p>infrastrucutre and other similarly illiquid investments » is not acceptable.</p> <p>« All assets shall be invested in the best interest of the PEPP holders » should be written « All assets must be invested in the sole interest of the PEPP holders”.</p>	<p>envisage to prescribe investment in specific investment categories</p> <p>See section 4.2.2.1 of consultation paper on PEPPs of 3 Jul 2015</p>
231.	AFG	Question 4	<p>If an investment option contains a guarantee, it does not need to require a lifecycling strategy in addition.</p> <p>But we do not think that a 0% minimum return guarantee is a good option. Savings have no chance to beat inflation. A lifecycle option is more appropriate. French authorities have recently imposed a lifecycling option as the default option in all the Percos (occupational pension schemes).</p>	<p>Agreed</p> <p>Partially agreed, offering a default/core investment option with a guarantee would be possible</p>
232.	Allianz	Question 4	<p>Yes, we think that both features are independent of each other and that providers will consider their cost implications and decide whether to offer one or both according to their judgement of customer needs and market opportunities.</p>	<p>Agreed</p>
233.	Amundi	Question 4	<p>In case an investment option contains a guarantee, Amundi considers that it should not be coupled with a life-cycling strategy because it would reduce the return of the option in addition to the cost of the guarantee.</p> <p>But we do not see a 0% minimum return guarantee as being a good option; in fact in the present context of financial markets such an option hardly provides sufficient return. A lifecycle option is more</p>	<p>Agreed</p> <p>Partially agreed, offering a default/core investment option with a</p>

			appropriate for the long term and French regulator has recently imposed a life-cycling option as the default option for PERCO (Plan d'Épargne Retraite Collectif) which is an optional collective occupational pension scheme proposed by Companies to their employees.	guarantee would be possible
234.	ANASF	Question 4	<p>No, we believe that a life-cycle strategy (LCS) is always appropriate even if the investment option provides for a guarantee. More generally, we consider it appropriate to specify the notion of LCS:</p> <ul style="list-style-type: none"> <li>- we agree with section 4.2.6.2., i.e. LCSs should seek to build and then safeguard realised returns in an effective way, taking into account each PEPP holder's potential retirement date, whilst permitting appropriate risk exposure over the life of the PEPP;</li> <li>- if no advice were provided, the achievement of an effective LCS would require to offer a large number of investment options, thereby hindering cost efficiency. As we explain in our answer to Question Q15, the provision of financial advice actually makes it possible to: i) limit the number of investment options to be offered, ii) achieve the duty of care/suitability, iii) convey to investors the value of the selected life-cycle approach;</li> </ul> <p>- as the number of investment options should be limited for the sake of</p>	<p>Partially agreed, offering a default/core investment option with a guarantee would be possible</p> <p>Agreed</p> <p>Disagreed, EIOPA believes the introduction of a non-complex default/core investment option would not necessitate offering a large number of additional investment options</p> <p>Partially agreed, EIOPA believes</p>

			<p>cost efficiency and investor understanding, an element of personalisation may be conveyed by supplementing pre-contractual standard documentation with tables based on birth and mortality rates and life projections provided by the national statistical system of the Member State of residence of the prospective PEPP holder (for Italy, cf. ISTAT, life tables of resident population by five-years age class, <a href="http://www.istat.it/en/archive/114890">http://www.istat.it/en/archive/114890</a>). These projections, supplemented with suitable personal recommendations, may help each prospective PEPP holder identify his/her personal profile, thereby enhancing the investment process.</p>	<p>PRIIPs requirements (non-personalised) form a good basis for pre-contractual disclosure.</p>
235.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 4	<p>As mentioned by EIOPA in the consultation paper, the PEPP provider should be given enough flexibility and freedom to determine the investment options it wants to offer to its clients.</p> <p>These investment options, which may include a guarantee or a Life-cycle strategy (LCS) with de-risking (but should not be mandatory) should be determined by the PEPP provider based on its skills, competences and expertise and also on its clients characteristics or on the characteristics of the clients it intends to target.</p>	<p>Agreed</p> <p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate</p>

				risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
236.	Association for Financial Markets in Europe (AFME)	Question 4		
237.	Association of British Insurers	Question 4	While the ABI recognises the merits of taking a life-cycling (or life-styling) approach when managing pension investments, we would not want EIOPA (or any regulator) to mandate this or any particular approach. It would be problematic for any investment option to include a requirement for life-cycling. As previously mentioned, this would conflict with the varying national approaches to prescriptive retirement age.	Disagreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate

			<p>For example, in the UK, consumers will be able to retire at various ages, may become semi-retired or may rely on other sources of income in early phases of retirement, all of which would make a requirement for life-styling detrimental to their interests. In particular, increased pension freedoms were introduced by the UK Government in April 2015, allowing pension savers at age 55 to access their pension pot (subject to income tax if withdrawing more than 25%). In this case, life-cycling may be unsuitable for consumers who would like to keep their pension fund invested and use income drawdown to provide them with an income in retirement. Moving pension funds to a lower risk asset is likely to reduce the investment returns for these consumers.</p> <p>The ABI would therefore not support any mandatory requirement for life-styling, as this may not be suitable to the UK's pension system, although this could be included on an opt-in basis.</p>	<p>risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees). These mechanisms should account for relevant forms of decumulation</p> <p>Noted, EIOPA has taken these UK requirements into account when preparing its advice on PEPP</p> <p>See first resolution</p>
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238.	Assofondipensione , Assoprevidenza and Mefop	Question 4	<p>We agree on the fact that an investment option containing a guarantee (e.g. a 0% minimum return guarantee) and a life cycle strategy should be alternatives. The providers should be free to decide whether to offer a guarantee or a life-cycle strategy, but there seems to be little value in combining in the same option a life-cycling strategy and a guarantee.</p> <p>In some Member States it is mandatory to have a life-cycle strategy option available, in other countries a guarantee is mandatory. For example in Italy the default line has to provide members with a minimum guarantee (either a 0% minimum return or a fixed return, for example 1%). The provision of a minimum guarantee is usually more expensive than a life-cycle strategy, particularly in the current low interest rates environment. Thus if the national law requires a given default option, providers of PEPP need to abide by the national legislation in offering at least the investment option that responds to national rules.</p>	<p>Agreed</p>          <p>Agreed</p>
239.	Assogestioni	Question 4	<p>Assogestioni agrees that an investment option containing a guarantee shouldn't require a life-cycling strategy in addition: the provider should be free to provide investment options with a life-cycle strategy or with a guarantee. We believe there is no need to require a combination of these elements.</p>	<p>Agreed</p>
240.	Better Finance	Question 4	<p>No it would not , but we strongly disagree with this example of a « 0% minimum return guarantee ». In the area of long term and pension savings, this is the most misleading « guarantee » that could be offered to EU citizens. Indeed, EU citizens have a low level of financial literacy and are heavily subject to the « monetary illusion », i.e. to forget - or be unaware of - the devastating impact of inflation over hte long term. This is how pension savers were ruined in the 1930s for example. Even in a low inflation environment (for how long ?), the impact of a 1 or 2% inflation rate after 40 years on the real value of pension savings (the purchasing power) is enormous (purchasing power reduced by 55 % for an annual 2% inflation average for</p>	<p>Agreed</p>

		<p>example). And that is before tax, as pension income tax typically is based on nominal income not on real income, therefore only worsening the long term inflation impact.</p> <p>Furthermore, we believe providing a 0% minimum nominal return guarantee at retirement is very misleading, and this so-called « guarantee » has in reality very little value. Also It should then be provided on a net of charges and fees basis, including any entry and exit fees ; orherwise it would be even more misleading.</p> <p>This is why we strongly ask for an investment option (most preferably a default one) that guarantees a 0% minimum real return at retirement (i.e ; net of inflation) in order to protect EU citizens against the devastating monetary illusion.</p> <p>Related to life insurances the « 0% minimum return guarantee » is called « guarantee of repayment of premiums », which is not unusual. The reference parameter has to be – in that case – the gross premium. This kind of guarantee prevents insurers from making investments which are possibly more risky, but probably generate a higher return. Many life insurers do NOT exploit the – permitted – limits of investments of shares or other more risky investment categories (instead of shares etc. they invest predominantly in European government bonds with very low interest rates ; cf. for example the Annual Report of German Federal Financial Supervisory Authority (BaFin) for 2014, p. 178-181). Western European insurers lowered their own riskequity assets from 22 % of their total assets in 2001 to only 8% in 2010, and that was way before the Solvency II Directive (cf. Better Finance CMU Briefing paper page 6, April 2015).</p> <p>Additionally we emphasize the importance of the research work conducted by Professor Oskar Goecke (Cologne University of Applied Science, Institute for Insurance Studies), in which he recently developed a new “return smoothing mechanism” for pensions saving schemes. This research work proves that neither a minimum return guarantee nor a life-cycling strategy are necessary, but there is a third solution for combining fair participation in the capital market returns and stable performance of pension savers assets (for more details, cf.</p>	<p>EIOPA’s proposal does not prescribe the form of the guarantee offered</p>
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			<p>our comment on Q 6).</p> <p>Independent research show that simply protecting the purchasing power of pension savings at retirement will make pension savers much better off than today in a lot of Member States. Therefore we fail to see any benefit to add a life cycling strategy with derisking to this simple, protective and intelligible option.</p> <p>Then the issue is about the design of the decumulation phase not addressed in this question but it is even more off an issue for life cycle investment options : see below our response to Q6 and Q8.</p>	
241.	Blackrock	Question 4	<p>We would recommend more flexibility in product design than mandating a minimum lifestyle option. We believe that the PEPP will need more flexibility as the boundaries between accumulation and decumulation become blurred as individuals defer retirement to fund a longer retirement. Product design also needs flexibility to reflect differing national retirement.</p>	<p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation</p>



			<p>We also note that many potential providers could not themselves provide a guarantee and so could only meet requirements for a guarantee if they entered into a partnership with an entity with balance sheet which could offer a guarantee such as an insurer or a bank. Where a guarantee or fixed rate of return is not provided, then requiring the use of modelling tools which allow individuals to determine what their likely income requirements are going to be could be beneficial. There are a number of factors to be taken into account such as volatility of the underlying assets and probabilistic modelling of likely returns based on a given asset allocation policy.</p> <p>Significant educational support will be required to assist consumers in understanding the alternatives. However, given the cost and lack of availability of balance sheet to provide guarantees we believe EIOPA should consider other alternatives to guaranteed products.</p> <p>We would therefore recommend setting out a mixture of product design features PEPP providers could take into account when designing the product. This could then be updated as the market evolves over</p>	<p>as they approach retirement or other appropriate means (i.e. guarantees). These mechanisms should account for relevant forms of decumulation</p> <p>Agreed</p> <p>Partially agreed, EIOPA supports all initiatives that help consumers make better choices with regard to investing in pension products.</p> <p>Agreed with regard to disclosure comment</p>
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			<p>time. In equal measure we would also focus on the types of disclosure and education needed to assist individuals in planning for their retirement. If used well in advance of an individual's expected retirement date, e.g. 10 years in advance, they could allow individuals to take appropriate action such as by increasing contributions or deferring their retirement age to meet their retirement income expectations. We suggest that effective delivery requires clear and engaging digital communications, supporting interpersonal services (predominantly telephone-based support with some online direct communication). It would form a valuable adjunct to the internet based sales model which EIOPA is seeking to promote.</p>	
242.	Bund der Versicherten e.V. (BdV - German Associati)	Question 4	<p>No, it would not, but we strongly disagree with this example of a « 0% minimum return guarantee ». In the area of long term and pension savings, this is the most misleading « guarantee » that could be offered to EU citizens. Indeed, EU citizens have a low level of financial literacy and are heavily subject to the « monetary illusion », i.e. to forget - or be unaware of - the devastating impact of inflation over hte long term. This is how pension savers were ruined in the 1930s for example. Even in a low inflation environment (for how long ?), the impact of a 1 or 2% inflation rate after 40 years on the real value of pension savings (the purchasing power) is enormous (purchasing power reduced by 55 % for an annual 2% inflation average for example). And that is before tax, as pension income tax typically is based on nominal income not on real income, therefore only worsening the long term inflation impact.</p> <p>Furthermore, we believe providing a 0% minimum nominal return guarantee at retirement is very misleading, and this so-called « guarantee» has in reality very little value. Also It should then be provided on a net of charges and fees basis, including any entry and exit fees ; orherwise it would be even more misleading.</p>	Agreed

		<p>This is why we strongly ask for an investment option (most preferably a default one) that guarantees a 0% minimum real return at retirement (i.e ; net of inflation) in order to protect EU citizens against the devastating monetary illusion.</p> <p>Related to life insurances the « 0% minimum return guarantee » is called « guarantee of repayment of premiums », which is not unusual. The reference parameter has to be – in that case – the gross premium. This kind of guarantee prevents insurers from making investments which are possibly more risky, but probably generate a higher return. Many life insurers do NOT exploit the – permitted – limits of investments of shares or other more risky investment categories (instead of shares etc. they invest predominantly in European government bonds with very low interest rates ; cf. for example the Annual Report of German Federal Financial Supervisory Authority (BaFin) for 2014, p. 178-181). Western European insurers lowered their own risk equity assets from 22 % of their total assets in 2001 to only 8% in 2010, and that was way before the Solvency II Directive (cf. Better Finance CMU Briefing paper, page 6, April 2015).</p> <p>Additionally we strongly emphasize the importance of the research work by Professor Oskar Goecke (Cologne University of Applied Science, Institute for Insurance Studies) , in which he recently developed a new “return smoothing mechanism” for pensions saving schemes. This research work proves that neither a minimum return guarantee nor a life-cycling strategy are necessary, but there is a third solution for combining fair participation in the capital market returns and stable performance of pension savers assets (for more details, cf. our comment on Q 6). For this research work Prof. Goecke received in 2014 the Gauss Award, given by the two German associations of insurance mathematicians and actuaries (DGVFM and DAV ; research published in the journal: “Insurance: Mathematics and Economics”, No. 53 (2013), p. 678 - 689, edited by Elsevier).</p>	
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			<p>Independent research shows that simply protecting the purchasing power of pension savings at retirement will make pension savers much better off than today in a lot of Member States. Therefore we fail to see any benefit to add a life cycling strategy with derisking to this simple, protective and intelligible option.</p>	
243.	Cardano Risk Management	Question 4	<p>The basic objective with a life-cycling strategy is the automatic de-risking over time. A minimum guarantee and a life-cycle are complementary design tools with different objectives and should therefore not be seen as mutually exclusive (as suggested in the consultation documentation).</p> <p>A guarantee at, for example 0% nominal, would have the opposite effect to de-risking compared to what was intended with a life cycling strategy. At the time when a contribution is made, the guarantee put a limit on the available risk budget. As times passes and the capital gains adds up (in a good economic scenario), the available risk budget increases. A hybrid approach consisting of a guaranteed product and a return seeking product is a transparent way to implement a 0% minimum return guarantee. From a regulatory perspective, it is recommended that a hybrid approach is considered as a combination of two separate products.</p> <p>We argue that the prescription of either a life cycle or 0% minimum return guarantee should be removed from the PEPP authorisation regime. Instead we propose that there should be "a mandatory default choice which includes a de-risking mechanism as the consumer gets closer to retirement age". The de-risking strategy is conditional on the consumer's choice of decumulation solution; see our General Comment and response to Question 3.</p>	<p>Agreed</p> <p>Agreed</p> <p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible,</p>

				all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
244.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 4	A minimum guarantee already contributes to limit investment risks. Additional risk limiting features for this investment option do not seem to be necessary.	Disagreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option

			<p>It should be the providers' choice how to create the various types and features of guarantees (especially type and guarantee level).</p>	<p>especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).</p> <p>Agreed</p>
245.	Deutsche Bank	Question 4	<p>An investment option containing a guarantee should also provide for a life cycle strategy especially for long-term contracts. This should only be an option and not a mandatory element of the product.</p>	<p>Agreed</p>
246.	EFAMA	Question 4	<p>EFAMA agrees that when offering an investment containing a minimum guarantee, the addition of a life cycle strategy to it would seem unnecessary.</p> <p>Whilst it is possible to build life-cycle strategies with a guarantee at the end of the investment period, it is important to acknowledge that any minimum capital/return guarantees limit upside potential returns. The cost in terms of foregone returns and, hence, lower retirement wealth accumulation, can be particularly significant if the guarantee is used throughout the entire or most of the pension accumulation phase. So there is an important trade-off that the consumer should take into account between loss mitigation and its cost.</p>	<p>Agreed</p>

			<p>More generally, consumers should be given the possibility to choose investment solutions that match their preferences and circumstances (e.g. age and wealth). This is particularly important in a context where saving into a PEPP would be done on a voluntary basis.</p>	<p>Agreed, although EIOPA believes the nature of the PEPP (simple, suitable for the majority of consumers) means that self-investment should not be possible within a PEPP</p>
248.	European Federation of Financial Advisers and Fina	Question 4	<p>No, we believe that a life-cycle strategy (LCS) is always appropriate even if the investment option provides for a guarantee.</p>	<p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-</p>

				balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
249.	Fairr.de GmbH	Question 4	<p>Agree in principle.</p> <p>1. A 0% guarantee is only meaningful after all product costs have been deducted.</p> <p>2. An additional de-risking phase is not necessary provided such a guarantee is in place.</p> <p>3. A guarantee can also serve as a « floor » for the investment risks taken by providers in the sense that providers are forced to take sufficient risks to generate a returns at all, as opposed to selling products that are « so safe » that they can never yield a meaningful benefit to the customer.</p> <p>4. A guarantee can serve as a cap on fees. Fee can still be high but are somewhat limited by the need to recuperate the costs over the lifetime of the product through investment returns.</p>	Agreed
250.	Fédération Française des Sociétés d'Assurances (FFS)	Question 4	<p>Yes, we agree. An investment option containing a capital-backed minimum return guarantee does not require a life cycling strategy with de-risking.</p> <p>We strongly believes that PEPP providers should be allowed to offer PEPPs with a default investment option based either on:</p>	



			<ul style="list-style-type: none"> <li>- Guarantees,</li> <li>- Long-term collective investment with smoothing of returns,</li> </ul>	<p>Agreed</p> <p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).</p>
			<ul style="list-style-type: none"> <li>- Life-cycling with de risking.</li> </ul> <p>PEPP providers should be free to offer different positive minimum return guarantees.</p>	<p>Agreed</p> <p>Agreed</p>

251.	Fidelity International	Question 4	<p>If a default fund, a de-risking strategy should be present even if there is a money back guarantee. The aim must be to get the best for the client over time, the guarantee is merely a fall back mechanism. The cost benefit of a guarantee should be carefully considered. The cost of a guarantee over the lifetime of a pension product may have a significant impact on charges and/or overall return. We would question the value of a guarantee if you have a life cycle type product. Such guarantees often turn out to be expensive marketing gimmicks. They should probably only be allowed if there is less than five years to run to retirement.</p>	<p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees). These mechanisms should account for relevant</p>
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				forms of decumulation
252.	FSUG	Question 4	<p>Certainly no. Such false and potentially misleading nominal “guarantees” may jeopardize the whole initiative. Such “guarantee” does not recognize the time and compound interest principle. 0% MRG is costly on the level of potential returns from risky investments on a level of providers as they have different structure of savers (age, income, risk aversion, etc.).</p> <p>FSUG recognizes, that PEPP may not become a dominant product for securing individual retirement income. At the same time, most PEPP (if created and offered) will be bought by relatively higher income cohorts, who possess higher knowledge of financial products.</p>	Agreed
253.	German Insurance Association (GDV)	Question 4	<p>German insurers welcome that EIOPA envisages a product with guarantees as a default option, because the default option of a product should always include a high level of safety and predictability. The protection against high market volatility can be achieved by means of a guaranteed minimum annuity or guarantees on accumulated capital at maturity.</p> <p>It is of utmost importance that PEPP requirements respect that there exists a variety of guarantees in the market, for instance guarantees on accumulated capital at maturity and guaranteed minimum annuities. With the latter consumers secure the right of a fixed and reliable guaranteed annuity at the end of the accumulation phase or a right to purchase such an annuity. The nature and level of guarantees should be left to the PEPP providers. This would also enable PEPP providers to offer more flexibility in the design of the pension product. Furthermore, providers’ assessment of the target market will ensure that the design of the products will match consumers’ demands and needs in the level of protection.</p> <p>There are different techniques for providers to generate guarantees,</p>	<p>Agreed</p> <p>Agreed</p>

			which have to be backed by robust risk management and solvency capital requirements (see Q 9). Therefore, we agree with EIOPA that for the investment option with a guarantee an additional life-cycling strategy with de-risking is not necessary.	
254.	Hristina Mitreva – member of OPSG, employees repre	Question 4	<input type="checkbox"/> It would be better that even in the case where an investment option contains guarantee, e.g. a 0% minimum return guarantee the provider of PEPP to implement also a life cycling strategy with derisking when approaching retirement.	Partially agreed, although EIOPA envisages a PEPP core investment option where guarantee does not have to be mandatorily combined with a de-risking strategy
255.	ICI Global	Question 4	<p>We assume this question is about a non-default investment option, and that this question does not suggest that a guarantee should be required.</p> <p>We believe that the decision to offer an investment option that combines a guarantee with a life-cycling strategy should be left to the investment provider; neither of these features should be required.</p> <p>As we discuss in Question 8, the purpose of a default life cycle investment strategy or the use of minimum return guarantees during the accumulation phase is to alleviate the impact of market risk on retirement savers. Because a PEPP would be supplemental to pillar 1 and 2 savings, and because of differences in Member States' retirement systems, some EU citizens may want a PEPP with both features to ensure maximum protection for their savings, while other citizens may prefer just a guarantee, and some may prefer a product without either. In combination with clear disclosure, we strongly</p>	<p>Agreed, offering a guarantee is not mandatory in any of the PEPP investment options</p> <p>Agreed</p> <p>Agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to</p>

			believe the provider should have the flexibility to accommodate the different and varying circumstances of investors across the EU and to offer an investment option with or without a guarantee, and with or without the life-cycling element.	be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
257.	Insurance Europe	Question 4	<p>Yes, we agree. An investment option containing a capital-backed minimum return guarantee does not require a life cycling strategy with de-risking.</p> <p>Insurance Europe strongly believes that PEPP providers should be allowed to offer PEPPs with a default investment option based on either:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees</li> <li><input type="checkbox"/> Long-term collective investment where premiums are paid into a life fund and where the concept of smoothing is applied</li> <li><input type="checkbox"/> Life-cycling with derricking</li> </ul>	<p>Agreed</p> <p>See resolution in row 250</p> <p>Agreed</p>

			Finally, Insurance Europe suggests that for investment options containing guarantees, PEPP providers should be free to offer different kinds and levels of guarantees.	
258.	Intesa Sanpaolo Vita S.p.A.	Question 4	We believe PEPP should offer a life-cycle strategy is the best way to invest in order to build an adequate second pension; We agree with EIOPA that an investment option containing a guarantee does not require a life-cycling strategy with de-risking too. The providers should be free to provide investment options with or without guarantee.	Agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).

259.	KBC Asset Management NV	Question 4	Yes, from a technical point of view, different methods can be envisaged to structure a product in such a way that a minimum (long-term) return is aimed at. These methods do not on themselves require a life-cycle strategy and it may even be difficult to reconcile them with a life-cycle strategy.	Agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
260.	Legal & General Group plc	Question 4	We do not support mandation of any form of guarantee and it should be up to individual providers to choose whether to offer this in line with their own customer cohort and commercial consideration.	Agreed

			<p>However, we strongly support the mandation of certain minimum standards with regards to governance and controls. For example, a cap on the maximum charges payable when members invest in the default investment option. We recommend that EIOPA considers the minimum standards that are currently in place within the UK for automatic enrolment pension schemes, and require that the providers of PEPPs ensure that the schemes are run in the best interests of consumers and deliver value for money. We currently have a maximum charge of 0.5% for automatically enrolled pension schemes in our default option. Clearly, the cost and therefore charges in a non-automatic regime would be different.</p>	<p>Please see p. 54 and onwards of the consultation paper on single market PPP of 1 Feb 2016 with regard to this topic. EIOPA envisages a cap on costs to be a flexible element of the PEPP</p>
261.	Ministry of Finance of the Czech Republic	Question 4	<p>Yes, we believe that it is not necessary to combine life-cycle strategy with de-risking with a guarantee. Either of these two measures should be satisfactory.</p>	Agreed
262.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 4	<p>Guarantees can be provided in several ways – through insurance or hedging – to name just two.</p> <p>There would seem to be little value in a life-cycling strategy for pension schemes that already have risks mitigated through investment guarantees – or vice versa.</p>	Agreed
263.	Nationale-Nederlanden Group	Question 4	<p>We agree that it doesn't seem fit to apply a life cycle on an investment option containing a guarantee. However, the PEPP should not be highly prescribed. Therefore, the design of the PEPP should be left to the providers, who will design a PEPP within local regulations.</p>	Agreed
264.	PensionsEurope	Question 4	<p>The provider should be free to decide whether to offer a guarantee or a life-cycle strategy. In some Member States it is mandatory to have a life-cycle strategy option available, in other countries a guarantee is mandatory. Thus if the national law requires this, providers need to</p>	Agreed



			abide by the national legislation in offering at least an investment option that responds to national rules.	
265.	Previnet outsourcing Solutions	Question 4	With a « simple » approach in mind, where a guarantee is offered, then a life-cycle strategy with de-risking is not required	Agreed
267.	The Association of International Offices (AILO)	Question 4	AILO would concur.	-
268.	The Danish Insurance Association	Question 4	<p>We agree that a life cycling strategy with de risking is only required if the investment option in place does not contain a guarantee. The life cycling strategy aims at reducing the policyholder's risk as the policy holders approaches the time of retirement. If the policy holder has a product with a guarantee, the policy holder does not bear the risk himself and hencse there is no need to reduce his risk.</p> <p>We also agree that it could be reasonable to require that the default investment option contains a life-cycling strategy unless it is a guaranteed product. The purpose would be to protect the savings of consumers who may not be able – or willing to spend the needed amount of time – to manage the risk themselves.</p> <p>It is important that the regulatory framework does not limit the possible default option to either life-cycling strategy or guarantee. Both options have their relevance in fulfilling consumer needs, as different</p>	<p>Agreed</p> <p>Agreed</p> <p>Partially agreed, instead of prescribing in detail the investment</p>

			<p>consumers have different needs and preferences. It should be left to each provider to decide which option he would offer as his default option.</p> <p>It is also important that the rules leave room for possible new or alternative ways of securing a certain level of pension benefits or reducing investment risk. The rules should not by definition exclude other strategies reaching these goals.</p> <p>In the Danish market for occupational end personal pensions, we have seen a movement in recent years from traditional with-profit products with guarantee towards market return products in which the consumer bears the investment risk. However, many providers still offer traditional guaranteed products with profit-sharing, and some providers offer a 'hybrid' product consisting of a market return product with a guarantee attached.</p>	<p>strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).</p> <p>Agreed</p>
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			Providers of market return products without guarantee in Denmark typically offer a life-cycling strategy as the default option.	
269.	The investment association	Question 4	<p>We agree that any default investment option that contains a guarantee does not in addition require a life-cycle strategy with de-risking. To do so would unnecessarily reduce the saver's upside – unnecessarily precisely because the guarantee is protecting against downside investment risk.</p> <p>However, there is a broader question which relates to whether guarantees are even appropriate as the default option in a long term investment product such as the PEPP. We discuss this further in our answer to question 6.</p>	<p>Agreed</p> <p>Noted</p>
270.	Vanguard Asset Management, Limited	Question 4	<p>Vanguard would be concerned if standardised PEPPs did not encourage a long-term investment approach to accumulating retirement savings. Typically, an investment option containing a guarantee such as a 0% minimum return guarantee – or containing a capital preservation objective, such as a money market investment fund – will be invested in relatively short term investments (such as bank certificates of deposit , commercial paper, etc.), which limits the significant potential for investment rewards for taking longer-term equity market risk. While younger investors can better accept risk than older investors, we believe that even older investors nearing or in retirement should generally have some equity market risk to, at a minimum, provide some inflation protection during the drawdown phase of retirement.</p> <p>As a result, we believe that investors who are offered an investment option containing a 0% minimum return guarantee (again, by nature, an investment with a short-term investment objective), should also be offered the ability to choose a life-cycle strategy with de-risking (in</p>	<p>Noted</p> <p>Noted</p>

			other words, a strategy that is a balance of equities and bonds that adjusts asset allocation to a less risky mix as the investor approaches retirement). This would provide some appropriate level of longer-term equity market exposure.	
271.	VPB	Question 4	A minimum return-guarantee and its practicality is determined by duration and consequences of the expansionary monetary policy. With interest rates close to zero, minimum return guarantees jeopardize both profitability as well as feasibility of the products. Recent developments within the insurance industry highlight these challenges. We therefore reject the idea of minimum return-guarantees.	Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e.

				guarantees).
272.	VVO	Question 4	<p>Providers should be allowed to choose between different default options like</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees</li> <li><input type="checkbox"/> Long-term collective investment with smoothing of returns</li> <li><input type="checkbox"/> Life-cycling with derisking</li> </ul>	Please see resolution in row 250
273.	Vzbv	Question 4	<p>We believe that there is no specific demand for guarantee during the accumulation period. A 0% minimum return guarantee has relation to existing inflation rates no outcome for consumers, but generates costs. Instead we see a need for a derisking strategy where beside the individual saving process a part of the premium is used for the reduction of the volatility on financial markets (smoothing). However a guarantee during retirement phase is very important to ensure at least a constant payment.</p>	<p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of</p>

				asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
274.	WIT	Question 4	<p>De risking is appropriate as decumulation approaches. It is also appropriate where the sum invested is small (say less than twice gross annual earnings) and accounts for say 50% or more of the retiree's income. The guarantees are only as good as the guarantor. EIOPA could provide the necessary consumer framed information to allow retail customers to assess the quality of such guarantees or EIOPA could make that assessment itself and determine if additional de-risking is necessary.</p> <p>The framing of what constitutes a small retirement fund is obviously a question of judgement and jurisdiction, and could be related in some way to the average industrial wage or to the minimum state pension</p>	<p>Agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate</p>

				means (i.e. guarantees).
275.	Working Group on Shariah financial and insurance p	Question 4	The stakeholders of the Islam compliant approach believe that a life-cycle concept that does not necessarily include an interest based guarantee but a chance for a solid return is the optimal strategy that also includes non-interest return investments and a de-risking element to realise investment results prior to retirement.	Noted, the PEPP has the flexibility to offer the type of investment options described
276.	Zurich Insurance Group	Question 4	Not necessarily. See answer to Q6.	Agreed
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 5	<p>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.</p> <p>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.</p> <p>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</p>	<p>Partially agreed, EIOPA believes the number of investment options offered in the PEPP should be limited. EIOPA believes the set-up of the PEPP is such that it leaves sufficient room for innovation in relevant fields</p> <p>Agreed</p>

			<p>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).</p> <p>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).</p>	
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 5	<p>No, there should not be a regulatory limit to the number of investments options. The need for simplicity can be dealt with through the default option. Consumers should have the opportunity to choose from more options. Furthermore, a regulatory limit would hamper innovation.</p>	<p>Partially agreed, EIOPA proposes that the PEPP should have a limited number of investment options but does not propose to define the exact number of investment options and envisages a default/core investment option to be part of the PEPP</p>
277.	aba – Arbeitsgemeinschaft für betriebliche	Question 5	<p>This is again a question of detail. Nowadays all countries (at EU-level as well as within OECD) are reducing investment restrictions in order to help savers dealing with the negative effects of low interest levels.</p>	<p>Agreed</p>



	Altersv		<p>However, the rationale behind suggestions to limit investment options within a PEPP appears to us to be sound nonetheless: retirement savers find it hard to make investment decisions without the help of investment experts.</p> <p>Still, the call for any defined limit seems arbitrary and thus inappropriate. Better ways to deal with the challenge would be to a) provide for strict rules of duty to care and product information and b) provide for a default solution minimizing the need for decisions once having entered the plan.</p>	Agreed, EIOPA believes the number of investment options offered in a PEPP should be limited
278.	ACA	Question 5	We agree that five investment options should be sufficient, but we prefer to not limit too much the investment options so that the diverse desiderata of consumers could be taken into account.	Agreed
279.	Af2i Association française des investisseurs insti	Question 5	<p>The number of options may depend of the main characteristics of the future PEPP.</p> <p>A) periodic payments, additional payments, exceptional payments</p> <p>B) early withdrawals facilities (home ownership, etc.)</p> <p>C) Accumulation product only followed by a mandatory life annuity.</p> <p>D) Accumulation and decumulation product, with the choice between lifetime annuity, time certain annuity or lump sum payment</p> <p>E) Global or partial minimum return guaranty</p> <p>F) Asset valuation methods used inside PEPP (amortized cost, market to market, mix)</p> <p>G) Free asset allocation between differents UCITS and specialized FIA (Real estate funds, private equity, ELTIF )</p> <p>H) Flexible multi-assets funds or choice of specialized asset classes funds</p>	Agreed, EIOPA believes the number of investment options offered in a PEPP should be limited

			<p>I) Investment strategies based on market capitalization indexes or smart beta and factor investment strategies</p> <p>J) Asset allocation among a few investment funds (Equity, bond, MMF) based on a mandatory time horizon allocation grid</p> <p>K) Time horizon funds with or without de-risking allocation</p>	
280.	AFG	Question 5	<p>We think that there should be 2 versions for PEPPS.</p> <p>The first one should have a maximum of 5 options with a lifecycling default option. This version of PEPP will not need to be distributed with individual advice (for instance no MIFID rules). It can be distributed on an execution only principle with adequate information for the consumer.</p> <p>A second version of PEPPs should offer a broader range of option, unlimited. This second version will be distributed with individual advice. In the US, there are two versions of 401k plans : a traditional one with limited access to investment options and a wider version called a "Self-Directed Brokerage Option" with access to a very large number of options.</p> <p>.</p>	<p>Agreed, EIOPA envisages a PEPP that is simple and suitable for the large majority of consumers.</p> <p>Disagreed, EIOPA believes the number of investment options offered in the PEPP should be limited.</p>
281.	Allianz	Question 5	<p>At this stage we see no reason to limit the number of investment options. Also, it would be necessary to understand their definition, be it UCITS, AIFM, private equity etc.</p>	<p>Disagreed, EIOPA believes the number of investment options offered in the PEPP should be limited.</p>
282.	Amundi	Question 5	<p>Amundi would rather advocate two types of PEPPS.</p>	<p>Disagreed,</p>

			<p>A first type of standardized version with a maximum of 5 options, one of which being the life-cycling default option. This PEPP could be distributed without individual advice.</p> <p>A second type of PEPPs which would provide a broader range of options and would require individual advice.</p> <p>It is the solution adopted in the US for 401k plans and we feel it is a good one.</p>	EIOPA believes the number of investment options offered in the PEPP should be limited.
283.	ANASF	Question 5	<p>Yes, we agree with the proposal to limit the number of investment options to five. As we explain in our answer to Q7, the provision of personal advice is not a mere cost driver: on the contrary, it makes it possible to strike the balance between the necessary limit to the number of investment options and the duty of care/suitability.</p> <p>More generally, a limit to the number of investment options is appropriate because a larger number of investment options (for instance, more than five) would:</p> <ul style="list-style-type: none"> <li>- entail an information overload for investors, to the detriment of effective investment decisions;</li> <li>- hinder cost efficiency (for instance, preventing scale economies and critical mass).</li> </ul>	<p>Agreed, although EIOPA believes it may be possible to create a default/core investment option that is deemed non-complex</p> <p>Agreed</p>
284.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 5	<p>As mentioned in Question 4, we are of the opinion that it should be left to the PEPP provider the decision regarding the investment options it wants to offer, including the number of options offered, without imposing any limitation.</p> <p>Introducing a limit to the number of investment options a PEPP</p>	Partially agreed, EIOPA envisages a PEPP that is limited in the number of investment options to

			<p>provider can offer will also mean a limitation to the development of new and innovative solutions in terms of investment options.</p> <p>Additionally, how would the limitation be applied in the case of distributors (either physical or internet-based) that wish to sell PEPPs from different providers?</p>	<p>facilitate a sufficiently standardised and simple product.</p>
285.	Association for Financial Markets in Europe (AFME)	Question 5		
286.	Association of British Insurers	Question 5	<p>We do not support a minimum number of investment options as some products, particularly those aimed at sophisticated consumers who may benefit from greater amounts of consumers choice. Furthermore, limiting investment options to 5 may serve to disengage consumers from reviewing their savings periodically due to the lack of choice. This would be counterintuitive to the objective of the PEPP.</p> <p>For example, consumers may make more limited investment choices at the earlier stage of their long term savings due to lack of investment knowledge but over time, particularly as they accumulate more personal wealth, they may want to increase their diversity. It therefore important that the PEPP could cater for the varying degrees of consumers' risk appetite, rather than restricting them to a few funds which may be inappropriately concentrating risk for some. The</p>	<p>Partially agreed, EIOPA believes the number of investment options offered in the PEPP should be limited. This does not prevent the offering of several investment options that take into account differing risk appetites</p> <p>Agreed, there may be good reasons to change existing investment</p>

			<p>investment choice offered would need to be flexible /diverse enough to reflect different risk appetites and different retirement options, for example annuity purchase, drawdown, encashment.</p> <p>While we appreciate that having 5 options makes the product seem 'simpler' to market and manage, and may appear to make the consumers' investor choice easier, we feel it is not broad enough to be suitable for a range of consumers.</p> <p>There may also be circumstances where providers may wish to change, divide or close funds, such flexibility is commonplace in investment-linked insurance pension contracts. In such circumstances, typically, similar alternative funds would be offered to investors. In order to increase investment returns pension savers may wish to increase their risk profile as investment returns on 'standardised' investment options may not achieve this. Pension savers have to understand that investments can fall as well as rise and that any guarantee which may be offered will come at a cost and make the product more expensive</p>	options provided the PEPP holder is well informed
287.	Assofondipensione , Assoprevidenza and Mefop	Question 5	<p>Do stakeholder agree to limit the number of investment options, e.g. to five?</p> <p>We agree on the need to limit the number of investment options in order to achieve a high level of protection for members/consumers. A redundant number of investment lines may increases the risks linked to the asymmetric information among characters of the market, particularly relevant when members/potential members show a poor financial skill. Into this framework providers should be free to set up the number of lines of their PEPP.</p>	<p>Agreed</p> <p>EIOPA does not understand what is meant by 'number of lines of their PEPP'</p>
288.	Assogestioni	Question 5	We agree with the need to limit number of investment options in order to avoid an excessive complexity to the product. Nonetheless, we also	Agreed

			<p>believe it is important that providers have freedom of choice in designing the investment options to be offered.</p> <p>To find a balance between these different needs, we believe guidance on the architecture of the PEPP should be developed, without necessarily limiting the number of the investment options.</p>	
289.	Better Finance	Question 5	<p>No. We agree that too much choice kills choice. And providers should be advised to limit the number of options offered. But at least for advice-based PEPPs and for qualified pension savers (knowledge tested) , providers should be free to offer as many investment options as they wish. We are not in favor of over regulation that will constraint pension savers too much and 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).</p> <p>A limited number of options should be recommended but not imposed. To have a simple, intelligible, cost effective and performing default option matters much more.</p> <p>We are also opposed to ban direct investments in securities in a PEPP . The US very successful IRA does not ban it. A majority of PEPP providers will likely not offer this option anyway and a majority of pension savers would be strongly advised not to take it and should be subject like for all MiFID regulated savings products to suitability / appropriateness tests, and could go to this "execution only " rules only</p>	<p>Disagreed, EIOPA believes the number of investment options offered in the PEPP should be limited.</p> <p>EIOPA envisages that high level investment principles should apply to all PEPP providers. These principles will</p>

			<p>if they are financially literate or have expressly recognised they are aware of the risks.</p> <p>This is also not consistent with the CMU initiative which aims at promoting and developing the role of capital markets in the EU economy. Why ban EU citizens from accessing those directly if they so wish. IT will also generate more competition among providers who will likely be pushed to better show how they perform vis a vis capital markets.</p> <p>More generally, restrictions and bans on pension savers' options are counter-productive in our view as they deter EU citizens to be attracted by the PEPP, and the issues beneath can be better addressed by the default option design and by Mifid like investor protection rules.</p> <p>However there should be one exception: the EU should ban the use of AIFs (alternative investment funds) in the PEPP: The EU would kill two birds with one stone by banning the use of alternative investment funds (except ELTIFs): it would make room for the expansion of the simpler, more transparent, less expensive and Pan-European UCITS funds (see the annual research reports from Better Finance on the real return of pension savings). And it would also strongly benefit EU savers for the same reasons of simplicity, transparency, performance and prices. The Pan-European PEPP should not be wrapping non Pan-European funds, only the Pan-European ones: UCITS.</p> <p>Any investment options related to the payment / contribution phase should not endanger the necessary regulations of the pay-out phase (cf. our four basic principles of PEPPs expounded in Q2)</p>	<p>determine which assets can be invested in in the PEPP.</p>
290.	BIPAR	Question 5	<p>Forcing pension savers into a limited number of investment options, e.g. five as suggested, is a limiting model. Choice and options provide competition and innovation, and by virtue of this, better long term returns.</p>	<p>Disagreed, EIOPA believes the number of investment</p>

				options offered in the PEPP should be limited.
291.	Blackrock	Question 5	<p>We support the flexibility for providers to be able to offer more than one option. We also understand that driver behind limiting the number of investment options to ensure that PEPPs can reach sufficient scale to be cost effective and of a size where they can access the right range of investment opportunities.</p> <p>It is however important to define what is meant by an "investment option". Take for example a target date solution where investors choose a life-cycling strategy based on their planned retirement date. Given the number of differing retirement dates across the EU it is likely that there will need to be numerous target date funds, so that investors will be invested in a different way depending on where they sit in the overall glidepath.</p> <p>In addition would different currency options constitute a different investment option? If so, this would limit the ability of providers to offer the PEPP outside the Eurozone. Finally, if national tax authorities agree to grant tax incentivised status to their citizens investing in a PEPP, they are likely to require a level of ring-fencing between investment options to avoid leakage of tax benefits to non-nationals.</p> <p>We therefore recommend distinguishing between a general investment strategy which there could be a more limited number of strategies and then investment options designed to implement that strategy which reflect differing durations, currencies or national tax regimes.</p>	<p>Agreed</p> <p>Agreed</p>
292.	Bund	der	Question 5	No. We agree that too much choice kills choice. And providers should



	<p>Versicherten e.V. (BdV – German Associati</p>		<p>be advised to limit the number of options being offered. But at least for advice-based PEPPs and for qualified pension savers (knowledge tested), providers should be free to offer as many investment options as they wish. We are not in favour of over regulation that will constraint pension savers too much and we refer to the time-tested success of the IRA (Individual Retirement Account) in the US, which bears none of such regulatroy constraints. In fact IRA holders can even isf 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-loaden) 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 eauity investments).</p> <p>A limited number of options should be recommended but not imposed. To have a simple, intelligible, cost effective and performing default option matters much more.</p> <p>We are also opposed to ban direct investments in securities in a PEPP. The US very successful IRA does not ban it. A majority of PEPP providers will likely not offer this option anyway and a majority of pension savers would be strongly advised not to take it and should be subject like for all MiFID regulated savings products to suitability / appropriateness tests, and could go to this “execution only ” rules only if they are financially literate or have expressly recognised they are aware of the risks.</p> <p>This is also not consistent with the CMU initiative which aims at promoting and developing the role of capital markets in the EU economy. Why ban EU citizens from accessing those directly if they so wish? It will also generate more competition among providers who will likely be pushed to better show how they perform vis-à-vis capital</p>	<p>Disagreed, EIOPA believes the number of investment options offered in the PEPP should be limited.</p> <p>EIOPA envisages that high level investment principles should apply to all PEPP providers. These principles will determine which assets can be invested in in the PEPP.</p>
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			<p>markets.</p> <p>More generally, restrictions and bans on pension savers' options are counter-productive in our view as they deter EU citizens to be attracted by the PEPP, and the issues beneath can be better addressed by the default option design and by Mifid like investor protection rules.</p> <p>Any investment options related to the payment / contribution phase should not endanger the necessary regulations of the pay-out phase (cf. our four basic principles of PEPPs expounded in Q2).</p>	
293.	Cardano Risk Management	Question 5	<p>Making long-term investment decisions is very difficult for most of us (also including investment professionals). It is important that the PEPPs have a clear choice architecture that protects the consumer from extreme outcomes.</p> <p>It is not obvious that the choices should be on investment options as suggested in the consultation paper. It is probably better to offer a limited menu of 'packages' that contains a reasonable combination of risk protections (partner pension etc.) and different degrees of investment risk.</p> <p>In addition, it might not a good idea to specify a maximum (or minimum) number of choices in the PEPP authorisation regime. It is better to apply a prudent person principle combined with strong supervision. This will enable innovation and development of new types of choice architectures that will benefit the consumer.</p>	<p>Agreed</p> <p>Noted</p> <p>Agreed, EIOPA believes the number of investment options offered in the PEPP should be limited without specifying an exact number of investment options. The</p>

				prudent person principle will apply to PEPP investments and is combined with strong supervision
294.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 5	For a standardised product a limitation of investments options is reasonable.	
295.	Deutsche Bank	Question 5	There is a trade-off between the number of options and complexity. Therefore, options should be restricted to an absolute minimum.	Agreed
296.	EFAMA	Question 5	<p>We strongly support the proposal that the number of investment options offered to a specific client should be limited. However, we are not convinced that the PEPP Regulation should specify a number.</p> <p>The important point in our view is that the typical customer of a PEPP provider will be a citizen who will be allocated to the default option in the absence of an active choice.</p> <p>At the same time, if consumers wish to make a decision, they should be allowed to choose the investment strategy that is best suited to them according to their risk profile and their level of risk tolerance, as well as their expected level of retirement income.</p> <p>So the PEPP Regulation will have to be sufficiently flexible to ensure that people will be offered in the market place investment options that match their preferences and circumstances.</p>	<p>Agreed</p> <p>Agreed</p> <p>Partially agreed, EIOPA envisages a PEPP where several investment</p>

			<p>On a different but related point, it should be understood that many PEPP providers are likely to develop a range of investment options sufficiently large to cover different currencies and to target different age groups using target-date funds.</p>	<p>options can be offered. However, self-investment is not envisaged for the PEPP</p> <p>Agreed</p>
298.	European Federation of Financial Advisers and Fina	Question 5	<p>Yes, we agree with the proposal to limit the number of investment options to five.</p> <p>The provision of personal advice is not a mere cost driver: on the contrary, it makes it possible to strike the balance between the necessary limit to the number of investment options and the duty of care/suitability.</p>	<p>Partially agreed, EIOPA believes the number of investment options offered in the PEPP should be limited without specifying an exact number of investment options.</p> <p>Agreed, although EIOPA believes the creation of non-complex investment options within a PEPP may be possible, which eases the requirements on advice</p>
299.	Fairr.de GmbH	Question 5	We clearly support limiting choice to a necessary minimum. In	Agreed

			<p>particular we believe that :</p> <ol style="list-style-type: none"> <li>1. Every provider should offer one default, self explanatory option that can be bought straight off the web without the need for costly advice.</li> <li>2. Any number of product options may be perceived as confusing, particularly if these products offer added flexibility, for instance through insuring biometric risks.</li> </ol>	<p>Partially agreed, the PEPP default investment option must be non-complex.</p> <p>Partially agreed, the PEPP accommodates guarantees and biometric risk covers.</p>
300.	Fédération Française des Sociétés d'Assurances (FFS)	Question 5	We suggest not prescribing the limit to the actual number of investment options that a PEPP provider could offer. For instance, a provider wishing to offer a PEPP with 6 investment options should not be required to structure two separate PEPPs. It also gives more "knowledgeable" consumers the opportunity to choose from more options.	Agreed
301.	Fidelity International	Question 5	We agree that too many choices confuses potential customers. Equally the the customer should be able to access what is best for them. We could accept limitations on choices so long as one choice is a self-investment option for those that want it.	Partially agreed, In order to prevent choice overload EIOPA believes the number of investment options should be limited. It does not envisage a PEPP

				however where self-investment is possible.
302.	Financial Services Consumer Panel	Question 5	Yes. A multitude of investment choices does not in reality generate choice, as is illustrated by consumers' widespread use for default options.	Agreed
303.	FSUG	Question 5	<p>Limit on investment options (pension funds) should be recommended, not required.</p> <p>If the regulation on imposing a default option is considered a complex and comprehensive research and testing is needed. We do not believe that there exists "one-size-fits-all" investment option for all consumers.</p> <p>However, the key to this question is "How the investment options for consumers should be created". Limiting the investment options, where all options are from the principle wrongly designed is a risk to the whole initiative.</p> <p>FSUG recommends to look at this issue from a perspective, where different approaches are considered. For example, there should be requirement that if a provider provides actively managed pension fund, also the passively managed pension fund must be provided. At the same time, if the provider provides a bond pension fund, equity pension fund must be provided. The logic is to have complementing saving vehicles under one provider and not a default option which a poor value compromise.</p> <p>FSUG recommends to have a closer look at examples of IRAs in USA, „2fund" principle in Slovak 1bis pillar and other good practices.</p> <p>FSUG believes that having the possibility to create individual asset mix based on 2 typical assets (long-term bonds vs. Equities) and 2 types of investment strategy employed (active vs. passive) could bring higher value to consumers and allow consumer as well as provider to individually recommend suitable investment mix. This would stimulate the development of online saving tools and user interfaces across Europe, which might help to increase the understanding and activity of</p>	Disagreed, EIOPA believes the number of investment options offered in the PEPP should be limited.

			<p>consumers.</p> <p>However, the transparency and consistency of investment strategy for provided PEPP must be prescribed.</p>	
304.	German Insurance Association (GDV)	Question 5	<p>German insurers welcome EIOPA's efforts to simplify the investment decision for consumers. However, considering the fact that PEPP is intended for voluntary personal retirement savings where consumers are more engaged with their investment decisions than in other forms of pension savings, a broader range of investment options might be more suitable.</p> <p>Free competition will lead to PEPP providers developing products that suit consumers' demands and needs. If there are consumers that are interested in more investment options, PEPP providers should not be hindered to offer them.</p>	Disagreed, EIOPA believes the number of investment options offered in the PEPP should be limited.
305.	Hristina Mitreva – member of OPSG, employees repre	Question 5	<p><input type="checkbox"/> Yes. It is a reasonable limit the number of investment options.</p>	Partially agreed, EIOPA believes the number of investment options offered in the PEPP should be limited without specifying an exact number of investment options.
306.	ICI Global	Question 5	<p>We understand that EIOPA has asked this question in light of behavioral economics studies (described in Annex 2 to the consultation), particularly those that suggest that consumers get overwhelmed with too many investment choices.</p> <p>We encourage EIOPA to take a more nuanced approach to addressing</p>	Partially agreed,

		<p>the challenges identified in the studies rather than limiting investment choices to a specific number. This product is voluntary and is intended to supplement retirement savings in pillars 1 and 2. Therefore, a PEPP provider should have flexibility to offer a range of investment options to succeed in attracting retirement savers into a PEPP.</p> <p>By way of example, our research shows that having “choice” is important to US retirement savers. In the US, a 2014 survey of more than 1,500 individuals whose households had defined contribution (DC) plan accounts, found that 94 percent of DC-owning households agreed that it is important to have choice in, and control of the investments in their retirement accounts, and 82 percent thought that their DC plans had a good lineup of investment options (see Figure 2 in “American Views on Defined Contribution Plan Saving,” ICI Research Report (January 2015) available at <a href="http://www.ici.org/pdf/ppr_15_dc_plan_saving.pdf">www.ici.org/pdf/ppr_15_dc_plan_saving.pdf</a>). At the same time, the use of target date funds –the most popular default investment option in 401(k) plans – is also significant. At year-end 2013, 71 percent of 401(k) plans offered target date funds, 41 percent of participants held target date funds in their accounts, and target date funds were 15 percent of 401(k) plan assets (see “401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2013,” ICI Research Perspective 20, no. 10 (December 2014) available at <a href="http://www.ici.org/pdf/per20-10.pdf">www.ici.org/pdf/per20-10.pdf</a>).</p> <p>In the US, it is also possible to roll over assets from employer-sponsored retirement plans into individual retirement accounts (IRAs), and again there, the US experience indicates that individuals appreciate choice. Among U.S. households with rollovers in their traditional IRAs, 64 percent indicated that one of the reasons for their most recent rollover was to gain access to more investment options (see Figure 14 in “The Role of IRAs in U.S. Households’ Saving for Retirement, 2014,” ICI Research Perspective 21, no. 1 (January 2015) available at <a href="http://www.ici.org/pdf/per21-01.pdf">www.ici.org/pdf/per21-01.pdf</a>).</p>	<p>EIOPA proposes that the number of investment options offered in the PEPP should be limited.</p> <p>Agreed, EIOPA envisages a default/core investment option to be part of the PEPP</p> <p>Agreed, EIOPA envisages a PEPP with the possibility to offer more than one investment option</p>
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		<p>To balance out the EIOPA’s concerns with some consumers’ desire to have choices, EIOPA could consider a number of approaches, which have been used in other jurisdictions. Hong Kong recently went through a consultation about creating a standardized default fund, and they referred to it as creating a “core fund” that could serve as a default fund. See Hong Kong’s Consultation Conclusions at <a href="http://www.mpfa.org.hk/eng/information_centre/Consultations_and_Conclusions/file/Consultation_Conclusions_Providing_Better_Investment_Solutions_for_MPF_Members_Eng.pdf">http://www.mpfa.org.hk/eng/information_centre/Consultations_and_Conclusions/file/Consultation_Conclusions_Providing_Better_Investment_Solutions_for_MPF_Members_Eng.pdf</a>. Similarly, EIOPA could consider requiring each PEPP to have a default investment option that is clearly labeled as a “standard” or “core” option to help steer consumers to this investment choice.</p> <p>UK NEST, which is designed with an understanding that most employees will remain in the NEST default funds, also offers additional choices to its investors. In a speech, Tim Jones, former CEO of NEST explained that the NEST offers these additional choices on the advice of behavioral economists, who recommended giving people some choices to help them feel empowered that they did make a decision (including whether to stay in a default fund). See Insights from the Global Retirement Savings Summit: Japanese and International Experiences (April 2015, Tokyo), soon to be available at <a href="https://www.iciglobal.org/iciglobal/pubs/retirement">https://www.iciglobal.org/iciglobal/pubs/retirement</a>. NEST’s additional fund choices include NEST Pre-Retirement Fund, NEST Lower Growth Fund, NEST Higher Risk Fund, NEST Sharia Fund, and NEST Ethical Fund.</p> <p>While the US does not impose an explicit cap on a number of investments in 401(k) plans, 401(k) plans that permit employees to direct their investments must include a “broad range of investment alternatives” in their plans. See 29 US Code of Federal Regulations 2550.404c-1(b)(3), available at</p>	<p>Please see first resolution in this row</p>
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			<p><a href="https://www.law.cornell.edu/cfr/text/29/2550.404c-1">https://www.law.cornell.edu/cfr/text/29/2550.404c-1</a>. The US Department of Labor explained that “[t]he purpose of the broad range requirement is to enable participants ... to achieve various levels on the risk and return spectrum while at the same time minimizing the risk presented by their portfolio through the allocation of the assets in their accounts.” See preamble to the final regulation, 57 US Federal Register 46906, 46920 (Oct. 13, 1992).</p> <p>A 401(k) plan meets the “broad range of investment alternatives” requirement only if the available investment alternatives are sufficient to provide the participant with a reasonable opportunity to: (a) materially affect the potential return and the degree of risk in his individual account; and (b) choose from at least three investment alternatives. Further, each of the three alternatives must be diversified, must have materially different risk and return characteristics, and, in the aggregate, they must enable the participant by choosing among them to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for the participant; and, each of the alternatives, when combined with other alternatives, tends to minimize through diversification the overall risk of a participant’s portfolio. See 29 CFR Regulation 2550.404c-1(b)(3).</p> <p>This “broad range” requirement has been in place since 1992, and our research shows that, on average, 401(k) plans offer participants 25 investment options (when the suite of target date funds is counted as one investment option, 401(k) plans offer 20 options, on average). See page 15 of The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at 401(k) Plans (2014), available at <a href="http://www.ici.org/pdf/ppr_14_dcplan_profile_401k.pdf">www.ici.org/pdf/ppr_14_dcplan_profile_401k.pdf</a> (the report extracts data from the annual forms filed with the government; the analysis covers more than 35,000 large (100+ participants) DC plans (primarily 401(k)s)).</p>	
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308.	Insurance Europe	Question 5	Insurance Europe would suggest not prescribing the limit to the actual number of investment options that a PEPP provider could offer. For instance, a provider wishing to offer a PEPP with 6 investment options should not be forced to structure two separate PEPPs. It also gives more knowledgeable consumers the opportunity to choose from more options.	Agreed, EIOPA proposes that the PEPP should have a limited number of investment options but does not propose to define the exact number of investment options
309.	Intesa Sanpaolo Vita S.p.A.	Question 5	We agree with EIOPA to limit the number of investment options, considering moreover that actual financial knowledge of EU citizens. In order not to limit the possibility to offer different options, there should be simple rules on clearness and transparency.	Agreed
310.	KBC Asset Management NV	Question 5	It is not clear from the text what is meant with five investment options. So we refrained from answering this question.	Noted
311.	Legal & General Group plc	Question 5	Yes we agree that the number of investment options should be limited to ensure the product offering is kept as simple as possible. There are sufficient products available within the market to cater for people with more specialised requirements.	Agreed
312.	Ministry of Finance of the Czech Republic	Question 5	In general, limiting the number of investment options would present a barrier to competitiveness, innovation and possibility of free choice. On the other hand, we understand the intention to create a clear, transparent and understandable product, therefore we can agree with the limit.	Partially agreed, EIOPA believes the number of investment options offered in the PEPP should be limited. EIOPA

			<p>The question, to which an answer in this consultation is missing, is whether, for the sake of efficiency and consumer protection, the investment limits (e.g. concentration limits, limits to investments in risky assets etc.) should be introduced? We think that EIOPA should further elaborate on this issue.</p>	<p>believes the set-up of the PEPP is such that it leaves sufficient room for innovation in relevant fields</p> <p>Noted, prudent person principles apply for PEPP</p>
313.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 5	<p>Although there are good arguments for not presenting consumers with a large (and potentially bewildering) number of investment options, the NAPF's view is that the EU's role should be to provide a legal framework for PEPPs, rather than to define their features in detail and risk stifling innovation.</p>	<p>Disagreed, EIOPA believes the number of PEPP investment options should be limited.</p>
314.	Nationale-Nederlanden Group	Question 5	<p>No, although we believe that it is better to limit the number of investment options. We know from behavioral studies that more isn't better regarding investment choice. However, a maximum number of investment options should not be prescribed.</p>	<p>Agreed, the number of investment options in the PEPP should be limited. A specific number is not prescribed.</p>
315.	PensionsEurope	Question 5	<p>We think that PEPP providers should have sufficient freedom when developing the different investment options of the PEPP. However, the PEPP should also be easy to distribute and should stay simple to avoid confusion for consumers. Rather than limiting the different investment</p>	<p>Agreed</p>

			options to 5, there should be a legal framework or guided architecture in place that provides for different investment options, among which a high, a medium and a low risk option and a LCS or guaranteed option.	
316.	Previnet outsourcing Solutions	Question 5	A limit to investment option is advisable. 5 being a possible number.	Agreed
318.	State Street Corporation	Question 5	<p>State Street supports EIOPA's intention to limit the number of investment options that would be available to consumers.</p> <p>Research has shown that participation rates generally decline as the number of investment options increases. Furthermore, when faced with too much choice, participants often revert to the one thing they understand: cash. This type of research has led providers to deliberately limiting the number of investment options available and therefore we support EIOPA's proposal though we would question whether five could be too few.</p>	Agreed
319.	The Association of International Offices (AILO)	Question 5	<p>No. It is apparent from the Paper that EIOPA envisages "options" to mean funds or baskets of assets offered by the provider with no further choice available to the client. While for unsophisticated clients a limited choice may be sensible, five options appears too restrictive. What might those options be? Perhaps a cautious fund; aggressive fund, balanced fund etc? Would the client be able to switch between these from time to time or spread contributions across them? Concentrating on apparently less risky or de-risking investment options without wider choice for the client may well act as a disservice to clients and restrict the potential size of the ultimate pension pot.</p> <p>For more sophisticated higher net-worth clients we see no reason why there should be any limitation on the investment options available</p>	<p>Agreed, the number of investment options in the PEPP should be limited. A specific number will not be prescribed. Switching between PEPP investment options is not prohibited</p> <p>Partially agreed, EIOPA believes the number of</p>

			beyond what is allowable by overarching Regulation.	investment options offered in the PEPP should be limited.
320.	The Danish Insurance Association	Question 5	We do not see a need to limit the number of investment options as long as there are certain requirements to the default option, just like EIOPA proposes. Consumer protection is ensured by constraining default options, for example by requiring that the default option contains a life cycling strategy or a guarantee. However, there is no need to limit choice for more able and interested consumers.	Disagreed, EIOPA believes the number of investment options offered in the PEPP should be limited.
321.	The investment association	Question 5	The behavioural economics literature shows that too much choice can be paralysing for consumers and so we support the idea of a default with a limited number of investment options. However, we do not have a view on what is the right number of options – this is something that should ideally be tested with consumers.	Agreed
322.	Vanguard Asset Management, Limited	Question 5	<p>While Vanguard agrees that PEPP providers should keep the presentation of PEPP investment choices simple and, thus, avoid the potential for choice overload, we believe it would be beneficial for PEPP providers to be given flexibility in the offering of investment options. One approach we have found to be very effective when offering retirement investors a choice of options is to “tier” the investment options offered, in order to simplify communication and decision-making, while continuing to offer diversification for investors who truly desire it.</p> <p>For example, a typical investment menu might present options in the following “tiers:”</p> <ol style="list-style-type: none"> <li>1. All-in-one Options – Appropriate for the Default: These asset allocation investments are usually index-based target-date or life-cycle funds for participants who lack the experience, time or inclination to</li> </ol>	

			<p>construct portfolios on their own and prefer to have the provider manage their investments. As EIOPA has pointed out in the Consultation, PEPP holders will overwhelmingly gravitate to default options and our experience is that these all-in-one options serve as very effective default investments, successfully serving the overwhelming majority of potential retirement investors.</p> <p>2. Index Options: These low-cost index investments make up the core of a menu and are for investors who want to build and manage their own portfolios.</p> <p>3. Active/Specialty Options: These actively managed funds or specialty investments are for investors seeking to fine-tune or incorporate active manager risk into their portfolios using an expanded array of investments.</p> <p>We believe that, in lieu of a hard and fast maximum number of investment options, EIOPA should consider encouraging PEPP providers to present investment choices in this manner, for example, by explicitly stating that this type of tiered investment option communication approach would be a best practice method for offering and communicating multiple PEPP investment options.</p> <p>We would welcome the opportunity to further discuss our experience with tiered investment menus with EIOPA.</p>	<p>Noted. EIOPA believes the number of PEPP investment options should be limited.</p>
323.	VVO	Question 5	<p>We suggest not prescribing the limit to the actual number of investment options that a PEPP provider could offer.</p>	<p>Agreed</p>
324.	Vzbv	Question 5	<p>As written above we believe that only one default option fulfils the criteria laid down under 3.3.3. at page 11 of the consultation paper. This default requires only one investment strategy.</p>	<p>Partially agreed, EIOPA does envisage a PEPP where offering more than one</p>

				investment option is possible.
325.	WIT	Question 5	There is some evidence to suggest that individuals have difficulties in coping with lists of more than 7 items. Thus 5 options seem to afford a reasonable degree of choice.	Agreed.
326.	Working Group on Shariah financial and insurance p	Question 5	The strategy follows an overall diversified investment option limited to the best suited investments within the program and indicates a maximum of not more than five and a minimum of one investment concept that includes already the life-cycle switch strategies without any need of further investment decisions for the customer during the contract and no individual selections.	Partially agreed, EIOPA believes the number of investment options offered in the PEPP should be limited. EIOPA does not envisage a PEPP regime where the exact number of allowed investment options is regulated.
327.	Zurich Insurance Group	Question 5	Different consumers have different needs when it comes to investment options, so the priority should be about ensuring that options are appropriate and that consumers have sufficient guidance. There would be instances where more options might be relevant and address multiple retirement situations (for example, flexible retirement ages and different choices at retirement). Specifically, if a PEPP is serving consumers in multiple countries it will need a number of default funds linked to the official currency of each country.	Partially agreed, EIOPA believes the number of investment options offered in the PEPP should be limited. EIOPA does not envisage a PEPP



			<p>A more fitting approach would be a requirement that the fund choices are appropriate to the customer concerned and that the guidance provided is sufficient rather than identifying a specific number of investment options.</p> <p>We also note that a set limit could be easily circumvented by the consumer taking out two or more PEPPs.</p>	<p>regime where the exact number of allowed investment options is regulated.</p>
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 6	<p>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.</p> <p>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.</p> <p>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:</p>	<p>Partially agreed, EIOPA believes any investment option should aim to maximise returns at a defined level of risk</p> <p>Partially agreed, please see resolution in row 332.</p>

			<ul style="list-style-type: none"> <li>- 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.</li>   <li>- 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.</li>   <li>- 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.</li> </ul> <p>The OPSG believes that for all investment options, the potential maximum loss should be made clear in PEPP's pre-contractual</p>	Noted
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			information. This information should be also provided when savers choose the default investment option.	
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 6	<p>The IRSG agrees that PEPPs should contain a default investment option.</p> <p>However, PEPP providers should be allowed to determine how this default option is designed, based on one of the following investment strategies:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees</li> <li><input type="checkbox"/> Long-term collective investments with a smoothing of returns</li> <li><input type="checkbox"/> Life cycling with de-risking</li> </ul>	Agreed, please see resolution in row 332.
328.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 6	<p>This is again a question of detail. Assuming that the question</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> is only addressing truly individualized products and</li> <li><input type="checkbox"/> the 2nd regime does not include collective schemes</li> <li><input type="checkbox"/> and it refers only to the default investment option</li> </ul> <p>yes.</p>	Agreed
329.	ACA	Question 6	Yes, we agree that a prudent default investment option should be provided for.	Agreed
330.	Af2i Association française des investisseurs insti	Question 6	We think that the default investment option might be improved by a minimum return guaranty and has to benefit of a mandatory de-risking strategy.	Agreed, this combination would be possible under the PEPP regime
331.	AFG	Question 6	No, we don't think that a guaranteed option is a good default option. We think that only a lifecycling option is suitable as a default option. A guaranteed option with a 0% return has no chance to beat inflation.	Partially agreed, EIOPA envisage a PEPP core investment option where

				both strategies can be offered
332.	Allianz	Question 6	We are not yet convinced that a singular default investment option is beneficial to all market participants (is there a 'best' ?). However it should be default that customers have a certain level of planning security, which is usually generated by a minimum return guarantee. If customers take risks they should be taken consciously.	Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
333.	Amundi	Question 6	Amundi considers that the life-cycle strategy with de-risking should be	Partially agreed,

			the single default option. Indeed the present market situation with very low interest rates may last a long time and a 0% guarantee will deprive investors of a good part of possible return. It is probably necessary to offer this guarantee as an option but not as the default option because it would not result as a good advice.	EIOPA envisage a PEPP default/core investment option where both (and more) strategies can be offered
334.	ANASF	Question 6	Yes, we agree with this proposal: the default investment option should be based on a "safeguard solution" for the average PEPP holder: preferably a 0% minimum return guarantee; also a life-cycle strategy with de-risking may be envisaged as a second best solution.	Agreed, please see resolution in row 332.
335.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 6	<p>Although APFIPP agrees with the benefits of having a default option, as already mentioned in Questions 4 and 5, we believe that PEPP providers should have enough freedom to decide the investment options they intend to offer their current and potential clients.</p> <p>This includes not being forced to offer a default option, if the PEPP provider so chooses, even in the case it offers more than one investment option.</p> <p>It should be noticed that a default option is only workable if the PEPP provider is also the distributor or if the distributor only sells PEPPs from a unique provider. Otherwise, the distributor will be offering as many default options as the number of providers of the PEPPs that it</p>	<p>Agreed</p> <p>Disagreed, the PEPP should be attractive to consumers with limited financial knowledge. The default/core investment is also suitable for that group.</p> <p>EIOPA believes distributors can offer more than one PEPP provided they</p>

			<p>distributes, which poses the question of which default option should be offered to the client.</p> <p>Additionally, we find it hard to have a single default option that suits every client, because they have different personal characteristics, such as age, attitude towards risk, level of income / wealth, etc..</p> <p>The fact that we have a vehicle with strict investment rules – just like we have with UCITS – will be a sufficient standard and therefore a default option will not be necessary.</p> <p>This being said, if the PEPP provider wishes to offer a default option, we also consider that he default option does not need to have a guarantee or a LCS with de-risking. The PEPP provider should determine, based on its skills and competences and also on the characteristics of its current and potential clients, what the default option should be.</p> <p>This does not mean that we oppose that the investment option has a guarantee or a LCS with de-risking, we just consider that neither of those options should be mandatory.</p>	<p>are well informed about the differing risk profiles of the different default/core investment options</p> <p>EIOPA believes providers can develop defaults/core investment options that are suitable for the majority of consumers</p> <p>Partially agreed, please see resolution in row 332.</p>
336.	Association for Financial Markets	Question 6		

	in Europe (AFME)			
337.	Association of British Insurers	Question 6	<p>As mentioned in question 4, any investment option requiring a life-cycling (or life-styling) approach with de-risking, on a mandatory basis, would not be appropriate for the UK market, where there is a trend of moving away from guarantee-based products. We would also point out that EIOPA should be careful in making a direct connection between life-cycling equating to 'no risk'.</p> <p>As previously mentioned, this would conflict with the varying national approaches to prescriptive retirement age. Providers will not know if, or when, to begin life-styling as this will depend on the individual choices of consumers, rather than a default retirement age or path for decumulation.</p> <p>For example, in the UK, the recent pension reforms have had a significant impact on consumer behaviour. Default investment options designed for annuity-purchase may no longer be suitable for a large proportion of the retiring population in the UK, and changing these options for existing consumers can be challenging contractually and administratively. As explained in question 4, this may be unsuitable for consumers who would like to access their pension fund at age 55, as permitted with the pension freedoms since April 2015, and keep their pension fund invested and use income drawdown to provide them with</p>	<p>Agreed, EIOPA does not consider a de-risking strategy to mean 'no risk'</p> <p>Disagreed, the fact that a consumer might change his mind with regard to a target retirement date does, in EIOPA's view, not mean that a target retirement date cannot be chosen in the pre-contractual phase. The initial investment policy should take into account that initial choice.</p> <p>Agreed, please see resolution in row 332.</p>

			<p>an income in retirement. Moving pension funds to a lower risk asset is likely to reduce the investment returns for these consumers.</p> <p>Finally, we would also like to point out that requiring any mandatory, prescriptive approach in terms of investment options may serve to stifle innovation.</p>	
338.	Assofondipensione , Assoprevidenza and Mefop	Question 6	<p>It should be up to Member States to define the investment option that better fit with national view on what the optimal default option is.</p> <p>However, when arranging for the default line, EIOPA should take into account the national regulations already existing in this field. In some Member States it is mandatory to have a life-cycle strategy option available, in other countries a guarantee is mandatory. For example in Italy the default line has to provide members with a minimum guarantee (either a 0% minimum return or a fixed return, for example 1%). The provision of a minimum guarantee is usually more expensive than a life-cycle strategy, particularly in the current low interest rates environment. Thus if the national law requires a given default option, providers of PEPP need to abide by the national legislation in offering at least the investment option that responds to national rules.</p>	Agreed, the PEPP has the flexible elements to cater for these national characteristics however
339.	Assogestioni	Question 6	<p>We agree on the proposal regarding the default option containing a life-cycle strategy, but we also believe that in order to meet the consumers' needs, the PEPP providers should have adequate freedom in designing the investment strategies.</p> <p>We recognize it is important to design a default option, clearly recognizable and designed to meet the average PEPP holder's needs, but we also support the idea that the PEPP providers should have sufficient freedom in designing the default option and we deem it particularly important to ensure that no obligation to offer a default option with a guarantee is established.</p>	<p>Agreed</p> <p>Agreed, please see resolution in row 332.</p>



340.	Better Finance	Question 6	<p>As we started to explain under Question 4, we favour a simple, intelligible and protective default investment option, as this feature is mostly aimed at the least financially literate citizens.</p> <p>Therefore , we ask for a default option that guarantees a 0% minimum real return at retirement (and certainly not a 0% minimum nominal return as explained under Question 4) : it is simple, intelligible and protective as currently too many pension products deliver negative real returns over the long term as research evidence demonstrates.</p> <p>It is also a realistic option considering the developments of financial innovation and – in particular – the development of the sovereign long term (30 year or more) inflation protected bonds markets, and also on the current projects around developing infrastructure investment markets, as infrastructure investment income typically provide inflation protection.</p> <p>The issue of investing in the decumulation phase must be addressed both in this default option and in the life cycle one as EU citizens have a longer life expectancy when they reach retirement age, often 20 years or more and increasing. We propose that annuities should also be inflation-protected in this default option. It may then be necessary to limit the switching options in that default option case. Also, only for this default option, it may be more protective for the least financially literate and for the « weaker » (lower income persons) pension savers to allow only annuities as a decumulation option, provided they are competitive, i.e. PEPP holders will have the right to look for the best inflation protected annuity provider in the market at the time of retirement, or when switching (when allowed).</p> <p>We are concerned about having a life cycle approach as a default option for the following reasons :</p> <ul style="list-style-type: none"> <li>- As mentioned above it is not an option that is simple and intelligible for the majority of EU citizens. To start with, they most likely do not understand the word itself. In particular it is much less</li> </ul>	<p>Partially agreed, the form of guarantee in the default/core investment option is determined by the PEPP provider. Offering a de-risking strategy is possible</p> <p>Agreed, EIOPA may investigate further with regard to the decumulation issue mentioned</p> <p>Noted, please see resolution in row 332.</p> <p>The PEPP is a product where</p>

			<p>understandable for the average pension than an inflation protected plan. EIOPA should consumer test such an option as we are concerned a large majority of EU citizens will not understand it.</p> <ul style="list-style-type: none"> <li>- We are very concerned that it is not as protective an option as the inflation protection one (0% minimum real return at retirement). Indeed even research published by the asset management industry shows that life cycle investing strategies delivered poorer results than fixed allocation strategies for example.</li> <li>- the very diverging strategies and therefore returns among such products: Better Finance studied US personal pensions life cycle products: at age 35: US leading providers allocate from 60 to 90 % equity (plus inside the equity part: from 40 to 53% foreign equity). The dispersion of returns will be very high.</li> <li>- Life cycle strategies are not adapted to the decumulation phase which can be very long. This is a major weakness of life cycle products that should not be overlooked. What time horizon: age 65 (retirement age) or age 92 like targeted in US personal pension life cycle products.: 0% equities at 65 if you convert your balance into annuities, or still 50% if one opts for capital withdrawals ?</li> <li>- Life cycle products are often not cheap in terms of costs and charges, in particular when they are executed through funds of funds which add a second layer of fees. They are likely to be more costly than than an inflation protected plan. Independent research shows that next to asset allocation , the level of fees is the key driver for long term performance. At the very least EIOPA should then cap the overall fees for these life cycles products if used as the default option.</li> </ul> <p>Also, these negative returns are not only caused by poor investments during the accumulation phase, but by opaque and unfavorable tariffs calculations of the annuities as well. Life expectancy is mostly calculated higher than it is in reality. But the necessary « prudential calculation » can be overdone, and the monthly amount of pensions being paid out can be reduced dramatically (i.e. by changing the mortality table during the duration of the contract). The so called « risk</p>	<p>the consumer bears (at least part of) the investment risk. Consumers seeking absolute security would have access to other products than the PEPP.</p> <p>PEPP providers would have sufficient room for developing innovative de-risking strategies also taking into account decumulation issues.</p> <p>Effective (cost) disclosure requirements for the PEPP are intended to prevent excessive costs from being levied.</p>
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		<p>benefits » are reimbursed to the policyholders only partially and with delay, as the case of Germany clearly shows. So even if the 0% minimum return is guaranteed, insurers still have a lot of possibilities to reduce their pay-outs.</p> <p>That is the reason why it is so important to make a clear distinction between the decumulation phase of any assets of securities and the pay-out phase of an annuity insurance. The former depends on the current developments of the financial markets the latter depends mainly on tariff calculations by the insurers (only the surplus depends on the current developments of the stock markets). Related to an annuity insurance there is no « asset decumulation », because the capital (resulting from the premiums) still belongs entirely to the insurer. Therefore the insurer guarantees a life-long annuity.</p> <p>In order to ensure a high minimum standard of consumer protection, the terms and conditions of the calculation of the annuity ought to be disclosed and fixed in an obligatory way at the moment of the contract conclusion (mortality table, participation at risk benefits, fees for any changes of the contract etc.). Product regulation of PEPP must include this parameters.</p> <p>The research work of Professor Oskar Goecke (see footnote 3 above) shows that the proposal for a traditional investment alternative, either a minimum return guarantee or a life-cycling strategy, may not be sufficient. As Goecke explains: "Pension savers expect fair participation in the capital market returns and stable performance of their assets. However, high market returns can only be expected if the underlying assets of the pension fund are invested into risky assets which in turn generate volatile returns. Even if the ups and downs of the capital returns may level out in the long run, pension managers try to secure a stable (at least non-decreasing) performance of the individual pension accounts. If one wants to separate the performance of the individual pension accounts from the capital market returns one needs a "third party" who is serving as a buffer. (...) In this paper we introduce the concept of collective saving and discuss the advantage of intergenerational risk transfer. The model we investigate is closely</p>	<p>EIOPA proposes to introduce standardised disclosures during the accumulation phase</p>
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			<p>related to models for with-profit business. The main difference is that we have no entity "insurance company" or "equity". We instead assume a self-administered pension fund with a pension manager solely working to the benefit of the savers/pensioners".</p> <p>We recommend to take the results of this research work into consideration for the payment / contribution phase as well as for the decumulation / pay-out phase of PEPPs. European pension savers must be sure that the investment options offered by PEPPs are up-to-date, comprehensive and validated by science.</p>	
341.	BIPAR	Question 6	<p>We believe that it should be left to every provider to (each) choose a default option. We have some doubts though whether default options are workable in practice because whether or not an option is appropriate or suitable depends entirely on the specificity of the situation of the consumer (age, family situation, patrimonium, tax, social situation, profession, state of the economy) and on the amount that will be spent yearly in the PEPP (in proportion to the income or available family income or patrimonium).</p>	Disagreed, please see resolution in row 332.
342.	Blackrock	Question 6	<p>We would recommend a different approach to constructing the default solution. We note that there has been considerable focus on simpler and transparent investment products for retail investors, particularly in the Netherlands and the UK. We have highlighted a UK example below.</p> <p>The UK's stakeholder pension scheme or default schemes on auto-enrolment offer a number of common characteristics in relation to charges, contributions, transfers and the design of the default fund. [See explanation on Stakeholder Pensions from The Pensions Advisory Service at <a href="http://www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/contract-based-schemes/stakeholder-pension-schemes?moreInfo=4">http://www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/contract-based-schemes/stakeholder-pension-schemes?moreInfo=4</a>]</p> <p>Simplicity</p>	Agreed

		<p>In terms of simplicity, the ability to offer a default option is key given that the majority of individuals who are compelled to save will chose the default option. The UK Pension Regulator in collaboration with its Investment Governance Group has laid out principles for the design and governance for default funds in DC funds.[ Principles for investment governance of work-based DC pension schemes”, <a href="http://www.thepensionsregulator.gov.uk/about-us/principles-igg-dc.aspx#s7875">http://www.thepensionsregulator.gov.uk/about-us/principles-igg-dc.aspx#s7875</a> risk and return] The principles require those designing default investment options to ensure:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the default strategy takes account of a range of member risk profiles and needs and is designed appropriately,</li> <li><input type="checkbox"/> appropriate time for design, review and monitoring of the default strategy as compared with other investment options,</li> <li><input type="checkbox"/> there are clearly defined strategic objectives for the default strategy in terms of the levels of risk and returns inherent in achieving the desired outcomes for members,</li> <li><input type="checkbox"/> the membership data on which the default strategy is based is as robust and detailed as is practical,</li> <li><input type="checkbox"/> the design of an appropriate default strategy considers, as far as is possible, the needs of the broad membership, including: <ul style="list-style-type: none"> <li>o risk and return (net of fees/costs)</li> <li>o its position in relation to all other investment options</li> <li>o members’ expected term to retirement</li> <li>o members’ attitude to risk</li> <li>o the expected format and structure of their retirement benefits,</li> </ul> </li> </ul>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
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			<p><input type="checkbox"/> that investment fees/costs are reasonable and competitive given the performance expectations of the strategy,</p> <p>The UK's Department for Work and Pensions published further guidance on 'Offering the Default Option for Defined Contribution Automatic Enrolment Pension Schemes' in 2011 [<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/185056/def-opt-guid.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/185056/def-opt-guid.pdf</a>]. This sets out further detail for design and monitoring of default options in DC arrangements. These guidelines were produced after extensive consultation with industry and other stakeholders and provide valuable and relevant insight into the design of default funds in a pensions framework.</p>	Agreed
343.	Bund der Versicherten e.V. (BdV - German Associati	Question 6	<p>As we started to explain under Question 4, we favour a simple, intelligible and protective default investment option, as this feature is mostly aimed at the least financially literate citizens.</p> <p>Therefore , we ask for a default option that guarantees a 0% minimum real return at retirement (and certainly not a 0% minimum nominal return as explained under Question 4) : it is simple, intelligible and protective as currently too many pension products deliver negative real returns over the long term as research evidence demonstrates.</p> <p>It is also a realistic option considering the developments of financial innovation and – in particular – the development of the sovereign long term (30 year or more) inflation protected bonds markets, and also on the current projects around developing infrastructure investment markets, as infrastructure investment income typically provide inflation protection.</p>	Noted, please see resolutions in row 340

		<p>The issue of investing in the decumulation phase must be addressed both in this default option and in the life cycle one as EU citizens have a longer life expectancy when they reach retirement age, often 20 years or more and increasing. We propose that annuities should also be inflation-protected in this default option. It may then be necessary to limit the switching options in that default option case. Also, only for this default option, it may be more protective for the least financially literate and for the « weaker » (lower income persons) pension savers to allow only annuities as a decumulation option, provided they are competitive, i.e. PEPP holders will have the right to look for the best inflation protected annuity provider in the market at the time of retirement, or when switching (if allowed).</p> <p>We are not in favour of a life cycle default option for the following reasons :</p> <ul style="list-style-type: none"> <li>-As mentioned above it is not an option that is simple and intelligible for the majority of EU citizens. To start with, they most likely do not understand the word itself. In particular it is much less understandable for the average pensioner than an inflation protected plan. EIOPA should consumer test such an option as we are concerned a large majority of EU citizens will not understand it.</li> <li>-We are very concerned that it is not as protective an option as the inflation protection one (0% minimum real return at retirement). Indeed even research published by the asset management industry shows that life cycle investing strategies delivered poorer results than fixed allocation strategies for example .</li> <li>-The very diverging strategies and therefore returns among such products: Better Finance studied US personal pensions life cycle products: at age 35: US leading providers allocate from 60 to 90 % equity (plus inside the equity part: from 40 to 53% foreign equity). The dispersion of returns will be very high.</li> <li>-Life cycle strategies are not adapted to the decumulation phase which</li> </ul>	
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		<p>can be very long. This is a major weakness of life cycle products that should not be overlooked. What time horizon: age 65 (retirement age) or age 92 like targeted in US personal pension life cycle products.: 0% equities at 65 if you convert your balance into annuities, or still 50% if one opts for capital withdrawals ?</p> <p>-Life cycle products are often not cheap in terms of costs and charges, in particular when they are executed through funds of funds which add a second layer of fees. They are likely to be more costly than than an inflation protected plan. Independent research shows that next to asset allocation , the level of fees is the key driver for long term performance. At the very least EIOPA should then cap the overall fees for these life cycles products if used as the default option.</p> <p>Also, these negative returns are not only caused by poor investments during the accumulation phase, but by opaque and unfavorable tariffs calculations of the annuities as well. Life expectancy is mostly calculated higher than it is in reality. But the necessary « prudential calculation » can be overdone, and the monthly amount of pensions being paid out can be reduced dramatically (i.e. by changing the mortality table during the duration of the contract). The so called « risk benefits » are reimbursed to the policyholders only partially and with delay, as the case of Germany clearly shows. So even if the 0% minimum return is guaranteed, insurers still have a lot of possibilities to reduce their pay-outs.</p> <p>That is the reason why it is so important to make a clear distinction between the decumulation phase of any assets of securities and the pay-out phase of an annuity insurance. The former depends on the current developments of the financial markets the latter depends mainly on tariff calculations by the insurers (only the surplus depends on the current developments of the stock markets). Related to an annuity insurance there is no « asset decumulation », because the capital (resulting from the premiums) still belongs entirely to the</p>	
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		<p>insurer. Therefore the insurer guarantees a life-long annuity.</p> <p>In order to ensure a high minimum standard of consumer protection, the terms and conditions of the calculation of the annuity ought to be disclosed and fixed in an obligatory way at the moment of the contract conclusion (mortality table, participation at risk benefits, fees for any changes of the contract etc.). Product regulation of PEPP must include this parameters.</p> <p>The research work of Professor Oskar Goecke (cf. Q 4) proves that the proposal only of a traditional investment alternative, either a minimum return guarantee or a life-cycling strategy, is not sufficient. As Goecke explains: "Pension savers expect fair participation in the capital market returns and stable performance of their assets. However, high market returns can only be expected if the underlying assets of the pension fund are invested into risky assets which in turn generate volatile returns. Even if the ups and downs of the capital returns may level out in the long run, pension managers try to secure a stable (at least non-decreasing) performance of the individual pension accounts. If one wants to separate the performance of the individual pension accounts from the capital market returns one needs a "third party" who is serving as a buffer. (...) In this paper we introduce the concept of collective saving and discuss the advantage of intergenerational risk transfer. The model we investigate is closely related to models for with-profit business. The main difference is that we have no entity "insurance company" or "equity". We instead assume a self-administered pension fund with a pension manager solely working to the benefit of the savers/pensioners. " We recommend to take the results of this research work into consideration for the payment / contribution phase as well as for the decumulation / pay-out phase of PEPPs. European pension savers must be sure that the investment options offered by PEPPs are up-to-date, comprehensive and validated by science.</p>	
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344.	Cardano Risk Management	Question 6	<p>The default solution in the accumulation phase must be derived from the goal/objective with the savings (i.e. decumulation phase), see our response to Question 3. The default option should be designed in such way that extreme outcomes are avoided. This includes both biometric and investment risks, see our response to Question 5.</p> <p>In our opinion, the main objective with a default investment option is to provide the consumer with a decent outcome in the decumulation phase and protect the consumer against extreme downside in the decumulation phase. But,</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> a 0% minimum return guarantee requires that the investment portfolio is matched using long dated nominal bonds or swaps. Imposing a 0% minimum return guarantee, at current low interest rates, exposes the consumer to significant inflation risk;</li> <li><input type="checkbox"/> the term 'life-cycling strategy with de-risking' is not further specified and is open to interpretation. The main challenge is that the definition of risk depends on what type of retirement solution the consumer chooses for the decumulation phase.</li> </ul> <p>We argue that the PEPP authorisation regime should prescribe "a mandatory default choice which includes a de-risking mechanism as the consumer gets closer to retirement age". The de-risking strategy is conditional on the consumer's choice of decumulation solution. See our response to Question 4.</p>	<p>Agreed</p> <p>Agreed</p> <p>Partially agreed, please see resolution in row 332.</p>
345.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 6	Both approaches are reasonable. It should be the providers' choice how to create the various types and features of guarantees (especially type and guarantee level).	Agreed
346.	Deutsche Bank	Question 6	We strongly believe that a life-cycle strategy should not be assisted by a guarantee.	Noted

347.	EFAMA	Question 6	<p>The case for a lifecycle strategy as a default</p> <p>The design of default investment options in defined contribution (DC) pension plans is of critical importance for policy-makers. This has been underlined by many stakeholders, including the International Organisation of Pension Supervisors (IOPS) and the Organisation for Economic Co-operation and Development (OECD). EFAMA has also put a strong accent on this in its 2013 OCERP report, stressing, inter alia, the need to design a default option in a way that it would meet the requirements of individuals who are unable or unwilling to make an investment choice.</p> <p>There is an increasing international consensus that life-cycle strategies provide the specific advantage of reducing risk when the retirement date gets closer, which makes the retirement capital less volatile close to the end of the accumulation phase.</p> <p>The question of whether a life-cycle strategy would indeed be optimal for consumers has been analysed in recent research papers. Poterba et al (2009)<sup>1</sup> find that life-cycle strategies generate slightly higher expected utility than fixed-income strategies. A number of studies show that fixed-portfolio strategies tend to generate a higher level of retirement wealth than life-cycle strategies. However, they achieve this result by leaving consumers more vulnerable to market downturns when they are nearing retirement age.</p> <p>The intuition behind this result is clear: based on the evidence provided by historical returns, equity provides superior returns to bonds, on average. Therefore, it may be advantageous to keep a relatively high exposure to equity up to retirement age. However, the higher return of equities comes with higher risk. Hence, consumers who want to</p>	<p>Agreed</p> <p>Agreed</p>
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		<p>protect themselves against the risk of severe market downturns towards the end of their careers need to consider an investment strategy that reduces the proportion of equity as the planned retirement approaches.</p> <p>IOPS (2012)<sup>2</sup> supports this view and considers that life-cycle strategies “are generally designed to be appropriate for the broad mass of pension fund members and therefore may be considered suitable as the default in all types of pension system”.</p> <p>For these reasons, EFAMA supports the use of a life-cycle strategy with de-risking as the default investment option of a PEPP.</p> <p>The design of a lifecycle default strategy</p> <p>The design of the PEPP’s default lifecycle strategy should be based on the following principles:</p> <p><input type="checkbox"/> The rules to guide providers in the design of a life-cycle default option should focus on high-level principles. The EU legislative framework should provide a definition of a life-cycle strategy in the way proposed by EIOPA, i.e. a life-cycle strategy is one that keeps somewhat riskier assets in the early stages of the pension lifetime to achieve capital growth and, as the pension holder is close to retirement, it switches to a more conservative approach designed to consolidate the capital growth already achieved and avoid market volatility. The EU legislative framework should leave it to the provider to (i) define the glide path, (ii) choose a pre-determined or a dynamic allocation strategy, (iii) opt for a life-cycle strategy using a mix of funds or a single fund, and (iv) make an active choice of investments</p>	<p>Partially agreed, please see resolution in row 332.</p> <p>Agreed</p>
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		<p>across different asset classes and different markets.<sup>3</sup></p> <p><input type="checkbox"/> The communication material should help the consumer understand the glide path of the default life-cycle s/he is being offered. The glide path of a life-cycle strategy being offered as a default option should be presented in the pre-enrolment communication material in the “investment policy” description. This should help the consumer understand the asset classes being used and the level of risky assets s/he will hold a few years before retirement.</p> <p><input type="checkbox"/> Each product should offer only one glide path strategy. In case of Target Date Funds (TDF), each provider should be able to offer a range of TDFs organized by five or ten year increments that can fit the holders’ expected retirement date (e.g. TDF 2020, TDF 2025, TDF 2030, etc.). However, each product should offer one glide path for each target date to ensure that people won’t have to make any choice when opting for the default option.</p> <p>The case for a guaranteed default strategy</p> <p>EFAMA would understand that the EU regulator authorises PEPP providers to offer either a lifecycle or a guaranteed default strategy, but it is important to acknowledge that the cost of a guarantee in terms of foregone returns and, hence, lower retirement wealth accumulation, can be significant if the guarantee is used throughout the entire pension accumulation phase. It is therefore important the consumer is informed that a guarantee comes at a higher cost.</p> <p>We should not underestimate the current market conditions providers are operating in, where the guarantees promised are higher than the returns on investment grade fixed income markets. The low interest</p>	<p>Does EFAMA mean ‘Each investment option’ instead of ‘Each product’?</p> <p>Agreed, (prospective) PEPP holders will be informed about the costs incurred</p>
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		<p>rate environment has made some governments lower the guaranteed rates for pension products/schemes. It is also interesting that the EIOPA's 2014 report on "Low interest rate environment stock taking exercise" reports the tendency to decrease the guarantees in the new contracts and shift towards products with no guarantees.</p> <p>It should also be clear that a PEPP assisted by a guarantee offers limited exposure to risk premium for long-term investment.</p> <p>In general, we consider that the best protection against market risk is to invest in a diversified portfolio over a long period, with a de-risking strategy if the consumer wants to be protected against severe losses when s/he need to rely on their accumulated savings to generate a retirement savings.</p> <p>The OECD stresses this point in its "Roadmap for the good design of DC pension plans". The literature on this subject also stresses the point that providing choice between investment options can lead to better outcomes. By way of illustration, Viceira shows that individuals who expect to receive Social Security benefits and pension income after retirement should choose a target retirement date for their funds based on their life expectancy, not their expected retirement date.<sup>4</sup></p> <p>1 Poterba M.,Rauh J., Venti S. and Wise D., 2009: "Life-cycle asset allocation strategies and the distribution of 401(k) retirement wealth", Chapter of Developments in the Economics of Aging. University of Chicago Press.</p> <p>2 International Organisation of Pension Supervisors (IOPS), 2012. Supervising default investment funds. IOPS Working Papers on Effective Pensions Supervision, No.18.</p>	<p>Noted</p>
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349.	European Federation of Financial Advisers and Fina	Question 6	Yes, we agree with this proposal: the default investment option should be based on a ""safeguard solution"" for the average PEPP holder: preferably a 0% minimum return guarantee;; also a life-cycle strategy with de-risking may be envisaged as a second best solution.	Agreed
350.	Fairr.de GmbH	Question 6	<p>Agree in principle :</p> <p>1. The default option should also consider the benefit from pooling risks in an investor collective. From an actuarial perspective a large enough collective with acceding and deceding members has an infinite duration, and would thus be capable to remain almost fully invested in illiquid assets and equities while still providing the necessary stability and liquidity for individual pensioners needs as they require.</p> <p>2. Please note that such an investor collective need explicitly NOT be an insurance firm.</p>	Agreed, the proposed PEPP regime does allow this
351.	Fédération Française des Sociétés d'Assurances (FFS)	Question 6	This feature is more common in second pillar pensions where automatic enrolment applies. We would therefore favour a more flexible product structure, which would consist of a safe option, plus a number of alternative options.	Partially agreed, EIOPA proposes that the number of investment

			<p>In France where mandatory duty of advice applies, a “default option” approach may not be viable, as consumers will always have to make an active choice.</p> <p>Investment options based on life-cycling can in principle offer some benefits in terms of returns. However, it should be recognised that in this case, the PEPP would be a pure individual Defined Contribution (DC) product that do not provide any real guarantee or minimum return. In fact, in the absence of a guarantee, consumers might even incur losses and receive less than the paid-in capital. This risk should be made clear in the PEPP pre-contractual information.</p> <p>Providers should be allowed to offer PEPPs with guaranteed minimum annuities as investment option. This option should be considered equal to investment options containing a guarantee.</p>	<p>options in the PEPP should be limited.</p> <p>Noted.</p> <p>Noted, the PEPP is a product where consumers bear (at least part of) the investment risk. The product is flexible in order to allow providers to develop innovative products.</p>
352.	Fidelity International	Question 6	As noted above the life-cycle strategy is more important as a default than a guarantee	Noted
353.	Financial Services Consumer Panel	Question 6	<p>In an ideal world, consumers would exercise choices to drive the market and make informed decisions based on knowledge and experience. In reality however, consumers want simple guidance and defaults. The success of the PEPP will require the creation of sensible defaults, which have been tested on consumers.</p> <p>The Panel has not taken a position on the most desirable default investment option. A 0% guarantee may provide a psychological boost</p>	<p>Agreed</p> <p>Agreed, please see resolution in</p>



			<p>to the customer's confidence in the product and thus increase the propensity to save, but it would be expensive and reduce eventual returns (Antolín, P. et al. (2011), "The Role of Guarantees in Defined Contribution Pensions", OECD Working Papers on Finance, Insurance and Private Pensions, No. 11, OECD).</p> <p>Life-style provides some measure of security for people approaching retirement, but its effectiveness is limited by the fact that retirement age is increasingly fluid, and being linked to longevity. EIOPA should also analyse whether there are other options for generating an adequate retirement pot for those (likely to be a majority) who do not make an active choice of fund.</p>	row 332.
354.	FSUG	Question 6	<p>Life-cycle strategy is not an optimal option on a product (fund) level (like TDFs) because of a heterogeneous structure of savers (members, holders). PEPPs are not the ultimate source of retirement income and having this in mind, other strategies should be considered taking into account other sources of income.</p> <p>Guarantees (if any) should be based on 0% real return.</p> <p>Life cycle strategies are not adapted to the pay-out phase which can be very long. This is a major weakness of life cycle products that should not be overlooked. We haven't seen the testing of an average holding period for PEPPs. How many years would it be? And what would be the distribution of holding period? At what time would the saving end? Would the life-cycle strategy assume the age 65 (retirement age) or age 92 like targeted in US personal pension life cycle products? 0% equities at 65 if you convert your balance into pay-out phase product, or still 50% if one opts for capital withdrawals? There are still too many questions that limits the optimality of life-cycle strategies for PEPPs.</p> <p>Life cycle products are often not cheap in terms of costs and charges, in particular when they are executed through funds of funds which add a second layer of fees. They are likely to be more costly than an</p>	Partially agreed, please see resolution in row 332.

			<p>inflation protected plan. Independent research shows that next to asset allocation, the level of fees is the key driver for long term performance. EIOPA should then cap the overall fees for these life cycles products if used as the default option.</p> <p>„2fund“ mixing on individual basis (individual retirement account set-up at provider) could serve as a key to create individual „de-risking“ strategy while securing high level of transparency (when considering the structure of portfolio) and low-costs for consumers.</p> <p>Simple saving scheme by itself means to have an individualized „risk management“ as it implies the cost-averaging effect (buying less, when price is high and buying more, when price drops).</p>	
355.	German Insurance Association (GDV)	Question 6	<p>A product with a limited risk of capital loss through a protection against high market volatility by means of guarantees on accumulated capital at maturity or guaranteed minimum annuity is particularly suitable as a default option.</p> <p>The decision about permitted default options should take into account that products with guarantees offer a higher level of protection than life-cycling strategies or balanced funds. In the latter, consumers are exposed to the risk of losing their capital and therefore having a lower retirement income than expected. Furthermore, long-term collective investments where premiums paid are pooled into a life fund should be also considered as a default option, since they offer at least a comparable level of protection to consumers as life cycling strategies with de-risking.</p>	Partially agreed, please see resolution in row 332.
356.	Hristina Mitreva – member of OPSG, employees repre	Question 6	<p><input type="checkbox"/> Considering that it comes to pensions, it is more appropriate the default investment option to be based on a life cycle strategy with de-risking.</p>	Noted
357.	ICI Global	Question 6	<p>We assume that the dichotomy in this question arises from the understanding that the purpose of a default life cycle investment strategy or the use of minimum return guarantees during the accumulation phase is to alleviate the impact of market risk on</p>	Agreed, please see resolution in row 332.

		<p>retirement savers. See page 130 of the OECD Pensions Outlook 2012.</p> <p>We agree that a life-cycle strategy is an appropriate default investment option for retirement savings. We reject the recommendation that the LCS should be accompanied by a mandatory guarantee. Guarantees offer benefits, but those benefits come with increased costs. If consumers judge that the benefits outweigh the costs, PEPP providers will have sufficient incentive to offer guarantees. Given that the PEPP would be a supplement to savings in pillars 1 and 2, a mandatory guarantee is not likely to be the best choice for many consumers.</p> <p>In this regard, we refer EIOPA to the OECD work on this issue, outlined in detail in OECD Pensions Outlook 2012.</p> <p>The assessment of whether to introduce investment return guarantees during the accumulation phase in DC plans needs to be done in the context of the overall pension system. If public pensions (and occupational DB plans) already provide sufficient protection, guaranteeing that retirement income will always be above a certain minimum threshold, investment return guarantees may lose some of their purpose. Furthermore, even if public and other DB pensions are low, the value of guarantees in DC plans has to be compared against the cost of providing such guarantees – the fee or insurance premium to be paid for the guarantee – and their impact on investment strategies (and hence on net of fees, risk-adjusted returns).</p> <p>See Chapter 5, The Role of Guarantees in Retirement Savings Plans, of the OECD Pensions Outlook 2012.</p> <p>With respect to costs, the OECD found that the “capital guarantee” is the cheapest to provide, but even its low cost would represent</p>	<p>EIOPA believes the PEPP is sufficiently flexible for providers to be able to develop PEPPs that take into account the context of different pension systems</p>
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			<p>approximately an additional 1% of contributions compared to the case where there are no guarantees. See page 147 of the OECD Pensions Outlook 2012. In other words, even this “low-cost” guarantee would result in a reduction in retirement income for the average investor. Id.</p> <p>Importantly, the PEPP will be a voluntary third-pillar product. Thus, it means that each PEPP investor will already have some type of a 1st pillar promised payment from their Member State, and possibly a promised 2nd pillar payment. Payments from the 1st pillar and 2nd pillar, in most cases, would serve as a minimum savings floor. Thus, the purpose of PEPP is to help an EU citizen generate extra income for retirement. Requiring a guarantee in this option, at the expense of the product’s returns, is likely to make this product much less attractive, which would compromise the PEPP’s objective. However, given the range of retirement systems in the EU, a provider should have the flexibility to offer a guarantee.</p>	<p>Partially agreed, a 3rd pillar product can however form a considerable part of the retirement income. Either way, the consumer must be able to count on the quality of the PEPP. Offering a guarantee is not required in the PEPP regime, but can be added.</p>
359.	Insurance Europe	Question 6	<p>Although we acknowledge that PEPPs are intended to simplify investment decisions for consumers, we consider a voluntary product with a default investment option as unusual. This feature is more common in second pillar pensions where mandatory enrolment applies. Insurance Europe would therefore favour a more flexible product structure, which would consist of a low risk option, plus a number of alternative options.</p> <p>Furthermore, Insurance Europe argues that in member states where mandatory duty of advice applies, a “default option” approach may not be viable, as consumers will always have to make an active choice.</p>	<p>Partially agreed, in order to create a product suitable for the large majority of 3rd pillar retirement savers, EIOPA believes the introduction of a default investment option is necessary. It</p>

			<p>This being said, should a default investment option be envisaged, then PEPP providers should be allowed to offer PEPPs with a default investment option based on either:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees</li> <li><input type="checkbox"/> Long-term collective investment where premiums are paid into a life fund and where the concept of smoothing is applied</li> <li><input type="checkbox"/> Life-cycling with derisking</li> </ul> <p>The decision about permitted default options should take into account that products with guarantees offer a higher level of protection than life-cycling strategies or balanced funds. In the latter, consumers are exposed to the risk of losing their capital and therefore having a lower retirement income than expected. Further analysis and back-testing should be carried out by EIOPA to assess life-cycling strategies, especially during the last financial crisis.</p> <p>Investment options based on life-cycling can in principle offer some</p>	<p>also believes that a mandatory advice requirement, leading to consumers having to make investment choices, does not decrease the need for a default investment option.</p> <p>Partially agreed, please see resolution in row 332.</p> <p>Partially agreed, the PEPP is a product where consumers bear</p>
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		<p>benefits in terms of returns. However, it should be recognised that in this case, the PEPP would be a pure individual Defined Contribution (DC) product that does not provide any real guarantee or minimum return<sup>1</sup>. In fact, in the absence of a guarantee, consumers might even incur losses and receive less than the paid-in capital. This risk should be made clear in the PEPP pre-contractual information.</p> <p>With investment options based on long-term collective investments where premiums are paid into a life fund and where the concept of smoothing of returns is applied, the risk exposure for customers is lower than with individual life-cycling products thanks to risk pooling and the smoothing of returns and losses. Furthermore, this option could involve lower transaction costs than in a life-cycling strategy, as there is less need to rebalance individual portfolios.</p> <p>In some markets, personal pension products can take the form of minimum guaranteed annuities. Insurance Europe suggests that providers should be allowed to offer PEPPs with guaranteed minimum annuities as investment option. This option should be considered equal to investment options containing a guarantee.</p> <p><sup>1</sup> It should be reminded that in page 14 (Section 3.4.1) of the European Commission's Green Paper towards adequate, sustainable and safe European pension systems it was stated that "today, nearly 60 million Europeans are enrolled in DC schemes. Such schemes are much more prevalent today than they were a decade ago and will continue to grow in importance. [...] But a key implication is that they shift the investment, inflation and longevity risks to scheme members, who are less well placed to bear these risks individually". [...] Collective risk sharing through hybrid schemes, such as a DC scheme with a minimum return guarantee or a part-DB and part-DC scheme, could change the current trend to individualised DC schemes."</p>	<p>(at least part of) the investment risk. The product is flexible in order to allow providers to offer to develop innovative products.</p>
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360.	Intesa Sanpaolo Vita S.p.A.	Question 6	We agree with EIOPA moreover considering that actual financial knowledge of EU citizens and the typical behavioural bias. Nonetheless, we think it's important that PEPP providers are allowed to find their way in designing this option with or without a minimum return guarantee.	Agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (ie guarantees).
361.	KBC Asset Management NV	Question 6	We support the idea to define a life cycle investment as the default option for a personal pension product. It perfectly captures the long term horizon associated with financing future wealth. However, for the	Partially agreed, please see resolution in row

			<p>same reason we see a number of arguments to disfavour the following :</p> <ul style="list-style-type: none"> <li>- The explicit inclusion of guarantees. As rightfully mentioned in the references in Appendix 2, adopted from the behavioural finance literature, any investment comes with upside potential and downside risk. Finding the right balance between both ensures a longstanding relationship with the client. Many examples point to the preference of adjusting the balance between upside potential and downside risk over paying a fixed (high) price for a guarantee, certainly when applied to a long investment horizon. The time diversification inherent in life cycle funds adjusts the balance between upside potential and downside risk as time passes by.</li> <li>- The enforcement of a static glide path (arguing for example that it would improve transparency and uniformity amongst providers). The time diversification typical for life cycle funds has a proven academic underpinning. However, equally important is to combine this long term philosophy with the ability to exploit short term opportunities (upside potential) or avoid short term losses (downside risk) by deviating from the long term glide path (*). It is wrong to assume that markets adjust to a client's goals, which is what a static glide path implies. Rather it is up to the product/provider to adjust to the markets in function of the goals the client has set. Long term time diversification enriched with short term deviations make up a client-centric combination, that improves the match between the client's expectations and the product realisations. The latter should be the core objective.(*). see for example "Introducing a comprehensive risk allocation framework for goals-based wealth management", Edhec Risk Institute, March 2015.</li> </ul>	332.
362.	Legal & General Group plc	Question 6	As per our answer to question 4, we do not support the mandation of a guarantee. With regard to life-cycle strategies, we support the proposal to allow individual Member States flexibility to determine their own life-cycle strategies, including those that allow for continual volatility and risk management as an alternative to those that are based on a fixed retirement date. Retirement is not a cliff-edge, so	Agreed, The PEPP regime does not mandate a guarantee. In order for



			targetting de-risking strategies towards a particular date needs careful consideration as part of these policy proposals. However, the option should be available for those that wish to use it.	consumers to be able to reap the full benefits of the single market, EIOPA believes a high degree of standardisation of the PEPP is desirable. The flexible elements envisioned for the PEPP would allow taking into account national specificities.
363.	Ministry of Finance of the Czech Republic	Question 6	We agree that the default investment option should be either based on the life-cycle strategy or a guarantee e.g. 0% minimum return guarantee.	Partially agreed, please see resolution in row 332.
364.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 6	The UK pensions market is going through a phase of evolution and transformation in response to pensions freedom – with some way still to go. It is difficult to take a clear view at this point on whether and how lifecycling plays a role in the new environment.	Noted
365.	Nationale-Nederlanden Group	Question 6	In line with previous answers, we believe that a default option should not be prescribed.	Disagreed, in order to create a highly standardised retirement savings vehicle suitable for the

				large majority of consumers, a default option is deemed of great importance by EIOPA
366.	PensionsEurope	Question 6	An appropriate investment default option can meet the needs of individuals who are unable to choose between different options when saving for retirement. Policy-makers could consider balanced funds, life-cycling with de-risking or guarantees, but the optimal default option should be based on the respective Member State and their view on what the optimal default option is. There should be more emphasis on the need to provide 'appropriate' default strategies having regard to the needs of consumers- rather than hard prescription- to enable regulation and investment thinking to move forward in tandem.	Partially agreed, In order for consumers to be able to reap the full benefits of the single market, EIOPA believes a high degree of standardisation of the PEPP is desirable. The flexible elements envisioned for the PEPP would allow to take into account national specificities.  Please also see resolution in row 332.
367.	Previnet outsourcing Solutions	Question 6	Agreed	Noted
369.	State Street Corporation	Question 6	State Street supports basing the default investment option based on a life-cycle strategy with de-risking. We believe that investment options offering a minimum guarantee are often costly and lack the	Agreed (although EIOPA does not

			<p>transparency needed to give consumers the confidence that their retirement will be sufficiently provided for.</p> <p>We believe that life-cycle strategies can help address most of the complex and challenging investment decisions participants must face as part of their retirement planning. While participants must take responsibility for setting their retirement goals, a well-designed life-cycle solution can help them achieve it by effectively managing against the key risks faced in retirement, by ensuring a disciplined approach to asset allocation and delivering diversified portfolios for participants. Such an approach is reflected in the market as a whole with life-cycle funds dominating defined contribution provision.</p> <p>Whilst we are fully supportive of the PEPP being based on a life-cycle strategy with de-risking we believe EIOPA needs to be mindful of ensuring that providers are given sufficient flexibility in the default product design to ensure innovation and competition in the market place.</p> <p>We therefore believe that the EU legislation enacting the creation of standardised an-EU PEPP should contain a definition of what constitutes a life-cycle strategy i.e. a strategy that limits investment in riskier assets to the early to mid-stages of a pension lifetime and which changes to a more conservative approach the closer the pension holder approaches retirement. Strategic considerations such as deciding on the glide path, the choice between a pre-determined or a dynamic allocation strategy and choosing between a single or a mix of funds should be left to the provider.</p>	<p>envisage to favour one permitted investment option over the other), please see resolution in row 332.</p>
370.	The Association of International Offices (AILO)	Question 6	<p>No. There seems to be an implicit assumption that whatever the Normal Retirement Date "NRD" may be, (and that could well differ MS by MS or be non-existent other than a minimum age) the pension pot will crystallise, probably into an annuity. Life styling is a strategy which</p>	<p>Partially agreed, please see resolution in row 332.</p>

			in many economic conditions (certainly as seen over the last decade) can only result in sub optimal returns to the pension pot. Sub optimal results can apply with de-risking through misfortunes of timing and minimal guarantees. Perhaps a key question for a client to consider (assuming no obligation to purchase an annuity at the NRD) would be - "you anticipate living for another (20) years so do you think you should have at least part of your pension pot exposed to the potential of the stock markets?"	
371.	The Danish Insurance Association	Question 6	See answer to Q4.	Noted
372.	The investment association	Question 6	<p>We fundamentally believe that default strategies are a necessary feature of a PEPP – the behavioural economics literature has shown the effectiveness of such an approach. Any default strategy should have a member-focused, outcome-based objective which can then be achieved using a given asset allocation, but thereafter we are wary of being overly-prescriptive of what a default strategy should look like. It is likely to vary according to the characteristics and ability of the target market to save and bear risk.</p> <p>Rather than prescribe a pan-European approach to the default, we would prefer to see a principles-based approach that sets out governance standards that the provider must adhere to e.g. setting member objectives, performance measurement against the member objective, assessing suitability over time and value for money. This then allows the PEPP provider to design default strategies that are appropriate for the target market; these may well differ across countries.</p> <p>As a practical consideration, a simple de-risking approach may not be appropriate if savers wish to continue to invest throughout retirement; but it is appropriate if savers plan to buy an annuity. Again,</p>	<p>Agreed</p> <p>Disagreed, EIOPA believes it is necessary to regulate the default to some extent.</p> <p>Agreed, EIOPA believes the default</p>

			<p>approaches to retirement income will vary across Europe and this needs to be reflected in the accumulation stage investment strategy. This highlights the need to be cautious in mandating an investment approach at a European level.</p> <p>Guarantees</p> <p>We do not believe that guarantees are appropriate as a default investment option. Guarantees are not costless and are typically only cheap when they are unlikely to be required and expensive when there is a greater probability of them being required. The cost of any guarantee needs to be factored in to any decision to purchase one. Over a 30-40 year time horizon, investing in a diversified basket of securities means that the kind of guarantees discussed (e.g. 0% real return) are unlikely to be needed. This makes it questionable whether it is appropriate for a PEPP saver to be defaulted into a guaranteed product where the guarantee is highly unlikely to be needed and this is known in advance.</p> <p>This is not to say that guaranteed products should not be offered – that is something that is best left to the market and active individual choices; but we do not believe they are suitable as default products.</p> <p>As we have already set out in our introductory comments, a focus on guarantees also biases provision away from asset managers towards balance sheet entities. The PEPP is a long term investment product and we do not believe that making it more difficult for asset managers to provide a product whose engine is their core business would benefit consumers, who would miss out on the expertise of the asset management industry in delivering good long-term outcomes.</p>	<p>investment option should take into account the link between accumulation and decumulation</p> <p>Noted</p> <p>Noted</p> <p>Partially agreed, EIOPA does not favour one investment strategy over the other.</p>
373.	Vanguard Asset Management, Limited	Question 6	Vanguard’s experience with retirement savings systems around the globe overwhelmingly indicates that establishment – and clear identification of – an appropriate default investment option is critically	Noted

			<p>important. In this regard, we strongly encourage EIOPA to establish that the default investment option should be a life-cycle strategy with de-risking and not an option that is accompanied by a mandatory guarantee.</p> <p>This is the case due to the fact that (as discussed in Question 4 above) our experience indicates that the most effective default options are generally life-cycle strategies that contain an element of de-risking because they provide appropriate equity growth opportunity, even for older investors near or in retirement. Guarantees for retirement savers may be suitable in certain very limited circumstances, but guarantees often come with a significant cost and they could hamper a saver's mobility should they wish to switch investments away from the guarantee provider. In addition, savers using a PEPP are likely using it to supplement pillar 1 or pillar 2 pensions, which will already have some form of payment promise.</p> <p>Therefore, our view is that guaranteed investment features should not be offered as a part of a default option. That said, a PEPP provider could offer investments with guaranteed features as an optional investment choice.</p>	<p>Noted, EIOPA does not favour one investment strategy over the other.</p> <p>Disagreed, the PEPP default investment option can contain a guarantee</p>
374.	VVO	Question 6	<p>A personal pension product should be intended on the one hand to simplify the investment decision of consumers on the other hand it should be also a flexible product which offers different "safe" options to the consumers and leave the decision to him. If a default option will be part of the product features we would recommend that the consumer should have the choice between guarantees or life cycle strategies with de risking.</p>	<p>Partially agreed, please see resolution in row 332.</p>

375.	Vzbv	Question 6	See answer to Q4. An LCS is less than consumers expect from a standardised saving product for retirement use. Consumers expect an acceptable return on their investment by participating in financial market developments, agreed with a reduction of the outcome by minimising the volatility of their investment.	Agreed, please see resolution in row 332.
376.	WIT	Question 6	These two possibilities seem to be the current popular conjecture as to what constitutes a de-risking strategy. Public policy should admit to other possibilities existing or emerging. Evidence and models supporting other possibilities would of course help.	Agreed, please see resolution in row 332.
377.	Working Group on Shariah financial and insurance p	Question 6	The Islam compliant investment demands a profit sharing investment concept that includes a life-cycle strategy with de-risking prior retirement. A minimum guarantee of paid premiums is practicable if compatible with Islam compliant regulations.	Noted, the PEPP would allow for these investment options
378.	Zurich Insurance Group	Question 6	This is overly prescriptive and will prevent innovation in this important investment space. There is also a risk that life-cycle is seen as "no risk". Even a 0% guarantee has the risk that inflation will erode the accumulated savings. The requirement should be less restrictive – requiring in all cases that the PEPP has a prudent default strategy that takes account of the typical consumer's requirements whilst minimising downside risk. This would then also enable such solutions as pooled investment with smoothed returns (such as with-profits) which have been successfully provided by the life assurance sector for some time.	Partially agreed, please see resolution in row 332. Investment propositions taking this into account the above are permitted in the PEPP regime.
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 7	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.	Partially agreed, for a full description of envisioned duty of care to be applied please

			<p>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.</p> <p>The OPSG would encourage EIOPA to clarify that "duty of care" does not mean "fiduciary duty".</p>	<p>see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Agreed</p> <p>Noted</p>
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 7	<p>The IRSG is supportive of the idea that PEPP providers should have a duty of care concerning the suitability of investment options for consumers in relation to the target market, depending on the consumers level of involvement. The IRSG also believes that consumer's choice should not be restricted. Consumers who wish to take on more risk should be allowed to do so, provided that they have received fair, clear and not misleading information, which allows for a comparison between different investment strategies. In the instance of a life-cycling option, which automatically starts de-risking when a consumer turns 50 years old for instance, the IRSG believes that the consumer should be allowed to choose to take more risk, provided that the he has received information regarding these risks.</p> <p>Furthermore, equity exposure close to retirement date could be relevant when particular decumulation options apply.</p>	Agreed



379.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 7	<p>This is again a question of detail. There is an inherent conflict to the product design of PEPP as</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the continuing low interest environment calls for individual choice while at the same time,</li> <li><input type="checkbox"/> the product should be simple, investments options be clear and transparent.</li> </ul> <p>Having stated this we believe that providers do have a duty of care to a) provide sufficient information and b) ensure that steps are taken to prevent savers from making choices that clearly are not in his/her interest.</p>	<p>Noted on the contradiction raised</p> <p>Partially agreed on the role of the provider concerning duty of care: see consultation paper on single market of PPP of 1 Feb 2016 – p. 57. “Providers must adhere to the Prudent Person Principle and act solely in the best interest of consumers with respect to investment matters.”</p>
380.	ACA	Question 7	<p>We agree that for consumer protection reasons, providers should have a pronounced duty of care concerning the suitability of investment options and high risk investment options close to retirement should be prevented.</p>	Agreed
381.	Af2i Association française des investisseurs insti	Question 7	<p>Of course PEPPs providers should have a duty of care concerning the suitability of the investment options. Besides, switching to higher risk investment options should be limited in proportion and decreasing along the time.</p>	Agreed

			EIOPA should even be aware that there is no obstacle of any kind for an individual to subscribe several PEPPs. So why should an individual not subscribe an other PPP with a different investment option and a different level of risk?	Noted
382.	AFG	Question 7	<p>It would be useful to be more specific about the meaning of "duty of care".</p> <p>EU authorized providers have already fiduciary rules. For example asset managers must manage funds in the exclusive interest of their customers.</p> <p>NO. We don't think that it would be useful to prevent switching to high risk investment options close to retirement. A person close to retirement can have a long term horizon investment (more than 20 years) because of increasing life expectancy.</p>	<p>Agreed, see consultation paper on single market of PPP of 1 Feb 20156 – p. 57.</p> <p>Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be possible.</p> <p>Please also see second resolution in row 379.</p>
383.	Allianz	Question 7	<p>Here, the principle 'in the best of knowledge' must apply. Three cases should be possible:</p> <ul style="list-style-type: none"> <li>- Execution Only – with no advice – not seen applicable for PEPP products; as old age provisions principally have to match the customer and not all customers have the same old age provision needs.</li> </ul>	<p>With regard to the three cases mentioned by Stakeholder - Agreed</p>

			<p>- Appropriateness Test – with no advice, but with non-personalized recommendations as regards to the risks inherent to individual coverage elements;</p> <p>- Suitability Test – with advice: with personalized recommendations regarding the individual situation of a client</p> <p>Providers’ Duty of Care must be defined gradually according to their factual involvement in the decision process. Independent financial advisors (e.g. brokers) will be liable for their own advice as far as exceeding providers’ statements.</p>	<p>Partially agreed, see p. 57 of consultation paper on single market PPP of 1 Feb 2016 – p. 57</p>
384.	Amundi	Question 7	<p>Yes Amundi agrees with the duty concerning the suitability. In terms of risky investment or option close to retirement, we believe that EIOPA should not be too prescriptive. In fact, in the context of increasing life expectancy, many savers will tend to keep their plan untouched during a long period after retirement i.e. without asking for annuities nor for redemption.</p>	<p>Agreed, see p. 57 (duty of care section) of consultation paper on single market PPP of 1 Feb 2016 – p. 57</p>
385.	ANASF	Question 7	<p>We agree with the first statement: providers should have a duty of care concerning the suitability of investment options. Its extent should be defined by striking an appropriate balance between the suitability of investment options and cost efficiency. This balance may be achieved by means of financial advice:</p> <p>- if no personal financial advice were provided, the duty of suitability would paradoxically require to offer a very large number of investment options (i.e., more than five) to meet consumer needs and expectations;</p>	<p>Agreed, but for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Partially agreed, the PEPP default option may be designed as non-</p>

			<p>- accordingly, personal advice is of utmost importance. Since the duty of care/suitability is met by the professional requirements applied to financial advisors (in the case of promotori finanziari, the professional requirements for the registration in the public register are established by articles 99, 100 and 105 of Consob Regulation no. 16190 of 29 October 2007), the provision of personal advice would make it possible to limit the number of investment options (for instance, to five).</p> <p>Specifically, financial advice should not be seen as a mere cost driver: on the contrary, the provision of financial advice may be the key to cost efficiency and quality enhancement. In the absence of advice, providers would have to offer a large number of investment options to meet the duty of care and suitability requirements: the larger the number of investment options, the higher the costs. Such a downside is clearly undesirable. Conversely, if personal advice is provided, a limited number of investment options is sufficient, as for each investor the suitability of investment decisions would be ensured by the professional standards pertaining to financial advisors.</p> <p>Concerning the possibility to switch to high risk investment options close to retirement, it is neither needed nor appropriate to add a legal requirement to ban this option (as it is necessary to consider the case of investors with a high risk appetite and specific income expectations).</p>	<p>complex. Other investment options might require advice or appropriateness testing. EIOPA believes the number of investment options should remain low however.</p> <p>Partially agreed, but only for investment options deemed as complex</p> <p>Agreed, EIOPA does not regard advice as a mere cost driver. Please also refer to first resolution in this row.</p> <p>Partially agreed, EIOPA believes inappropriate risk exposure</p>
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			<p>The real focus should be on suitability, i.e.:</p> <ul style="list-style-type: none"> <li>- the decision to switch to riskier investment options should come after a suitability assessment;</li> <li>- personal financial advice should be regarded as a key device to ensure the effectiveness of this assessment.</li> </ul>	when approaching retirement should not be possible
386.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 7	<p>The PEPP provider should provide, at the client’s request, adequate investment advice regarding the investment options.</p> <p>Nevertheless, the client should be allowed to choose an investment option that apparently is not the most suitable for him/her if s/he really wants to do so. This includes allowing the client to switch to a higher investment option close to retirement, or on the opposite, to allow the client to invest in a more conservative investment option when s/he is in the early accumulation stage.</p>	<p>Partially agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be possible</p>
387.	Association for Financial Markets in Europe (AFME)	Question 7		
388.	Association of British Insurers	Question 7	<p>In the UK, ‘duty of care’ is a legal term with specific legal consequences; although we appreciate there are other interpretations of this term.</p> <p>Using the UK’s interpretation, the ABI does not believe that providers</p>	Partially agreed, but for a full description of envisioned duty of care to be

			<p>should have a duty of care concerning the suitability of investment options, regardless of whether advice has or has not been provided. Instead, we believe that the duty of care remains with the financial adviser.</p> <p>While providers supply the 'pension contract' and would have a role in safeguarding the assets, they would act upon instruction.</p>	<p>applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p>
389.	Assofondipensione , Assoprevidenza and Mefop	Question 7	<p>Providers have a duty of care to offer suitable investment options for every risk profile and time horizon, and they have a duty of care with regard to providing consumers with the information and tools to make informed decisions.</p> <p>We do not fully agree with the EIOPA proposal to ban switching to high risk investment options close to retirement. Members of PEPP should always be free to modify their investment decisions based on their need for retirement. EIOPA should consider to link the switch to high risk investment options close to retirement with the provision to the member of adequate information on the possible effects and risks associated to his choice. This information tools are easy to provide particularly for on line distributed PEPP.</p>	<p>Agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be possible</p>
390.	Assogestioni	Question 7	<p>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? Assogestioni believes retirement savers shouldn't be prevented from switching to high risk options close to retirement if they wish so, notwithstanding the fact</p>	<p>Partially agreed, EIOPA believes inappropriate risk exposure when approaching</p>

			that the provider maintains a duty of care to verify the suitability of the product to the consumer risk profile, time horizon and retirement needs.	retirement should not be possible
391.	Better Finance	Question 7	<p>It depends on the complexity of the pension investment proposal. A simple default option could give less flexibility of switching. But we agree that the default investment option should be designed so as to require no advice even for the least financially literate EU citizens, and that all other investment options should be subject to MiFID like appropriateness / suitability tests.</p> <p>But this question is not relevant if the provider offers a « classic » annuity insurance. In this case the capital assets are managed only by the insurer, which normally gives the guarantee of a minimum interest rate for the investment part of the premium. From the consumer perspective, therefore it is essential to know, if these « classical » annuity insurances are compatible with the principles of PEPPs or not? If the suitability of these investment options are strongly emphasized by the future PEPP product regulation, then « classic » annuity insurances are – very probably - not compatible with PEPP principles. This should be clarified by EIOPA.</p>	Agreed
392.	BIPAR	Question 7	Even today under the IMD regime and in the near future under the IDD regime, intermediaries as well as providers have the obligation to take care of the demands and needs of the consumer and the product sold has to meet these demands and needs. A reduction of consumer protection would be incoherent with all actual European legislative rules regarding the financial and/or insurance sector, especially in such an important field like personal retirement planning.	Agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016
393.	Blackrock	Question 7	We would recommend focussing on designing a good quality default option – see previous comments to Question 8. It is essential that potential liabilities are very carefully defined. At the moment it is	Partially agreed, for a full description of

			<p>unclear what liability standard is intended to apply under the proposed duty of care. This also links into the advice standards which are applied to the product. If a specific action is to be prohibited by regulation, such as a switch to high risk options closer to retirement, then the standard of liability is clear. However, it seems that in many cases that a judgement call is required and the provider will only be able to make this call after a full analysis of the individual's personal circumstances.</p> <p>In the example given there may well</p> <p>be many cases where a switch is not appropriate but there could be easily be cases to the contrary where an individual has taken external advice based on their individual longevity profile and full financial profile. The result of this advice may be that it is inappropriate for that specific individual to derisk in their late 50s or early 60s if they have a high level of expectation of living into their 90s.</p> <p>We would rather suggest a number of recommendations or areas of guidance which providers can give which will meet the needs of the majority of the population. Impartial guidance standards which fully integrate the principles of treating customers fairly, subject to norms provided by an independent body, could provide a valuable adjunct to the third party support provided by financial advisers, consumer bodies or national guidance providers such as Pensions Wise in the UK. Impartial standards would have the important benefit of providing consistent levels of guidance to savers. It could also form the basis of offering providers safe harbours by limiting potential liability for those who meet these impartial guidance standards.</p>	<p>envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.</p> <p>Partially agree- EIOPA envisages a default investment option that is deemed non-complex.</p> <p>On switching - EIOPA believes inappropriate risk exposure when approaching retirement should not be possible</p>
394.	Bund der Versicherten e.V. (BdV - German Associati	Question 7	It depends on the complexity of the pension investment proposal. A simple default option could give less flexibility of switching. But we agree that the default investment option should be designed so as to require no advice even for the least financially literate EU citizens, and that all other investment options should be subject to MiFID like	Agreed



			<p>appropriateness / suitability tests.</p> <p>But this question is not relevant, if the provider offers a « classic » annuity insurance. In this case the capital assets are managed only by the insurer, which normally gives the guarantee of a minimum interest rate for the investment part of the premium. From the consumer perspective, therefore it is essential to know, if these « classical » annuity insurances are compatible with the principles of PEPPs or not? If the suitability of these investment options are strongly emphasized by the future PEPP product regulation, then « classic » annuity insurances are – very probably - not compatible with PEPP principles. This should be clarified by EIOPA.</p>	Noted
395.	Cardano Risk Management	Question 7	<p>Ideally, the 'duty of care' should focus on delivering the targeted outcome, an adequate retirement income. Each consumer is different and it is the consumers aggregated balance sheet that matters when planning for retirement.</p> <p>In practice, the PEPP product will only constitute a fraction of the consumer's balance sheet and therefore one should allow the consumer switching to high-risk investment packages close to retirement. The 'duty of care' in the PEPP authorisation regime should not infringe on the consumer's ability to apply a personal holistic balance sheet approach. If the consumer has a DB scheme, owns a house without mortgage and the PEPP product only constitutes 5% of the person's balance sheet – then the consumer should not be prevented from switching to a high risk investment option close to retirement.</p>	<p>Partially agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.</p> <p>On switching – Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be possible</p>

			A practical challenge with the 'duty of care' concept is that the attitude to risk is different across cultures and countries. Again, the definition of risk depends on what type of decumulation solution that the consumer targets; see our General Comments and response to Question 3.	Agreed, the PEPP is flexible to an extent where the differences described by Stakeholder can be accommodated
396.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 7	For a simple and standardised pension product no high risk investment options should be offered. Each investment option should be based on the principles of risk diversification and investment quality.	Partially agreed, EIOPA envisages a default investment option that is deemed non-complex And also believes inappropriate risk exposure when approaching retirement should not be possible
397.	Deutsche Bank	Question 7	Providers should have a limited duty of care when developing investment solutions. A minimum level of diversification should be provided for. With the upcoming PRIIPS-KID customers should be able to see what risk- / return-profile certain investment options have. It should be up to the customer to decide when and how to change the risk profile of the product. General rules for each and every customers should be avoided if possible.	Disagreed, please see blue box on p. 57 of the consultation paper on single market PPP of Feb 2016
398.	EFAMA	Question 7	We believe it is important to clarify that "suitability" is a specific term related to the provision of regulated advice.	Agreed

		<p>A “duty of care” is a different issue, whereby providers have a number of responsibilities expressed in terms of fair treatment of customers.</p> <p>Considerations on suitability</p> <p>EFAMA believes that suitability of the investment option can be ensured through the inclusion of certain elements in the PEPP regulation:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> A default option: the problem of choice can be addressed by specifying a default option for consumers who feel unable or unwilling to make an investment choice. A default option should be designed in a way that it would meet the requirements of those who will typically fallback on the default option. In this context, the duty-of-care obligation is to focus on designing a high-quality default option.</li> <li><input type="checkbox"/> Consumer protection rules: the PEPP legislation should ensure that the assets should be invested to ensure the security, quality and profitability of the portfolio as a whole. They should be properly diversified in a way that avoids excessive reliance on any particular asset, issuer or group of undertakings and accumulations of risk in the portfolio as a whole.</li> <li><input type="checkbox"/> Disclosure rules: pre-enrolment documentation should include risk-reward categories for each investment option offered by a PEPP. This aims to ensure that consumers are able to understand what the risks are and what they might get back, and to facilitate the comparison between different investment options.</li> </ul> <p>Considerations on de-risking close to retirement</p>	<p>Partially agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.</p> <p>Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be</p>
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			<p>In principle, a default option based on a life-cycle strategy should ensure that the investment risk of PEPP portfolio falls as people move closer to retirement.</p> <p>On the other hand, there may be circumstances where PEPP holders would be willing to play an active role in the choice of their investment option. Whilst it is widely recognized that a small percentage of potential PEPP holders would like to exert choice, the PEPP legislation should allow people to make an investment choice, and to switch to a higher risk investment option close to retirement, if they wish. Given their life expectancy at retirement, some people may wish to move to an investment option that is riskier with a view to achieving a higher return assuming that they would hold their PEPPs for some time after retirement.</p>	possible.
400.	European Federation of Financial Advisers and Fina	Question 7	<p>We agree with the first statement: providers should have a duty of care concerning the suitability of investment options. Its extent should be defined by striking an appropriate balance between the suitability of investment options and cost efficiency.</p> <p>Concerning the possibility to switch to high risk investment options close to retirement, it is neither needed nor appropriate to add a legal requirement to ban this option (as it is necessary to consider the case of investors with a high risk appetite and specific income expectations). The real focus should be on suitability, i.e.:</p> <ul style="list-style-type: none"> <li>- the decision to switch to riskier investment options should come after a suitability assessment;;</li> <li>- personal financial advice should be regarded as a key device to ensure the effectiveness of this assessment.</li> </ul>	<p>Partially agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement</p>

				should not be possible.
401.	Fairr.de GmbH	Question 7	<p>Agree in principle :</p> <p>1. Providers should have a duty of care concerning investment options.</p> <p>2. Within the proposed PEPP framework that foresees customer protection being « built into » the products it is up to the providers to design the product within set parameters. An assessment of suitability should thus be very limited or not required at all.</p> <p>3. Advice should be available if required by the consumer. To this end, good, simple online content in combination with phone lines, chats, and robo-advice in combination have proven very successful in the United States and some European countries and should suffice.</p> <p>4. Preventing a switch into high risk investments close to retirements is per-se meaningful as the PEPP serves as a basic building block of retirement income. Savers should take additional risks close to retirement if such a strategy is suitable to their personal investment situation and do so outside of pension wrappers.</p>	<p>Partially agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Partially agreed, provided that an appropriateness test should be required when a consumer wishes to invest in complex investment options of the PEPP</p> <p>Agreed</p> <p>Agreed, as long as the risk taken is not deemed inappropriate</p>

			<p>5. Risk levels should be represented in a suitable and meaningful manner. Risk measures that may be appropriate for short term investments, in particular volatility, are not suitable representations for a long term investment plan.</p> <p>6. If investment options are offered beyond a default option, and if these investment options carry disproportionate amounts of risk, providers should be required to provide and to document a suitability assessment as well as specific, qualified advice.</p>	<p>agreed, please see e.g. p 34 of the consultation paper on single market PPP of 1 Feb 2016</p> <p>Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be possible.</p>
402.	Fédération Française des Sociétés d'Assurances (FFS)	Question 7	<p>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. Introducing a duty of care to provide value for money could however lead to a situation where the adequate price of a product is ultimately decided by the national courts or the supervisory authorities. This would not be appropriate.</p>	<p>Disagreed, EIOPA believes providing information alone will suffice - additional measures are needed - for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p>

			<p>Abstract governance processes should not replace individual consumers' investment decisions. The PEPP is designed to reduce the need for direct investment decisions by the consumers without preventing such decisions entirely. However, if consumers are interested in a high reward, have received the appropriate information and would consciously like to take the corresponding risks, they should be allowed to switch to more risky options, even close to retirement.</p>	<p>Disagreed, EIOPA envisages a PEPP that is suitable for the majority of consumers. For this reason the number of investment options of the PEPP should be low, self-investment is not allowed. PEPP holders can choose to change from one investment option to another however. The amount of risk taken – for any of the investment options available – should never be inappropriate however</p>
403.	Fidelity International	Question 7	<p>There should be a duty of care. This is best carried out in the example given by contacting the customer and asking whether they understood the consequences of their proposed actions rather than a direct ban. A ban would, anyway, be difficult to enforce if dealing in funds is on-line, it could also be considered offering advice when that is not the intention.</p>	<p>Partially agreed, for a full description of envisioned duty of care to be applied please</p>

				see p. 57 of consultation paper on single market PPP of 1 Feb 2016
404.	Financial Services Consumer Panel	Question 7	<p>Yes, the Panel agrees that providers of PEPPs should have a duty of care towards their customers. This should be the case even in the case of a simple product that can in principle be sold without regulated advice.</p> <p>Such a duty would oblige providers to avoid conflicts of interest and act with the best interests of the customer in mind. The extent of the duty of care should not be laid down in great detail in the legislation, as it should be incumbent on a firm marketing a PEPP to apply its duty of care taking account of both the complexity and risk of the product being offered, and the level of financial knowledge and understanding of the individual customer.</p> <p>The incorporation of a duty of care into a possible future PEPP Regulation would also ensure consistency with other pieces of EU legislation, including MiFID II, the IDD and the Mortgage Credit Directive.</p> <p>However, EIOPA and the Commission should give special consideration to how this duty of care will apply to, and can be enforced for, online sales of PEPPs. Digital-only sales are likely to present difficulties for firms in adequately assessing a (potential) customer's knowledge and understanding of the product.</p>	<p>Agreed</p> <p>Agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p>
405.	FSUG	Question 7	<p>FSUG agrees that the default investment option should be designed so as to require no advice even for the least financially literate EU citizens, and that all other investment options should be subject to MiFID like appropriateness / suitability tests.</p> <p>FSUG urges EIOPA to make clear, what life-cycling strategy and „de-risking“ in PEPP would mean. Original LCS suggests taking into account life expectancy and not retirement age (22 years shorter period).</p>	<p>Agreed</p> <p>Agreed, instead of prescribing in detail the investment strategies that</p>



				<p>must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).</p>
406.	German Insurance Association (GDV)	Question 7	<p>German insurers appreciate that EIOPA acknowledges the high level of consumer protection that is already achieved in many Member States. Hence, requirements on consumer protection should not duplicate or conflict with requirements that exist or will be introduced soon. In the interest of legal certainty and efficiency (costs), any new requirements introduced should be clearly identified and its additional value and necessity assessed thoroughly.</p> <p>The "duty of care concerning the suitability of investment options" and</p>	

		<p>other duties mentioned by EIOPA do not seem suitable.</p> <p>Duty of care concerning the suitability of investment options and value for money:</p> <p>We agree that the PEPP providers should take care when creating investment options which suit the demands and needs of the intended target markets. However, since PEPP would be a mass product, the suitability of investment options must be determined by the assumption of a generalised target market. A duty of care to include all possible characteristics of all potential customers would not be feasible.</p> <p>In case a consumer wishes to select other options than the default, the information offered should be suitable to guide consumers' choice of options. If consumers are well-informed and aware of the risks, they should be able to switch to a more risky but potentially higher rewarding investment option, even close to retirement.</p> <p>Furthermore, adequate, comparable information in connection with competitive markets for PEPPs would lead to a better value for money for consumers than a vague duty of care. In particular, information on risk/rewards, performance and costs will enable consumers to compare different products on the market and make a well-informed choice (see also the comments on Q 14). German insurers welcome that EIOPA acknowledges that differing strategies incur different returns and different costs. A product with lower cost is not necessarily the more suitable one, since a product with higher costs might outperform a cheaper one. The costs together with the corresponding performance are a significant indicator for the value of the product.</p> <p>Overriding duty of care to act honestly, fairly and professionally in the best interest of the consumer:</p>	<p>Partially agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Agreed</p> <p>Agreed, this information is part of the information set out by PRIIPS KID.</p>
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		<p>The proposed overriding duty of care to act honestly, fairly and professionally in the best interest of the consumer is not useful for PEPP, since it lacks legal certainty. Providers and customers of long-term products such as the envisaged PEPP need clarity with regard to their contractual and statutory rights and obligations. It is not clear what the precise content of a duty of care to act in the best interest of the consumer would be in this context. Such wording is especially problematic since a PEPP-regulation, unlike directives such as MiFID II or IDD, would apply directly.</p> <p>In addition, insurance companies and other providers are business undertakings that should have responsibilities towards their customers, but that also have their legitimate economic objectives. A consumer should be treated fairly with respect to all his/her rights. But a general duty to align every action of a business with the customers' best interest seems unbalanced and misleading. In any case, the PEPP as a voluntary, personal pension product would be offered and sold on the mass market. A provider of such a product has to balance the collective interests of all policyholders with the individual interests of the particular policyholder. Privileging one policyholder often implies penalising the remaining policyholders.</p> <p>POG:</p> <p>POG can be a useful tool to ensure that the interests of consumers are appropriately respected. We share EIOPA's belief that these processes should as far as possible remain under the control of the provider, who is in the best position to assess which concrete actions are useful and adequate.</p> <p>Binding rules on POG for potential PEPP providers already exist or – in the case of the IDD – are in the final stages of adoption by the European legislator. The process of establishing and implementing internal guidelines on product governance is complex and costly.</p>	<p>Noted, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016</p> <p>Agreed, please see section 3.1.1 of the consultation paper on single market PPP of 1 Feb 2016 and Annex VIII: POG requirements</p>
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			<p>Requiring a different system of product governance for the PEPP could therefore deter potential providers from entering this market.</p> <p>We agree with EIOPA that after the product launch PEPPs should be subject to regular review on whether they are still appropriate for the target market. As a consequence, where a product is not suitable (anymore) for part of its intended target market, the adequate remedial action could be stopping the further distribution of the product to this part of the market or adapting it before further distribution.</p> <p>Conduct of Business requirements – Effective management of conflicts of interest:</p> <p>Conflicts of interest rules for the PEPP should be in line with the European consumer protection legislation, e.g. IDD, which applies to similar products.</p>	Agreed
407.	Hristina Mitreva – member of OPSG, employees repre	Question 7	<input type="checkbox"/> Yes. Providers should prevent switching to high risk investment options close to retirement in order to guarantee higher income from pensions.	Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be possible.
409.	Insurance Europe	Question 7	<p>Insurance Europe 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.</p> <p>Abstract governance processes should not replace individual</p>	Please see resolutions in row 402

			consumers' investment decisions. The PEPP is designed to reduce the need for direct investment decisions by the consumers without preventing such decisions entirely. However, if consumers have received the appropriate information and would consciously like to take risks usually corresponding to a higher reward, they should be allowed to switch to more risky options, even close to retirement.	
410.	Intesa Sanpaolo Vita S.p.A.	Question 7	We believe Providers have a duty of care concerning the suitability of investment options, suggesting and explaining risks and opportunities but cannot forbid retirement saver to make a different choice switching to high risk investment.	Partially agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.  EIOPA believes inappropriate risk exposure when approaching retirement should not be possible.
411.	KBC Asset Management NV	Question 7	For the sake of coherence of legislation, it would be good that the requirements on the provider are to the maximum extent possible aligned with MiFiD regarding suitability and appropriateness. In this respect, we would like to point at the relevance of "holding period" for assessing suitability. As such, when assessing suitability, the distributor would typically take into account the long holding period.	Agreed

			Allowing to switch to high risk investment options close to retirement would run counter to this suitability assessment, unless the personal circumstances of the investor have changed to such an extent that a new suitability assessment allows him to switch to a higher risk product.	
412.	Legal & General Group plc	Question 7	Yes, providers should indeed have a duty of care concerning the suitability of investment options. But we believe the existing EU framework is sufficient. In particular, we do not believe that there should be any rules that require providers to prohibit certain actions being taken by customers. Using your example, if a customer wishes to choose a high-risk investment option close to retirement, they should be able to do so. But, providers (and, where one is involved, financial advisers) should, as they are today, be required to provide sufficient information and warnings so that the customer fully understands the risks involved. If an investment choice is particularly risky and, as under current regulation, is considered to be complex, appropriate suitability and appropriateness testing should be undertaken. Existing financial advice standards should continue to apply but if a customer wishes to transact on an execution only or direct offer basis, they should be able to.	Partially agreed EIOPA believes inappropriate risk exposure when approaching retirement should not be possible. For a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.
413.	Ministry of Finance of the Czech Republic	Question 7	We do not entirely agree that providers should prevent switching the investment options, although, there should be some duty of care close to retirement (e.g. 10 -5 years before retirement mandatory conservative investment option, unless the PEPP participant states otherwise; moreover the provider should be obliged to explain consequences of switching to more risky strategies close to the retirement).	Partially agreed, EIOPA believes inappropriate risk exposure when approaching retirement should not be

				<p>possible. Switching between investment options is therefore possible.</p> <p>For a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.</p>
414.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 7	<p>A duty of care should certainly apply where a product is bought or investments switched following advice. However, the duty of care should then apply to the adviser, rather than the provider.</p> <p>Note that it is not always clear – particularly in the new environment of Pension Freedom – when ‘retirement’ will happen. This would make it impractical for providers to prevent switching into high-risk investment options close to retirement.</p> <p>It is also difficult to see how a duty of care could be applied when consumers choose a PEPP on an execution-only basis, although providers should make clear to these consumers that taking advice before investing may be the best course of action.</p>	<p>Dis agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.</p>
415.	Nationale-Nederlanden	Question 7	<p>We agree that duty of care is applicable to PEPP. In our opinion, duty of care means informing, warning, advising (or referring to an advisor).</p>	<p>Partially agreed, or a full</p>

	Group		In this case, there should also be a level playing field within memberstates. Local PPP's and PEPP should have the same duty of care principles. As the decumulation phase is subject to member state regulation, different possibilities will co-exist. Lump sum or annuity require different investment strategies.	description of envisioned duty of care to be applied please see p. 57 of consultation paper on single market PPP of 1 Feb 2016.
416.	PensionsEurope	Question 7	<p>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?</p> <p>Providers have a duty of care to offer suitable investment options for every risk profile and time horizon and they have a duty of care with regard to providing consumers with the information and tools to make informed decisions. However, a provider cannot prevent their consumers if they would like to switch for instance to high risk investment options close to retirement. If the consumer wants to use his or her savings later in his life (for instance at 80 years old) it can be useful to invest in risky assets to improve financial returns when he/she is 60. It may also be the case that someone would like to switch to more riskier investments in case the PEPP is a small part of their overall savings and therefore they are happy and in a position to take more risk. The level of care can depend on the Member State and their respective national jurisdiction.</p>	Partially agreed, although the exposure to risk as retirement approaches should not be inappropriate.
417.	Previnet outsourcing Solutions	Question 7	Agreed	Agreed
419.	State Street Corporation	Question 7	State Street fully supports adequate duty of care arrangements being put in place for the creation of a PEPP. The most effective way of	Agreed



			<p>ensuring adequate suitability is ensuring that the resulting PEPP Regulation contains a default option that is designed for those most likely to avail themselves of such an option. As highlighted earlier, we believe this should be a default option based on a life-cycle strategy along with a limited number of further investment options.</p> <p>We would also support the resulting Regulation giving a high level of consumer protection by ensuring appropriate diversification that avoids reliance on a particular asset or group of undertakings and accumulation of risk in the portfolio as a whole.</p> <p>We would also believe that the PEPP should be accompanied by sufficient disclosure rules to ensure that consumers are able to understand what the risks are and to enable easy comparison of investment options.</p> <p>However, it is important that any legislative requirements around the duty of care in relation to the suitability of investment options, or indeed wider consumer protection rules, be aligned with requirements in other pieces of legislation most notably PRIIPs, IDD and MiFID II. Having another set of rules for customers to understand, and for providers to implement, adds another layer of administration complexity and capital cost to PEPP products which in the current climate may very well prevent providers offering these sorts of products.</p>	<p>Agreed</p> <p>Agreed, see consultation paper on PPP of 1 Feb 2016 and on PEPP</p> <p>Agreed</p>
420.	The Association of International Offices (AILO)	Question 7	<p>It may be that what is considered are a number of investment options based upon attitudes to risk and, for life cycling, accumulation to a given date in the future. The provider will (perhaps in conjunction with an outsourced investment manager) decide upon broad investment parameters for different asset classes and relevant benchmarks. Clearly there is a duty of care in constructing the option portfolio but there has to be discretion of choice of particular investments within</p>	<p>Agreed, for a full description of envisioned duty of care to be applied please see p. 57 of consultation</p>

			<p>each asset class. Ongoing there will be monitoring of the option to ensure consistent with the portfolio objectives and benchmarks.</p> <p>It needs to be totally clear to clients that they will still carry the investment risk and not the provider and so could suffer from economic events. We would be concerned if consumers were to believe that such a product somehow sheltered them from market risks.</p> <p>As regards choice of investment option, the provider may have no knowledge of the client's risk appetite (which could also change over time), and so should have no ongoing duty of care other than to apply the contract terms, and in particular should not have to question any move to a higher risk option (other than possibly to provide a 'risk warning' if selected, which the client could choose to ignore) and "retirement" may be of little relevance with possibility of, for example, drawdown as alluded to in answer to Q6. Clients (and their investment advisers) should also have a 'duty of curiosity' to investigate and understand all investment options.</p> <p>If a product is developed with the more sophisticated client in mind (who is likely to be more mobile) we consider that a provider should have a duty of care only in so far as carrying out the normal exercise of due diligence in respect of an asset in accordance with the prudent person principle. As to suitability per se, that will in our view be a subjective matter for each individual client and if appointed, their investment adviser.</p>	<p>paper on single market PPP of 1 Feb 2016.</p> <p>Agreed</p> <p>Disagreed, EIOPA envisages that the PEPP default investment option is a non-complex product.</p>
421.	The Danish Insurance Association	Question 7	<p>The DIA strongly believes that any 2nd regime for PEPPs must ensure a level playing field and the same level of consumer protection as is the case in the distribution of other retirement savings products regulated by Union law. In the case of Denmark, pension products offered by the insurance pension industry are almost exclusively regulated by Solvency 2 and therefore also by the IDD that will be coming into force soon. As EIOPA is well-aware, the IDD rules means that providers and distributors of covered products proposed to customers will have to be consistent with the demands and needs of the customer and, in the case of insurance-based investment products, also with the additional requirements in chapter 6 of the IDD. Thus we believe that similar</p>	Agreed

			requirement should apply to PEPPs as well. See also our response to Q9.	
422.	The investment association	Question 7	Suitability is a term that has strong regulatory association with the regulation of advice and distribution. From the perspective of the product manufacturer, there are clear responsibilities with respect to ensuring that products are well designed and appropriate for the target market. In this regard, we would emphasise the importance of a transparent consumer-focused governance framework for delivery of the the default arrangement as discussed above. While outcomes cannot be guaranteed, having strong governance around the investment process in particular can maximise the likelihood of good outcomes for members.	Agreed
423.	Vanguard Asset Management, Limited	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?	
424.	VVO	Question 7	<p>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. Regular annual information about the current value of the product which has to be already provided by law for existing life insurance products constitutes an adequate service empowering the consumer to take informed decisions.</p> <p>Abstract governance processes should not replace individual consumers' investment decisions. The PEPP is designed to reduce the need for direct investment decisions by the consumers without preventing such decisions entirely. However, if consumers are interested in a high reward, have received the appropriate information</p>	Please see resolutions in row 402

			and would consciously like to take the corresponding risks, they should be allowed to switch to more risky options, even close to retirement.	
425.	Vzbv	Question 7	The default itself follows only one investment strategy (see above). For the individual account an LCS before retirement is desirable, but can collide with the uncertainty of the starting point of retirement. This aspect gets more important by reaching a higher flexibility for the retirement in PILAR 1. In Germany people have the possibility to retire earlier and to compensate the reduction of PILAR 1 payment with a fixed single premium payable in a defined period. Hence, the consumer must be able to change the payment date by paying out a part of the added capital.	Noted
426.	WIT	Question 7	<p>Yes they should if the intention is that this product is to be characterised as being trustworthy for the mass of retail customers. We are living now in the age of big data and powerful ICT. Modelling capability, algorithms, and a high level of skill and knowledge all exist to support the discharge of such duty.</p> <p>The duty of care could be discharged by having periodic reviews (at 5,7,10 yearly intervals) and these could be conducted electronically with few requiring face to face interaction. Longer intervals may be acceptable early on when pension funds are smaller while frequency could increase as decumulation approaches and pensions are reaching their peak in value.</p> <p>Individuals with large capital and high risk appetites are not the target market for this product offering: most of those individuals already are likely to have some form of retirement income solution. Switching to high risk products should therefore be excluded from the domain of choice in the circumstances outlined.</p>	<p>Agreed</p> <p>Agreed in so far that EIOPA believes inappropriate risk exposure when approaching retirement should not be possible.</p>
427.	Working Group on Shariah financial and insurance p	Question 7	The investment options have to be suitable to the consumers needs to protect the customer during the life-cycle procedure, especially close to the retirement the investment to high risk assets is to be prevented.	Agreed in so far that EIOPA believes inappropriate

				risk exposure should not be possible in the PEPP.
428.	Zurich Insurance Group	Question 7	<p>All providers should have a duty of care that investment options are appropriate to the typical consumer and sufficient controls that abnormal moves are flagged, for example all assets moving to a high-risk fund close to retirement.</p> <p>We do not believe it is the duty of the provider to police all investment decisions as providers would typically not have sufficient information on the total wealth of a consumer.</p>	<p>Agreed</p> <p>Partially agreed, performing a suitability test may be necessary</p>
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 8	<p>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.</p> <p>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.</p> <p>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..</p>	<p>Partially agreed, see resolution in row 429 however</p>

		<p>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:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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</li> </ul>	<p>Agreed</p>
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			<p>guarantee would not be appropriate.</p> <p>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.</p>	
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 8	<p>No, it should be possible to sell a PEPP without risk mitigation. However, we agree that the default option should always include a risk mitigation mechanism. Collective investments with a smoothing of returns is a suitable and potentially superior risk reducing mechanism than life-cycling, and should therefore be considered as a default option. PEPP providers should thus be free to offer PEPPs with default options based on the following:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees</li> <li><input type="checkbox"/> Long-term collective investments with a smoothing of returns</li> <li><input type="checkbox"/> Life cycling with de-risking</li> </ul> <p>There are advantages and disadvantages to each of these three options:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Guarantees provide full protection, but at a cost.</li> <li><input type="checkbox"/> Long-term collective investments provide a smoothing of returns and losses, reducing individual risk exposure and thus delivering average returns/losses. there can be no guarantee offered.</li> <li><input type="checkbox"/> Life cycling can provide for good returns, but consumers may incur higher losses than with long-term collective investments with smoothing and receive less than the capital they paid-in.</li> </ul> <p>The decision about permitted default options should take into account that products with guarantees offer a higher level of protection than life-cycling strategies or balanced funds. In the latter, consumers are exposed to the risk of losing their capital and therefore having a lower retirement income than expected. Further analysis and back testing</p>	<p>Agreed</p> <p>Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of</p>

			<p>should be made by EIOPA in order to assess the behaviour of life-cycling strategies in the past, especially during the last crisis and comparing it to the smoothing of returns.</p> <p>Investment options based on life-cycling can in principle offer some benefits in terms of returns. However, it should be recognised that in this case, the PEPP would be a pure individual Defined Contribution (DC) product that do not provide any real guarantee or minimum return. In fact, in the absence of a guarantee, consumers might even incur losses and receive less than the paid-in capital. This risk should be made clear in the PEPP pre-contractual information.</p> <p>It should be reminded that in page 14 (Section 3.4.1) of the European Commission's Green Paper towards adequate, sustainable and safe European pension systems it was stated that "today, nearly 60 million Europeans are enrolled in DC schemes. Such schemes are much more prevalent today than they were a decade ago and will continue to grow in importance. [...] But a key implication is that they shift the investment, inflation and longevity risks to scheme members, who are less well placed to bear these risks individually". [...] Collective risk sharing through hybrid schemes, such as a DC scheme with a minimum return guarantee or a part-DB and part-DC scheme, could change the current trend to individualised DC schemes."</p> <p>In addition, consumers should be provided with a disclosure of the maximum returns and minimum of returns (potentially top 5% and bottom 5%), highlighting how the product would have performed in the past (ie back-testing).</p>	<p>asset allocation as they approach retirement or other appropriate means (ie guarantees).</p>
429.	aba – Arbeitsgemeinschaft für betriebliche Alterssv	Question 8	This is again a question of detail. No (for reasoning see above).	Partially agreed, EIOPA advises a de-risking strategy for at least the default investment option unless all investment options contain a



				<p>guarantee. Furthermore, a PEPP with investment option(s) containing a de-risking strategy should aim to maximise returns at defined risk levels for that investment option. These conditions seek to mitigate potential issues of loss and regret aversion. PEPP providers have a duty of care with regard to all investment options</p>
430.	ACA	Question 8	We think that investment options should not be too restricted, otherwise the commercial success of the PEPP would be jeopardized ab initio.	Agreed, see resolution in row 429
431.	Af2i Association française des investisseurs insti	Question 8	It might be wise to keep in every pension plan a variable proportion of "default investment option" containing a minimum return guaranty and a de-risking strategy when approaching the retirement day. So, the different investment options could be defined as a variable proportion of liabilities and assets under the "default investment option" associated to other asset management options.	Partially agreed, see resolution in row 429

432.	AFG	Question 8	No. AFG does not think it is necessary to have a lifecycling strategy or a guarantee in all investment options. Adequate individual asset allocation PEPP will depend on how much money is in the other savings products and how it is invested.	Agreed, see resolution in row 429 however
433.	Allianz	Question 8	We refer to our answers to Q4 and Q6.	Noted
434.	Amundi	Question 8	See our answer to Q6	Noted
435.	ANASF	Question 8	No, we believe that the solution envisaged (a default investment option preferably based on a 0% minimum return guarantee or a second best solution consisting of a LCS with de-risking) is appropriate. Conversely, the provision of a LCS or a guarantee for all investment options would restrict the range of solutions available to investors:  - investors with a high risk appetite and specific expectations would not find a suitable investment option;  - for riskier investment options (for instance, investment options with a high equity exposure) the costs of the guarantee would be far too high and impair most of the realised returns.	Partially agreed, see resolution in row 429
436.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 8	As mentioned in previous questions, the PEPP provider should not be obliged to offer an investment option with a guarantee or with a LCS with de-risking.	Partially agreed, see resolution in row 429 however
437.	Association for Financial Markets in Europe (AFME)	Question 8		
438.	Association of British Insurers	Question 8	The ABI would recommend that EIOPA conduct further analysis on the PEPP investment options containing a life-cycling (life-styling) strategy with de-risking or a guarantee, as there are many different interpretations as to how this would work in practice and to the subsequent impact on the UK market (particularly in light with the recent pension reforms).	Agreed, see resolution in row 429

439.	Assofondipensione , Assoprevidenza and Mefop	Question 8	<p>Alternatively, would it be better for all investment options to contain either a life-cycling strategy with de-risking or a guarantee?</p> <p>We disagree on the fact that all the investment options should contain a life-cycle strategy or a guarantee. Presumably, this solution will only end up with an excessive burden in terms of costs for members. Moreover, different investment options than life-cycle or guarantee may be preferable.</p>	Partially agreed, see resolution in row 429 however
440.	Assogestioni	Question 8	<p>Alternatively, would it be better for all investment options to contain either a lifecycling strategy with de-risking or a guarantee?</p> <p>No, imposing to contain either a life-cycling strategy or a guarantee in each investment option would limit the provider's freedom in designing the investment strategy and it could prevent him from meeting the risk profile that best suits the consumer.</p>	Partially agreed, see resolution in row 429
441.	Better Finance	Question 8	<p>Q8: Alternatively, would it be better for all investment options to contain either a life- cycling strategy with de-risking or a guarantee?</p> <p>No, that would severely restrict the choice for pension savers and would be more complex to grasp.</p>	Partially agreed, see resolution in row 429
442.	BIPAR	Question 8	<p>One has to bear in mind that a guarantee is something countable and/or reliable when planning personal retirement options.</p>	Partially agreed, see resolution in row 429
443.	Blackrock	Question 8	<p>Please see our comments on only offering a guarantee or a mandatory life-cycling option in our response to question 6.</p>	Noted
444.	Bund der Versicherten e.V. (BdV - German Associati	Question 8	<p>No, that would severely restrict the choice for pension savers and would be more complex to grasp.</p> <p>Additionally we refer a gain to the research work by Professor Goecke, in which he recently developed a new "return smoothing mechanism"</p>	Partially agreed, see resolution in row 429 however

			for pensions saving schemes. This research work would show that neither a minimum return guarantee nor a life-cycling strategy are necessary, but there is a third solution for combining fair participation in the capital market returns and stable performance of pension savers assets (for more details, cf. our comment on Q 6).	
445.	Cardano Risk Management	Question 8	No, see our response to Question 7.	Noted
446.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 8	For all investment options a risk limiting approach could be reasonable.	Agreed, see resolution in row 429
447.	Deutsche Bank	Question 8	A restriction to a life cycle strategy makes sense.	Agreed
448.	EFAMA	Question 8	<p>EFAMA strongly believes it would not be good for the consumers to have all investment options designed as either a life-cycling strategy (LCS) with de-risking or a guarantee.</p> <p>When considering this question, we must remember that saving in a personal pension product is done most of the time on a voluntary basis.</p> <p>In particular, we believe it should be up to the provider to decide whether to offer a guarantee according to its business model and the existing demand from the consumer side.</p> <p>It is therefore important to put in place a regime that will provide choice between investment options with different risk profiles. Such a regime would lead to better outcomes since consumers are given the possibility to choose investment solutions that match their preferences and circumstances (e.g. age and wealth). It would also give more flexibility to providers to develop innovative investment strategies for</p>	<p>Partially agreed, see resolution in row 429</p> <p>Agreed</p> <p>Agreed</p>

			the benefit of consumers.	
450.	European Federation of Financial Advisers and Fina	Question 8	<p>No, we believe that the solution envisaged (a default investment option preferably based on a 0% minimum return guarantee or a second best solution consisting of a LCS with de-risking) is appropriate. Conversely, the provision of a LCS or a guarantee for all investment options would restrict the range of solutions available to investors:</p> <ul style="list-style-type: none"> <li>- investors with a high risk appetite and specific expectations would not find a suitable investment option;;</li> <li>- for riskier investment options (for instance, investment options with a high equity exposure) the costs of the guarantee would be far too high and impair most of the realised returns.</li> </ul>	Partially agreed, see resolution in row 429
451.	Fairr.de GmbH	Question 8	Our opinion at fairr.de is that equipping all products with either a 0% guarantee after costs or a life cycle model with a de-risking phase may substantially reduce the complexity perceived by the customer and favour wide acceptance of the PEPP.	Agreed, see resolution in row 429
452.	Fédération Française des Sociétés d'Assurances (FFS)	Question 8	<p>A life-cycling approach can in principle offer some benefits. However, it should be recognised that this is only an asset management strategy which does not guarantee a minimum return. Therefore, consumers should be informed that products built on this option (whether default or not) are pure individual Defined Contribution (DC) products that do not provide any real guarantee or minimum return. As a matter of fact, in the absence of a guarantee, consumers might even incur losses and eventually receive less than the paid-in capital. This risk should be clarified in the PEPP pre-contractual information.</p> <p>Furthermore, an investment option containing a capital-backed minimum return guarantee does not require a life-cycling strategy with de-risking.</p>	Agreed, see resolution in row 429 however
453.	Fidelity International	Question 8	A life-cycling strategy should be a required option, probably as the default. But we should be clear that managing these can be difficult	Partially agreed, see resolution in

			<p>particularly when there is no mandated "retirement" date and the accumulation phase is decoupled from the decumulation. At the moment in the early months of the pension freedoms in the UK many people are choosing not to draw on their dc pensions or are putting part into drawdown. It is much more difficult to plan a life-cycle strategy for that than for the previous rule of a compulsory annuity.</p> <p>As noted above we believe guarantees are often too expensive and should be discouraged except for exceptional cases.</p>	row 429
454.	Financial Services Consumer Panel	Question 8	<p>In an ideal world, consumers would exercise choices to drive the market and make informed decisions based on knowledge and experience. In reality however, consumers want simple guidance and defaults. The success of the PEPP will require the creation of sensible defaults, which have been tested on consumers.</p> <p>The Panel has not taken a position on the most desirable default investment option. A 0% guarantee may provide a psychological boost to the customer's confidence in the product and thus increase the propensity to save, but it would be expensive and reduce eventual returns. (Antolín, P. et al. (2011), "The Role of Guarantees in Defined Contribution Pensions", OECD Working Papers on Finance, Insurance and Private Pensions, No. 11, OECD)</p> <p>Life-style provides some measure of security for people approaching retirement, but its effectiveness is limited by the fact that retirement age is increasingly fluid, and being linked to longevity. EIOPA should also analyse whether there are other options for generating an adequate retirement pot for those (likely to be a majority) who do not make an active choice of fund.</p>	Partially agreed, see resolution in row 429
455.	FSUG	Question 8	<p>PEPP will be most probably bought by middle to higher income groups who are financial literate on a higher level.</p>	Partially agreed, although EIOPA believes the PEPP is designed

			<p>If all investment options are tied by the LCS with de-risking and guarantee, it could severely restrict the choice for pension savers and would be more complex to grasp and more costly.</p> <p>Simplicity lies in the ability of PEPP to combine two uncorrelated assets with no additional costs based on individual preferences and saving strategy. This allows standardized product to be individualized on a personal retirement account. It also delivers the value to consumer, lowers the costs, and increase transparency by forcing providers to create transparent online savings management tools.</p>	<p>in such a way that it is also attractive for consumers who are less financially literate.</p> <p>Partially agreed, see resolution in row 429</p> <p>Partially agreed, personal preferences can be taken into account in the PEPP.</p>
456.	German Insurance Association (GDV)	Question 8	<p>A good quality personal pension product should protect consumers against high market volatility. If contributions to such products receive favourable tax treatment, a restriction of investment risk might be of particular importance. However, German insurers would also like to point to the fact that the PEPP intends to channel voluntary retirement savings. Depending on the overall portfolio of retirement provision, including state, occupational pensions and other personal pension products that offer a solid base for life-long retirement income, other investment strategies could be also acceptable. Therefore, in addition to the investment options described under 4.2.4.3 of the consultation document, other investment options should also be permitted, given that less risky investment options are default and that adequate information on the risk of investment options is provided.</p> <p>If product oversight and governance processes are established,</p>	<p>Agreed, see resolution in row 429</p> <p>Agreed</p>

			particularly a requirement for identification and analysis of the target market, the providers will manufacture products that are suitable with respect to the risk/reward profile of consumers and their safety demands. In addition, the PEPP KID should inform about the risk/reward class of the investment option with a brief narrative explanation of all risk/reward classes.	
457.	Hristina Mitreva – member of OPSG, employees repre	Question 8	<input type="checkbox"/> It would be better not all investment options to contain a life cycling strategy with de risking. It is necessary each provider to have a strategy concerning the investment option that aimed at maximising return at a defined risk level. This will allow the providers to have sufficient freedom when developing the different investment options of the PEPPs.	Partially agreed, see resolution in row 429 however
458.	ICI Global	Question 8	As we discuss in Question 6, these are the methods to minimize market risks for retirement savers. However, because the PEPP would be a 3rd pillar product, supplementary in nature to pillars 1 and 2, these restrictions on all investment options in a PEPP may make a product less attractive for those EU citizens who would want, for example, a more aggressive investment strategy.	Partially agreed, see resolution in row 429
460.	Insurance Europe	Question 8	<p>Consumers should have the opportunity to choose from different types of investment options. Therefore, it would be inappropriate for all investment options to contain either a life-cycling strategy or a guarantee.</p> <p>As stated in its response to Question 6, Insurance Europe strongly believes that the “long-term collective investment with smoothing” option should be allowed as a PEPP default investment option, in addition to an option with guarantees and a life-cycling option.</p> <p>A life-cycling approach can in principle offer some benefits. However, it should be recognised that this is only an asset management strategy which does not guarantee a minimum return. Therefore, consumers</p>	Partially agreed, see resolution in row 429 however



			<p>should be informed that products built on this option (whether default or not) are pure individual Defined Contribution (DC) products that do not provide any real guarantee or minimum return. As a matter of fact, in the absence of a guarantee, consumers might even incur losses and eventually receive less than the paid-in capital. This risk should be clarified in the PEPP pre-contractual information.</p> <p>Furthermore, an investment option containing a capital-backed minimum return guarantee does not require a life-cycling strategy with de-risking.</p>	Agreed
461.	Intesa Sanpaolo Vita S.p.A.	Question 8	We think PEPP should contain at least an investment option based on life-cycling strategy with de-risking or in alternative a guarantee.	Partially agreed, see resolution in row 429 however
462.	KBC Asset Management NV	Question 8	If five investment options are allowed, it would be good that some of them allow for flexible elements. See also Question 20.	Agreed, see resolution in row 429
463.	Legal & General Group plc	Question 8	As outlined in our previous answers, we do not believe that investments should be mandated to include a guarantee. Mandatory requirements should focus on risk management, governance, quality standards and value for money issues.	Partially agreed, see resolution in row 429 however
464.	Ministry of Finance of the Czech Republic	Question 8	No, we do not consider it necessary.	Partially agreed, see resolution in row 429 however
465.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 8	<p>Alternatively, would it be better for all investment options to contain either a life-cycling strategy with de-risking or a guarantee?</p> <p>As discussed in response to Question 5 above, the EU's role should be to provide a legal framework for PEPPs, rather than to define their</p>	Noted

			features and risk stifling innovation.	
466.	Nationale-Nederlanden Group	Question 8	This would mean that individuals would not have a choice to take their investments in their own hands. We are not in favor of this. Consumers should have a possibility to choose between lifecycle or manage their own investments (if this option is provided).	Disagreed. Self investment is not a feature of the PEPP, see resolution in row 429 however
467.	PensionsEurope	Question 8	It would not be efficient to have only LCS or guaranteed options : in some cases a fixed asset allocation without any guarantee could be more adequate, for instance when the use of savings is progressive (phased draw downs).	Partially agreed, see resolution in row 429 however
468.	Previnet outsourcing Solutions	Question 8	It would not be better (not agreed)	Partially agreed, see resolution in row 429 however
470.	The Association of International Offices (AILO)	Question 8	For the reasons stated above we would disagree with such a proposal. However it could be available as a further option should providers so desire and perceive a target market for it, and provided the risks involved in such a strategy are explained. We would be concerned if consumers were to have the belief that life cycling ensured provision of adequate returns for the pension pot. Similarly a 0% guarantee would mean a loss due to inflation (ignoring any possible tax benefit for contribution payments).	Partially agreed, see resolution in row 429
471.	The Danish Insurance Association	Question 8	See answer to Q4.	Noted
472.	The investment association	Question 8	We do not believe it would be appropriate for all investment options to have a life-cycle or guaranteed element to them. This is limiting consumer choice for those who do want it. As we have explained above, the most appropriate course of action is to have a well designed	Agreed

			and governed default arrangement that is suitable for those members who make no investment choice. Thereafter pension savers should be free to exercise choice over where they invest.	
473.	Vanguard Asset Management, Limited	Question 8	<p>Alternatively, would it be better for all investment options to contain either a lifecycle strategy with de-risking or a guarantee?</p> <p>No. Vanguard does not believe that there should be requirements for all investment options in a PEPP, primarily because investors should have a choice under a voluntary, pillar 3 regime as is contemplated with the PEPP.</p>	Agreed
474.	VOIG	Question 8	<p>To our mind it will be key that PEPPs can be offered to clients according to the individual risk profil chosen by the customers. Otherwise there is the danger that you will restrict the sale of private pension products because certain products will not fit to the personal needs of all customers.</p> <p>When considering this question, we must remember that saving in a personal pension product is done most of the time on a voluntary basis.</p> <p>It is therefore important to put in place a regime that will provide choice between investment options with different risk profiles. Such a regime would lead to better outcomes since consumers are given the possibility to choose investment solutions that match their preferences and circumstances (e.g. age and wealth). It would also give more flexibility to providers to develop innovative investment strategies for</p>	<p>Disagreed, the PEPP is a product that is suitable for the large majority of consumers. Self investment, e.g., is therefore not a feature the PEPP will feature.</p> <p>Agreed, the PEPP can contain investment options with different risk profiles.</p>

			the benefit of consumers.  We do support life cycle strategies for customers who are not willing to take decisions regarding their private pension investments.	Noted, see resolution in row 429 however
475.	VVO	Question 8	The consumer should have the choice between different investments options with different levels of guarantees. Not all investment options should necessarily offer guarantees or life-cycling options.	Partially agreed, see resolution in row 429 however
476.	Vzbv	Question 8	See answers above!	Noted
477.	WIT	Question 8	See earlier observations regarding de-risking and how it might be achieved. The issue is the product should be fit for purpose throughout and the provider should design and deliver it so that this holds, with periodic exchanges of information to allow adjustments within the fund.	Agreed, see resolution in row 429
478.	Working Group on Shariah financial and insurance p	Question 8	As described in previous parts stakeholders agree with a concept that follows Islam compliant standards that require a profit / loss share investment solution. A long term solid return on investment is the core objective to follow. An on time switching before retirement is conceptionally useful, e.g. switching to low risk investments at latest 5 years before time of retirement, but most important with active management of technical elements to define the best possible time of switch.	Agreed, see resolution in row 429
479.	Zurich Insurance Group	Question 8	See response to Q6.	Noted
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 9	As stated in our response to the Capital Market Union consultation (Question 13), the OPSG 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.	Disagreed, please see resolution in row 480

			<p>In addition, the OPSG questions whether any equivalence assessment of different solvency rules would work, in practice.</p> <p>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.</p> <p>Finally, the OPSG stresses that it is in consumers' interest that the provider is guaranteed to be secure.</p>	
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 9	<p>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?</p> <p>To ensure a level playing field between all types of PEPP providers, the same prudential standards should apply to all types of providers. This is key to achieve true provider-neutrality and is particularly important as PEPPs are granted an EU product passport.</p> <p>The Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p>	Disagreed, please see resolution in row 480
480.	Pensionskasse der Mitarbeiter der Hoechst-Gruppe	Question 9	<p>According to the consultation paper, PEPP-benefits shall be provided by providers in different pillars. (cross-sectoral approach by EIOPA). The applicable solvency regime will and should thus follow the requirements of the European and national framework/regime that is applicable for the respective PEPP-provider. Therefore, this is not a question of identical or equivalent solvency rules, but of the regime by</p>	Partially agreed, EIOPA believes it is not feasible/proportionate to create one solvency

			which the PEPP-provider is covered.	regime for all PEPP providers. It believes however more research is needed in order to determine if and where existing solvency regimes might need to be amended
481.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 9	This is again a question of detail. According to the consultation paper, PEPP benefits shall be provided by providers in different pillars (cross-sectoral approach by EIOPA). The applicable solvency regime will and should thus follow the requirements of the European and national framework/regime that is applicable for the respective PEPP provider. Therefore, this is not a question of identical or equivalent solvency rules, but of the regulatory regime by which the PEPP provider is covered.	Disagreed, see resolution in row 480
482.	ACA	Question 9	We consider that to same guarantees must correspond same solvency requirements, otherwise the necessary level playing field will not be achieved.	Disagreed, please see resolution in row 480
483.	Af2i Association française des investisseurs insti	Question 9	In a single market perspective for PEPPs, as the success of this initiative relies mainly on confidence and standardization, we do not see any reason for having different solvency rules regarding the guaranties which might be granted to the PEPPs holders.	Disagreed, Please see resolution in row 480
484.	AFG	Question 9	There are various EU authorized providers who are entitled to deliver a guarantee : banks, insurers, IORPs. Each kind of provider has its own	Agreed, please see resolution in

			<p>solvency rules depending on their business profile.</p> <p>If one of these providers delivers a guarantee to a PEPP, its own specific solvency regime should apply.</p>	<p>row 480 however</p>
485.	Allianz	Question 9	<p>The principle of 'same risk, same rules and same capital' should apply. Please also refer to our answer to Q1.</p>	<p>Disagreed, please see resolution in row 480</p>
486.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 9	<p>Regarding investment options with a minimum return guarantee, we have to differentiate the situations in which the PEPP provider is also the provider of the guarantee from those in which the guarantee is outsourced to a third party, usually a bank or an insurance company.</p> <p>APFIPP believes that the entity providing the guarantee should be subject to robust solvency requirements. If the guarantee is not provided by the PEPP provider, then it does not need to be subject to any solvency regime.</p> <p>The provider of the guarantee, including the provider of the PEPP if it also provides the guarantee, should be subject to safeguards that ensure that the guarantee will be properly respected.</p> <p>For this purpose they should be subject to equivalent solvency rules that take into account the specificities of the PEPP provider, without being necessary to have an identical solvency regime for all different providers of guarantees to PEPPs.</p>	<p>Partially agreed, please see resolution in row 480 however</p>
487.	Association of British Insurers	Question 9	<p>The ABI would prefer for PEPP providers to be subjected solvency requirements with appropriate levels of protection, which would be essential from a competition and consumer protection point of view.</p> <p>With regards to equivalent solvency rules, it is unclear what is meant</p>	<p>Agreed, please see resolution in row 480</p>

			by this and how EIOPA would assess the equivalence of these rules. The ABI would therefore ask for EIOPA to provide further detail to clarify their approach on this.	
488.	Assofondipensione , Assoprevidenza and Mefop	Question 9	<p>Could you elaborate on whether PEPP providers, offering a PEPP with minimum return guarantees, should be subject to one identical solvency regime to support these guarantees or whether it would be sufficient that different, but equivalent, solvency rules apply?</p> <p>It is better for every provider to refer to its own regulation instead of to elaborate a specific solvency regime for PEPP.</p> <p>Great concerns arise on this matter for PEPP providers not covered by EU Directives on financial services provision. A possible solution could be to apply the rules currently in place for other providers of PEPP with similar features.</p>	<p>Partially agreed, please see resolution in row 480</p> <p>Agreed, EIOPA recommends that only EU regulated providers should be allowed to offer the PEPP</p>
489.	Assogestioni	Question 9	<p>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?</p> <p>We don't see a need for establishing a stand-alone solvency regime for PEPP providers. Assuming that all providers are regulated under an existing European sectoral legislation, the applicable solvency rules should be the ones applicable to the provider.</p>	<p>Partially agreed, please see resolution in row 480 however</p>
490.	Better Finance	Question 9	<p>We are surprised about this question : why asking about a level playing field for the solvency regime alone ? What about then on the conduct of business rules regime ? In particular, MiFID (which covers securities, fund and banking structured investments) conduct of business rules are significantly more protective for pension savers than the conduct of business rules for insurance (IDD Directive) and for occupational pension (IORP directive). Therefore, we would agree for a requirement</p>	<p>Partially agreed, please see resolution in row 480</p> <p>Agreed, please see, e.g., ch. 2.1 and 3.1 of the</p>



			<p>for equivalent solvency rules for PEPPs with minimum return guarantees ONLY if there is also a requirement for equivalent conduct of business and investor protection rules : if we want a level playing field then it must be for all critical areas , not only one.</p> <p>Also, this could often be a moot point as the experience in the US shows : bankers and asset managers use GICs in DC plans and IRAs. Those GIC can either be contracted from insurance companies or using derivatives techniques for securing a minimum return.</p> <p>Also do not discriminate derivatives based guarantees (like crossed sell and buy options actually providing a minimum return at some point.</p>	<p>consultation paper on single market PPP of Feb 2016</p>
491.	BIPAR	Question 9	<p>As already mentioned in other parts of our response to this consultation paper, we believe that the level playing field should be guaranteed. There should be a provider- (and distribution) neutral approach for all quantitative and regulatory requirements.</p>	<p>Partially agreed, please see resolution in row 480</p>
492.	Blackrock	Question 9	<p>The use of guarantees requires a balance sheet by the provider or recourse to a provider with a balance sheet to pay for the guarantee such as an insurer or a bank. The cost to capital of providing this guarantee will add to the overall product costs. Non-balance sheet entities such as asset managers could only offer a guaranteed product by buying in the capital protection or guarantee from a third party provider such as an insurer subject to its own solvency requirements. Provided that entity is prudentially regulated we do not see the need for additional regulation.</p> <p>We do however believe that there should be an option for the PEPP to offer market-based returns without a guarantee – see our answer to Question 6.</p>	<p>Partially agreed, please see resolution in row 480 however</p> <p>This would be possible under the proposed PEPP regime</p>
493.	Bund der Versicherten e.V. (BdV – German Associati	Question 9	<p>We are surprised about this question: why asking about a level playing field for the solvency regime alone ? What about then on the conduct of business rules regime ? In particular, MiFID (which covers securities, fund and banking structured investments) conduct of business rules are significantly more protective for pension savers than the conduct of</p>	<p>See resolutions in row 490, e.g., ch. 2.1 and 3.1 of the consultation</p>

			<p>business rules for insurance (IDD Directive) and for occupational pension (IORP Directive).</p> <p>Therefore, we would agree for a requirement for equivalent solvency rules for PEPPs with minimum return guarantees ONLY if there is also a requirement for equivalent conduct of business and investor protection rules: if we want a level playing field then it must be for all critical areas, not only one.</p>	paper on single market PPP of Feb 2016
494.	Cardano Risk Management	Question 9	<p>To avoid regulatory arbitrage we suggest that there is one identical solvency regime to back guarantees for all PEPP providers.</p> <p>Offering guarantees comes at a cost in terms of regulatory capital, administrative costs, and extensive regulatory reporting. It could be attractive if there is a light version of the solvency regulation for the PEPP products where the capital requirements are kept intact but the administrative burdens and reporting demands are kept at a minimum.</p> <p>A weakness with current solvency rules is that they apply on the level of the vehicle (the pension fund or the insurance company) and not on the individual contract (i.e. the consumer). To maintain the consumers trust in PEPP products, it should not be allowed to have wealth transfers between cohorts in a collective. We therefore argue that solvency rules should apply on the individual contract to ensure transparent ownership rights and equal treatment.</p>	Disagreed, please see resolution in row 480
495.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 9	The existing solvency regimes for PEPP products should be sufficient provided that they are equivalent and that each product is assigned to one of these solvency regimes.	Partially agreed, please see resolution in row 480
496.	Deutsche Bank	Question 9	One identical solvency regime seems reasonable.	Disagreed, please see

				resolution in row 480
497.	EFAMA	Question 9	<p>We agree that a PEPP provider offering a minimum return guarantees should be subject to the safeguards needed to ensure that the guarantee will be properly respected. We believe that it would be sufficient that different but equivalent solvency rules apply to those PEPP providers offering a guarantee, taking into account whether the assets belong to the providers or the consumers.</p> <p>In general, for pension products offered by insurance companies and banks, the investor has a claim on those providers because the assets are owned by the providers and are carried in their balance sheets. To protect the consumers, very specific solvency rules and capital requirements apply.</p> <p>In general, asset managers offering pension products don't offer guarantees, and the investor owns the assets. When asset managers offer products with guarantees, in general, the guarantee is provided through a contract signed with a third-party accepting to take charge of the guarantee.</p> <p>In the rare situations where asset managers provide themselves a guarantee, special safeguards have already been approved by the competent national authority.</p> <p>Against this background, we strongly believe that different, by equivalent, solvency rules should apply to take into account the differences between the types of guarantees that could be offered by PEPP providers, taking into account whether the assets belong to the providers or the consumers.</p>	Partially agreed, please see resolution in row 480

499.	Fairr.de GmbH	Question 9	It is our opinion that providers offering a guarantee should be subject to solvency rules that fit their respective business models and that equivalent rules are the preferable option.	Partially agreed, please see resolution in row 480
500.	Fédération Française des Sociétés d'Assurances (FFS)	Question 9	One of the success factors of the PEPP initiative lies in ensuring a level playing field for all PEPP providers.  The PEPP should enjoy an appropriate prudential treatment under the relevant framework (ie. Solvency II), taking account of the long-term nature of the product and the ability of insurers to manage market volatility in the long term. The same prudential standards should apply to all providers in order to guarantee a level-playing field and consumer protection.	Disagreed, please see resolution in row 480
501.	Fidelity International	Question 9	It should not be assumed that a product with a guarantee need itself be a solvent institution. If the PEPP had a fund structure it would be sufficient for it to be able access the benefits of a guarantee from either an insurance company or a bank; they would be subject to their usual solvency/prudential rules.	Partially agreed, please see resolution in row 480
502.	Financial Services Consumer Panel	Question 9	For the consumer the question is the outcome, namely that the provider has sufficient assets and liquidity to meet its minimum return guarantee. The nature of the provider and which set of solvency rules would be applicable is not a consideration ordinary consumers would take into account.	Agreed, please see resolution in row 480 however
503.	FSUG	Question 9	FSUG would agree with a requirement for equivalent solvency rules for PEPPs with minimum return guarantees ONLY if there is also a requirement for equivalent conduct of business and investor protection rules.  However, the FSUG argues that a level playing field then should be introduced for all critical areas, not only solvency rules.	Partially agreed, please see resolution in row 480  Agreed, EIOPA has sought to

				address the level playing field issues mentioned, e.g., ch. 2.1 and 3.1 of the consultation paper on single market PPP of Feb 2016
504.	German Insurance Association (GDV)	Question 9	<p>German insurers welcome EIOPA's conviction to back guarantees by robust solvency requirements. It is important that consumers' trust in safe, steady and predictable retirement income is substantiated by high prudential standards.</p> <p>One of the existing regimes harmonised at EU level, such as Solvency II, UCITS and CRD IV, that suits the activity of a particular PEPP provider best, should be applied. The comprehensive structures of the existing frameworks allow covering all possible designs of pension products, even if they include return guarantees. In addition, in our view this is the only way to achieve a level playing field between PEPPs and other PPPs and, therefore, avoids the risk of threatening established personal pension markets.</p> <p>For insurers, Solvency II is a highly sophisticated prudential framework. If life-long annuities or cover against biometric risk are provided, it is of utmost importance that Solvency II rules apply.</p> <p>In consequence, German insurers do not see a necessity for considering "equivalent" solvency rules. Since the well-established European regimes capture all different products, any provisions for PEPP which are equivalent will automatically result in the same</p>	Partially agreed, please see resolution in row 480

			<p>provisions e.g. such as in Solvency II. All other modified rules would never be equivalent to them. Furthermore, it would take years to develop a new prudential regime for PEPPs. It would lead to excessive and totally unnecessary efforts, costs, and complexities, which challenge the launch of PEPPs.</p> <p>In general, if some adjustments for products with long-term nature and long-term guarantees are foreseen, these adjustments should be, however, made within existing frameworks, such as Solvency II, and not in an additional regulatory framework. In such a case the aim must be to maintain established regulations and not to change the main regulatory principles just for one new product type.</p>	
505.	Hristina Mitreva – member of OPSG, employees repre	Question 9	<input type="checkbox"/> It will be sufficient if PEPP providers apply different, but equivalent, solvency rules.	Partially agreed, please see resolution in row 480
507.	Insurance Europe	Question 9	<p>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?</p> <p>PEPP providers should be subject to an appropriate prudential treatment taking into account PEPP’s long-term horizon and specific features. Insurance Europe maintains that the “same risks, same rules” principle should apply to ensure a level-playing field between all providers and an adequate level of consumer protection.</p> <p>For PEPPs with minimum return guarantees and/or biometric risk coverage, the applicable framework should be Solvency II. However it should be ensured that insurers’ ability to manage market volatility in the long-term is duly taken account of.</p>	<p>Disagreed, please see resolution in row 480</p> <p>Disagreed, please see resolution in row 480</p>

508.	Intesa Sanpaolo Vita S.p.A.	Question 9	Intesa Sanpaolo Vita believes that it's not necessary a new identical stand-alone solvency regime: the existing European solvency rules are sufficient.	Partially agreed, please see resolution in row 480
509.	Legal & General Group plc	Question 9	We believe that existing EU solvency rules are sufficient and there is no need to create a separate regime for PEPPs.	Partially agreed, please see resolution in row 480 however
510.	Ministry of Finance of the Czech Republic	Question 9	We are sceptical as regards the introduction of the identical solvency regimes for all providers as these are subject to different sectoral legislation. We doubt there is a one-size-fits-all solvency regime for banks, insurance companies, investment companies etc. However, in our opinion, in all sectors the solvency rules should be at least equivalent, otherwise there could be a significant moral hazard on the part of investment companies and banks. The question is, whether such a measure would require an amendment of sectoral rules.	Agreed
511.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 9	<p>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?</p> <p>The key consideration is whether members' assets have protection commensurate with any guarantee.</p> <p>Insurance companies, which are likely to be the main providers of PEPPs, are already subject to a harmonised funding system under Solvency II and there seems to be no need for any additional funding system.</p>	Agreed, please see resolution in row 480 however

512.	Nationale-Nederlanden Group	Question 9	We agree with 'same rules, same risks, same solvency requirements'. In order to avoid regulatory arbitrage, if a PEPP with a guarantee is offered, same rules should apply to this product (and thus these rules should be integrated in existing regulation for the different providers). The principle 'same rules, same risks, same solvency requirements' should be applied between PEPP's from different providers, but also between PPP's and PEPP's from one and the same provider (as far as same risks are applicable).	Disagreed, please see resolution in row 480
513.	PensionsEurope	Question 9	<p>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?</p> <p>We do not think that PEPP providers offering minimum return guarantees should be subject to one identical solvency regime to support these guarantees. As mentioned, it is envisaged that different providers can offer PEPPs and already different solvency regimes apply to these providers. The applicable solvency regime will and should follow the requirement of the European and national framework that is applicable for the respective PEPP-provider. It is important to note in this regard that we consider only providers covered by EU legislation eligible to offer PEPPs (see question 1).</p>	Partially agreed, please see resolution in row 480
514.	Previnet outsourcing Solutions	Question 9	It will be sufficient to apply the equivalent solvency rules, even if different	Partially agreed, please see resolution in row 480 however
516.	The Association of International Offices (AILO)	Question 9	As indicated in answer to Q1, AILO would favour a single common specific solvency regime if for no other reason than we do not see how equivalence would be assessed and in addition whether by EIOPA alone	Disagreed, please see resolution in row



			or in conjunction with other ESAs.	480
517.	The Danish Insurance Association	Question 9	<p>The DIA believes that all PEPP providers, not just providers offering PEPPs with minimum return guarantees, should be subject to identical solvency rules. Thus, also providers of PEPPs without a guarantee should be subject to the same principle (although of course, the existence or non-existence of a guarantee would affect for example the capital required according to these rules). But in general same risk should be subject to same rules and same capital – regardless of the legal form of the provider. Otherwise regulatory arbitrage is possible and will be exploited.</p> <p>Consumers have the same protection needs, regardless of type of provider, and therefore consumers should enjoy the same level of protection. This calls for identical rules regardless of provider.</p> <p>The identical rules could be Solvency II or similar rules.</p> <p>In Denmark, the majority of the occupational and personal pension providers are subject to Solvency II rules, that is the life insurance companies and industry-wide pension funds. Personal pensions are also provided by banks. Occupational pensions are also provided by IORPs but these only make up a very insignificant part of the market in Denmark.</p>	Disagreed, please see resolution in row 480
518.	The investment association	Question 9	Where a PEPP comes with a guarantee, prudential regulation should be appropriate to ensure that the guarantor is regulated to the same solvency standards regardless of the nature of the provider. If this can be achieved through the relevant sectoral legislation it would appear better to do so that way rather than create a new solvency standard simply for PEPP providers.	Agreed
519.	Vanguard Asset	Question 9	Could you elaborate on whether PEPP providers, offering a PEPP with	

	Management, Limited		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?	
520.	VVO	Question 9	<p>The PEPP initiative should ensure a level playing field for all PEPP providers.</p> <p>The PEPP should enjoy an appropriate prudential treatment under the relevant framework (ie Solvency II), taking account of the long-term nature of the product and the ability of insurers to manage market volatility in the long term. The same prudential standards should apply to all providers in order to guarantee a level-playing field.</p>	Disagreed, please see resolution in row 480
521.	Vzbv	Question 9	As consumers need to have a guarantee in the decumulation phase there must be a harmonised capital requirement regime for all product categories and substitutes specific product rule at a European and national level. If PEPP is created as a default without any Options, a centralisation of product and provider supervision in one single institution is welcome. Further more, there must be a harmonisation of rules regarding guarantee schemes. If consumers are to trust a PEPP, they must know that their money is safe. However promoting a PEPP without answering the question what will happen when a provider goes bankrupt would mean that consumers' expectations are being deceived.	Disagreed, please see resolution in row 480 however
522.	WIT	Question 9	Different rules, if material, will be accompanied by a version of solvency arbitrage. Providers will seek to offer products through the most efficient legal vehicle. The challenge to regulatory authorities is to ensure that such arbitrage does not undermine solvency goals or trust. Some regulatory lessons may be learned from AIG and its vehicle for Credit Default Swaps, Setanta Insurance, and sub-prime lenders financed by mainstream banks in several jurisdictions. The concept of equivalence would need to be scrutinised and validated by persons willing to accept responsibility for the judgements thus expressed.	Partially agreed, please see resolution in row 480

523.	Working Group on Shariah financial and insurance p	Question 9	If congruous with Islam compliant rules both dimensions can be offered as optional concepts to meet different customer needs and expectations.	Partially agreed, please see resolution in row 480
524.	Zurich Insurance Group	Question 9	It is important to implement a level playing field for all providers offering similar solutions. Solvency II imposes substantial controls on guarantees offered by insurance companies to protect consumers. Consumers should have equivalent protection irrespective of the nature of their provider – as they will not possess the information or expertise to understand the differences within providers’ capital models. They would expect all providers to have an equivalent level of protection against adverse events.	Disagreed, please see resolution in row 480
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 10	<p>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.</p> <p>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.</p>	Partially agreed, please see resolution in row 527
B.	Insurance and	Question 10	Considering the fact that the PEPP aims to maximise returns	

	Reinsurance Stakeholder Group (IRSG)		<p>outweighing inflation, should retirement savers be allowed to buy a PEPP if the remaining duration of the product is, e.g., only 5 years?</p> <p>Retirement savers should in principle be allowed to buy a PEPP when the remaining duration of the product, is for example, 5 years; in the case where shorter maturity surrender rules will apply.</p>	Agreed, please see resolution in row 527
525.	Pensionskasse der Mitarbeiter der Hoechst-Gruppe	Question 10	<p>Taking a look at the explanations within the consultation document, EIOPA is especially focusing on the accumulation phase without taking a closer look to the decumulation site. For these reason, the PEPP seems to be rather an investment or pure saving product than, as argued by EIOPA, a retirement saving product in reference to personal pensions.</p> <p>Therefore, there is no reason for a limitation of the remaining duration (what we consider as the remaining part of the accumulation phase) to be limited e.g. to five years. Furthermore, such a restriction could additionally violate the (EU-) principle of non-discrimination of elder people.</p>	<p>Disagreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase. EIOPA does not advise to regulate and standardise the decumulation phase of PEPP at EU level.</p> <p>Agreed.</p>
526.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 10	<p>This is again a question of detail. Taking a look at the explanations within the consultation document, EIOPA is especially focusing on the accumulation phase without taking a closer look at decumulation. For these reason, the PEPP seems to be rather an investment or pure saving product than, as argued by EIOPA, a retirement saving product in reference to personal pensions.</p> <p>Therefore, there is no reason for a limitation of the remaining duration (what we consider as the remaining part of the accumulation phase) to</p>	See resolution in row 525.

			be limited e.g. to five years. Furthermore, such a restriction could additionally violate the (EU-) principle of non-discrimination on the grounds of age.	
527.	ACA	Question 10	We estimate that too risky investment options should be prevented in the context of PEEPs.	Agreed, EIOPA believes that, in order to be admissible, all investment options in PEEPs (the default option especially) should be suitable for building and safeguarding returns and must protect consumers from inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).
528.	Af2i Association	Question 10	Af2i thinks that all the retirement savers should be encouraged and	Agreed, please

	française des investisseurs insti		<p>welcome in the 2nd regime process, even in the case of short remaining duration because (1) many people need to secure their retirement income in an appropriate way, and (2) the “remaining duration” may last quite a long time along the period after the retirement day.</p> <p>One should have in mind that the last professional activity period is often a time where pension income prospects are more known.</p>	see resolution in row 527
529.	AFG	Question 10	<p>YES. Savers should be allowed to buy a PEPP at any moment even if the remaining period before retirement is only 5 years. As mentioned previously, people can have a long period of retirement and their objective in saving in a PEPP can be to prepare for very old age related disability.</p>	Agreed, please see resolution in row 527
530.	Allianz	Question 10	<p>Pension product which are able to deliver significant illiquidity premiums as well as guarantees need a minimum duration. Except for defined surrender cases, that stock must be untouched for a minimum period of between 10 to 12 years (to be agreed). If providers deem investment funds changes necessary, they can define succeeding funds to fulfilling these periods.</p>	Partially agreed, please see resolution in row 527
531.	Amundi	Question 10	<p>Amundi agrees that a minimum duration before retirement should be introduced. Ten years would perhaps be too long and we would rather recommend a 7 years minimum duration.</p>	Partially agreed, please see resolution in row 527
532.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 10	<p>Although we agree that PEPP should aim to maximise returns outweighing inflation, we consider that the main objective of the PEPP’s regime should be to promote savings for retirement, in order that future pensioners will have an adequate retirement income.</p> <p>This savings stream should start ideally whenever a person starts to work and it should continue throughout his/her entire career, which</p>	Partially agreed, please see resolution in row 527

			<p>means that it shouldn't be interrupted because the worker is only a few years away from retirement.</p> <p>Additionally, and as already expressed in Question 7, the PEPP holder should have freedom to choose the investment option s/he considers to be the best for him/her, and, therefore, be allowed to opt for an investment option with some risk even when close to retirement.</p>	
533.	Association for Financial Markets in Europe (AFME)	Question 10		
534.	Association of British Insurers	Question 10	<p>The ABI would reiterate earlier concerns referring to the duration of the product in relation to an individual's retirement age. In the UK, there is now no set retirement age with the recent pension reforms and so it would be impossible to prevent consumers from purchasing a PEPP in most circumstances, as they would not know the remaining duration of the product.</p> <p>Consumers may also choose to keep certain pension pots invested in retirement and decumulate at different life stages, meaning a 5 year limit may be inappropriate for many consumers in the UK.</p>	Partially agreed, please see resolution in row 527
535.	Assofondipensione , Assoprevidenza and Mefop	Question 10	<p>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?</p> <p>We agree on the fact that PEPP have to try to maximize returns outweighing inflation and on the fact that to reach this achievement a long time horizon is usually needed.</p> <p>However we disagree on the fact that retirement savers should be prevented to buy a PEPP if the remaining duration of the product is,</p>	Partially agreed, please see resolution in row 527

			e.g. only 5 years. Membership of a PEPP should be only based on the evaluation by the potential member of his own need for retirement. Providers of PEPP could provide the potential members close to retirement with the tools to evaluate whether the proposed investment fit for their need. This information tools are easy to provide particularly for on line distributed PEPP.	
536.	Assogestioni	Question 10	<p>Considering the fact that the PEPP aims to maximize 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?</p> <p>Assogestioni believes retirement savers should be allowed to buy a PEPP even if the remaining duration is low: there shouldn't be a prohibition for the consumer to invest in such schemes, although there should be some sort of warning, to make sure he/she fully understands the product characteristics.</p>	Agreed, please see resolution in row 527
537.	Better Finance	Question 10	<p>Q10: 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?</p> <p>We fully support this aim of the PEPP and wish to congratulate EIOPA for pointing out the need to outweigh inflation for the sake of all future European pensioners.</p> <p>Yes, 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. 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 (like for example the € 250 billion « Livret A » in France). In other words, it is not difficult to achieve a zero real return even before five years.</p>	Agreed, please see resolution in row 527



538.	BIPAR	Question 10	Again, all of this depends on many factors, specific to the consumer's situation.	Agreed, please see resolution in row 527
539.	Blackrock	Question 10	<p>We recommend starting to save for retirement early to gain the maximum benefits from the effects of compounding over the life of the product. We could see good reasons for a switch of product within 5 years of expected retirement date for example, if a member wishes to convert to a lower cost product or if the member decides that they may want to work longer than planned retirement age, or if the life styling option in their current PEPP does not allow them to meet their income requirements. At the very least we would recommend a specific carve out for regular contributions, e.g. by deduction from salary.</p> <p>As mentioned above, wake up calls starting at least 10 years before retirement and on an ongoing basis are important in this context with access and recommendations to take appropriate advice/guidance.</p>	Partially agreed, please see resolution in row 527
540.	Bund der Versicherten e.V. (BdV - German Associati	Question 10	<p>We fully support this aim of the PEPP and wish to congratulate EIOPA for pointing out the need to outweigh inflation for the sake of future pensioners.</p> <p>Yes, 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. 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 starting 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 (like for example the € 250 billion « Livret A » in France). In other words, it is not difficult to achieve a zero real return even before five years.</p>	Agreed, please see resolution in row 527

541.	Cardano Risk Management	Question 10	<p>The framing of risk depends on the targeted retirement product for the decumulation phase. In this consultation question it is stated that targeting a return that outweighs inflation is the aim of the PEPP. This is, in our opinion, only ONE of many possible objectives. The targeted decumulation solution defines the objective and the definition of risk in the accumulation phase. See our General Comments.</p> <p>Retirement savers should be allowed to buy a PEPP solution until their retirement day. The consultation question suggests that it is not prudent to allow consumers to enter the PEPP close to their retirement. The motivation is that the remaining investment horizon is too short. If that holds true, the same line of reasoning suggests that existing consumers should not be allowed to stay in the PEPP close to their retirement.</p>	Partially agreed, please see resolution in row 527
542.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 10	<p>DAV welcomes EIOPA’s aspiration to develop PEPP products as long-term savings products for old-age pensions, which are reasonable especially if the default option contains a guarantee. It should be taken into account, however, that frequent shifting makes it difficult to invest in illiquid, long-term assets. If the duration is rather short, then providers will not be able to invest in long-term assets. The consumer should be well aware of this limitation if he wishes to buy a PEPP product with a short remaining duration.</p>	Partially agreed, please see resolution in row 527
543.	Deutsche Bank	Question 10	<p>If the product foresees a life long annuity single premium investments should be allowed until the pay out phase starts (depending on tax benefits provided for in the retirement phase); minimum saving phases and their use always depend on market conditions and the customers’ individual situation. It should be left to the product providers to decide, if short saving phases make sense in any given market condition. What is important is consumers are made aware of potential risks from certain investment options, when the period until retirement is short.</p>	Agreed, please see resolution in row 527
544.	EFAMA	Question 10	<p>In our view, someone close to retirement should be allowed to buy a</p>	Agreed, please

			<p>PEPP.</p> <p>In case this question refers to a PEPP with a life-cycle strategy (LCS) that has reached its most conservative phase it should be clear however that the investment goal of a LCS strategy maturing in 5 years is not to maximise returns but to protect the consumer reaching retirement age against extreme negative outcomes.</p> <p>In order to ensure that consumers save into the LCS that best suits their accumulation horizon, the distributor should have information on the consumer's age in order to be able to offer him/her the LCS with the accumulation period that most closely corresponds to the period until his/her planned retirement date.</p>	<p>see resolution in row 527</p> <p>Agreed</p>
546.	European Federation of Financial Advisers and Fina	Question 10	<p>In principle, yes. We believe that the real point is suitability: the remaining duration of the product may be only 5 years, provided that the investment decision is based on an assessment of suitability (as for this, we consider that a 5-year timespan is a typical breaking point between medium and long-term investments).</p> <p>Conversely, we consider it appropriate to assess the time-based target market of the product in light of national requirements relating to retirement age. As mentioned in section 4.2.9.5 of the Consultation Paper, a PEPP is not suitable for a 64 year old: the investment would lose its long-term nature because in the E.U. the minimum retirement age will be equal to 65 or 67 years.</p>	Partially agreed, please see resolution in row 527
547.	Fairr.de GmbH	Question 10	<p>Yes.</p> <p>A PEPP may be attractive for reasons other than investment returns. For instance :</p>	Partially agreed, please see resolution in row 527

			<ol style="list-style-type: none"> <li>1. preferential tax and welfare treatment</li> <li>2. the PEPP wrapper allowing for attractive payout options</li> <li>3. portability across borders that would otherwise be unachievable</li> <li>4. the need to invest a lump sum of money for later use in retirement, stemming for example from bonuses or severance.</li> </ol>	
548.	Fédération Française des Sociétés d'Assurances (FFS)	Question 10	<p>FFSA believes that outweighing inflation cannot be the objective of the PEPP. Inflation is influenced mainly by macroeconomic conditions and monetary policy decisions at European and national levels. Furthermore, there are different inflation rates across the EU, different currencies and different calculation methods, so that it is not feasible to include inflation as a benchmark in a product which intends to foster long-term savings as well as cross-border distribution. FFSA wants also to question the legal feasibility of such a coverage at European level. Indeed French Law (article L-122 of the monetary and financial Affairs Code) prevent any kind of growth-indexated coverage such as inflation coverage would be.</p> <p>In light of the above, PEPP providers cannot be required to include inflation in the product design as it is not feasible. However should it be the case, this would induce major economic risks.</p> <p>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. Consumers should therefore be able to buy a PEPP when the remaining duration of the product is eg. 5 years with an adequate treatment.</p> <p>If minimum investment periods are regulated (eg number or length), the first period should be sufficiently long, ie. 10 years. In addition to allowing long-term investments, a long duration also enables the</p>	<p>Partially agreed, outweighing inflation is not necessarily the objective.</p> <p>Agreed, please see resolution in row 527</p>

			smooth amortisation of distribution and advice costs, subject to duration of the product.	
549.	Fidelity International	Question 10	Yes, there may be substantial tax benefits to be gained, the saver could then use a defensive investment strategy.	Agreed, also please see resolution in row 527
550.	Financial Services Consumer Panel	Question 10	Yes, provided that the consequences of investing in the product (in terms of potential returns) for a relatively short period of time is made clear to consumers pre-sale.	Disagreed, please see resolution in row 527
551.	FSUG	Question 10	<p>Banning to buy PEPP only because of the age (statutory provided) has no economic rationale as the saving period usually can go beyond (or well below) statutory retirement age in individual cases. At the same time, payout 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.</p> <p>Imposing such limits would narrow the market and limit certain consumers from accessing it.</p> <p>On the other hand, even more important aspect has been raised by EIOPA, which is the fact that the PEPP should be built with the objective to maximise returns outweighing inflation. FSUG recognizes this statement as the most important fact when considering any default option and regulation of the product.</p>	Agreed, please see resolution in row 527
552.	German Insurance Association (GDV)	Question 10	<p>In our understanding PEPP should primarily serve to build up a reliable income for retirement and not to maximise returns outweighing inflation. This, in general, requires a long-term approach to savings. Therefore, a PEPP should facilitate long-term savings until near-retirement age.</p> <p>However, it should be taken into account that increased flexibility of legal retirement dates or different ages among jurisdictions can make it difficult for providers to determine the remaining duration of the</p>	Partially agreed, please see resolution in row 548

			<p>contract e. g. by the age of the potential customer.</p> <p>In addition, national particularities or other circumstances (e. g. transfer of other assets into the PEPP) could make buying a PEPP beneficial for consumers, although the duration until retirement may be short. In addition, if consumers purchase a deferred annuity, the date of retirement does not automatically terminate the contract. Therefore, a careful assessment of the particular PEPP with regard to individual circumstances would be necessary instead of general restrictions.</p>	Agreed, please see resolution in row 527
553.	Hristina Mitreva – member of OPSG, employees repre	Question 10	<input type="checkbox"/> This is a reasonable time (5 years) and a shorter duration of this period will be to the detriment of retirement savers if is allowed to buy a PEPP.	Disagreed, please see resolution in row 527
554.	ICI Global	Question 10	As we discussed, this will be a voluntary product designed to supplement other savings, and, therefore, it must be able to accommodate a variety of consumer circumstances.	Agreed, please see resolution in row 527
556.	Insurance Europe	Question 10	<p>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?</p> <p>Insurance Europe believes that outweighing inflation cannot be the objective of the PEPP. Inflation is influenced mainly by macroeconomic conditions and monetary policy decisions at European and national levels. Therefore, PEPP providers cannot be asked to include inflation in the product design. Furthermore, there are different inflation rates across the EU, different currencies and different calculation methods, so that it is not feasible to include inflation as a benchmark in a product which intends to foster long-term savings as well as cross-border distribution.</p>	Partially agreed, please see resolution in row 527

			Insurance Europe maintains 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. Consumers should therefore be able to buy a PEPP when the remaining duration of the product is eg. 5 years, with an appropriate treatment (eg investment strategy adjusted to the shorter time horizon).	
557.	Intesa Sanpaolo Vita S.p.A.	Question 10	We think that also retirement savers should be allowed to buy a PEPP even for short term remaining duration but also in this case providers have a duty of care concerning the suitability of investment.	Agreed, please see resolution in row 527
558.	KBC Asset Management NV	Question 10	The whole reasoning behind this PEPP is that it offers the consumer investment opportunities over a long term. For holding periods of only 5 years, there are plenty of alternative investment opportunities (UCITS funds).	Agreed, also please see resolution in row 527
559.	Legal & General Group plc	Question 10	Yes they should. Customers should have the freedom to choose what is suitable for them, providing of course they are provided with sufficient information to allow them to make an informed decision. The different tax treatment and national pension regimes across Member States will mean that the timing of buying a PEPP will mean different things to different people and whilst it may not be suitable for some to buy one within a certain timeframe, it will be for others. Freedom and choice is key, and providers should have the flexibility to offer a range, albeit limited, of investment options to cater for different customer needs.	Agreed, also please see resolution in row 527
560.	Ministry of Finance of the Czech Republic	Question 10	We do not agree, considering the consumer protection.	Disagreed, please see resolution in row 527
561.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	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?	

			<p>This proposal seems inappropriate in the light of recent pension developments in the UK.</p> <p>First, the default retirement age has been abolished, making it difficult to identify how long any individual has to go before taking their pension.</p> <p>Second, the new pension freedoms introduced earlier this year will allow more people to leave a portion of their pension pot invested. Again, this means a 5-year limit simply would not work for many savers.</p>	Agreed, please see resolution in row 527
562.	Nationale-Nederlanden Group	Question 10	<p>There could be a number of reasons people would want to buy a PEPP just several years before retirement. We don't see why this would not be allowed. If this is allowed for local PPP's , the same rules should apply to PEPP.</p> <p>We would like to point out that it can never be a single goal of a PEPP to maximize returns outweighing inflation. The purpose is to provide savings for retirement. Underlying could be a life cycle strategy or a guarantee. Both of which could prevent a maximum return.</p>	Agreed, please see resolution in row 527
563.	PensionsEurope	Question 10	<p>Considering the fact that the PEPP aims to maximize 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?</p> <p>Yes. Retirement savers close to retirement can choose to make contributions to their PEPP at any moment, as some will use their savings in the late years of their retirement. The objective of the PEPP should be to balance risk and return.</p>	Agreed, please see resolution in row 527



564.	Previnet outsourcing Solutions	Question 10	Agreed. PEPPS should be not accessible to older people	Disagreed, please see resolution in row 527
566.	The Association of International Offices (AILO)	Question 10	Yes and we see no need to have any minimum duration the more so if there is a tax incentive for contributing to a pension pot even at a 1 year duration. At the time retirement benefits are taken then if the value of the pension pot is less than a stipulated minimum it might be possible to pay a lump sum to increase the pension income.	Agreed, also please see resolution in row 527
567.	The Danish Insurance Association	Question 10	We see no need to cut off consumers' access to buy a PEPP when they are close to retirement. Firstly, regulation should be limited to requiring the product to fit the needs of the consumer. Secondly, if the product includes a pay-out phase the remaining duration may be a lot longer.	Agreed, also please see resolution in row 527
568.	The investment association	Question 10	<p>We believe that no one should be barred from buying a PEPP if they wish to. However, there may be cases where it is not appropriate for the individual and this raises the question of whether it is appropriate for the PEPP to be purchased without advice.</p> <p>This in turn comes down to how the PEPP is distributed – if done so via the workplace and it comes with an employer pension contribution (as deferred pay) it is hard to see how this could be detrimental to the individual (if there is no other way of accessing this deferred pay). If the PEPP is sold via a retail market and the only money that goes in is the individual's contributions, then the advice question becomes more important.</p> <p>It seems to us that the issues of distribution and advice are therefore highly important and need careful thought and attention.</p>	<p>Agreed, please see resolution in row 527</p> <p>Agreed</p>

569.	Vanguard Asset Management, Limited	Question 10	<p>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?</p> <p>Yes. Vanguard believes that retirement savers in a voluntary system like the PEPP should be offered flexible choices at all phases of saving, including near and in retirement. This is the case because of the inevitable differences in savers' situations as a result of differences in already accumulated retirement savings, the existence of other available accumulated assets, and differences in retirement income needs.</p> <p>In addition, we strongly endorse the point made by EIOPA under 4.2.6.4 of the Public Consultation that PEPP providers should be allowed to construct their own life-cycle strategies with de-risking, in order to allow for competition and innovation.</p>	Agreed, please see resolution in row 527
570.	VVO	Question 10	<p>The objective of pension products regarding return should not be to outweigh inflation. Inflation is a macroeconomic external factor which cannot be influenced by the provider and which changes over time, especially taking into account the long-term nature of the PEPP. Furthermore, PEPP providers cannot be asked to include inflation in the product design, due to different inflation rates in the EU and the different calculation methods applicable.</p>	Partially agreed, please see resolution in row 548
571.	Vzbv	Question 10	<p>Unless the contract has a minimum duration, there will be difficulties to reduce the volatility on the financial markets by LCS or derisking mechanisms. For that reason, the duration of the contract must add up to an accumulation phase of at least 10 years. Notwithstanding the above, consumer must have the possibility of an open market option to pay a single premium for their retirement phase.</p>	Disagreed, please see resolution in row 527
572.	WIT	Question 10	<p>An inference from this question is that the only source of value is the</p>	Agreed, also

			<p>investment return whereas in some jurisdictions there may state matching contributions or state tax deductions, both of which could enhance the true return in the interval between accumulation and decumulation, notwithstanding the relative shortness of the interval.</p> <p>Thus retirement savers should be allowed buy these products safeguarded by the duty of care imposed on providers.</p>	<p>please see resolution in row 527</p>
573.	Working Group on Shariah financial and insurance p	Question 10	<p>Taking into account that a life-cycle concept for retirement needs a prior long-term saving time and enough time for switching to low risk investments before retirement, a contract duration with 5 years seems to be too short-termed.</p>	<p>Disagreed, please see resolution in row 527</p>
574.	Zurich Insurance Group	Question 10	<p>We would not agree that this is necessarily the objective of a PEPP. In fact, with a 0% guarantee it may not be possible to generate above-inflation returns over long periods. The real objective of a PEPP should be around outcomes relating to saving for sufficient income in retirement.</p> <p>We would note that a PEPP accumulation duration under five years may still be attractive, particularly if tax incentivisation is involved</p>	<p>Partially agreed, please see resolution in row 548</p> <p>Partially agreed, please see resolution in row 527</p>
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 11	<p>The right balance between long-term commitments and the flexibility for consumers to access their savings must be thoroughly assessed when designing a PEPP.</p> <p>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.</p> <p>However, consumers should not in principle be prohibited to access</p>	<p>Partially agreed, please see resolution in row 575</p>

		<p>their long-term savings, as already foreseen in some member states for specific cases (ie when purchasing a home).</p> <p>With regards to the need to find a balance on such aspect, the OPSG believes that:</p> <ul style="list-style-type: none"> <li>- 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).</li> <li>- 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.</li> <li>- There could be limited borrowing options against the capital accrued.</li> </ul> <p>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.</p> <p>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</p>	
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			<p>any time.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 11	<p>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?</p> <p>Minimum investment periods are fundamental to PEPP product design, as they will enable good returns to be generated over the long-term, in addition to allowing funding for long-term illiquid investments as intended by the creation of a Capital Markets Union. Therefore, PEPP providers should be allowed to design products with a minimum investment period of 10- 12 years with a possibility to surrender/switch</p>	Partially agreed, please see resolution in row 575

		<p>at that point or to continue with a minimum investment period of 5 to 10 years.</p> <p>Switching between providers should only be allowed after a specific period of time, for instance, at the end of minimum investment period of 10-12 years, for the following reasons:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Early switching will lead to cancellation costs being passed onto consumers, due to the disinvestment in the illiquid assets backing the long-term liabilities. The cancellation periods can therefore depend on the investment strategy of the provider. Consumers can have two options for switching: <ul style="list-style-type: none"> <li><input type="checkbox"/> Flexible periodic switching and transfer the market value of the assets reduced by cancellation costs incurred, due to the disinvestment of illiquid assets.</li> <li><input type="checkbox"/> Benefit from higher returns generated by long-term illiquid assets by having a longer cancellation period, after which consumers can switch free of charge, according to the surrender rules (still to be agreed).</li> </ul> </li> </ul> <p>The information on the number and length of a particular PEPP's minimum investment periods should be included in pre-contractual and on-going information.</p> <p>It should be noted that switching between PEPPs and national PPPs is impractical and includes significant barriers, such as switching between potentially different prudential frameworks, consumer protection rules, conduct of business rules, IT systems and tax incentives. Such options should therefore be dropped.</p> <p>Even though switching between PEPPs and/or PEPP providers is intended to be an important element, the following issues remain:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Automaticity of the procedure, eg it would be essential that the new provider is not forced to comply with the contractual rules of a PEPP offered by initial providers</li> <li><input type="checkbox"/> Responsibility for putting the old and new providers in contact</li> </ul>	
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			<input type="checkbox"/> Provision of the relevant information to tax authorities <input type="checkbox"/> Language applicable to the procedure <p>In the absence of a suitable framework, the switching feature could lead to adverse impacts for the PEPP provider, where management costs are increased, leading to higher premiums for customers.</p>	
575.	Pensionskasse der Mitarbeiter der Hoechst-Gruppe	Question 11	<p>In the consultation document, EIOPA recommends the implementation of the possibility to switch free of charges between PEPP providers periodically or e.g. if a specific situation occurs.</p> <p>The implementation of a right for the PEPP holder to switch the provider would inevitably have some negative consequences. Any switch between pension providers goes hand in hand with a cost increase for the PEPP providers. If the switch has to be free of charge, then such a cost increase will have to be paid by the provider/the community of PEPP holders and in fact reduce the investment returns. Additionally, a possibility for the PEPP holders to switch at any time will also hinder the implementation of an efficient long-term asset-management strategy including elements of de-risking or life-cycling. Furthermore the demand for a switch opportunity is contrary to a PEPP design approach including minimum guarantees and does thus only make sense in case of a pure DC design. Any kind of effective switching between pension providers including a transfer of capital also needs specific rules in reference to the tax treatment and the (mandatory) payment of social security contributions. In this context, it seems questionable whether a switch between pan-European pension product providers can be accompanied consistently from a tax or social security perspective because the designing of tax as well as social and labour law falls within the scope of the Member States.</p> <p>On the national level, a comparable conflict is already solved in the existing supplementary pension saving vehicles even without the existence of a PEPP. Such a switch of the product / provider is feasible</p>	<p>Agreed, EIOPA does not favour periodical free of charge switching per se. Instead high level principles should apply to switching: Costs should be fair, transparent, reflect the true costs borne and minimum holding periods (depending upon liquidity of the investment) should be possible</p>

			with 3rd pillar (insurance) products but in general not foreseen in occupational pension schemes (of the 2nd pillar).	
576.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 11	<p>This is again a question of detail. In the consultation document, EIOPA recommends the implementation of the possibility to switch free of charges between PEPP providers periodically or e.g. if a specific situation occurs.</p> <p>The implementation of a right for the PEPP holder to switch the provider would inevitably have some cost consequences. Any switch between pension providers goes hand in hand with a cost increase for the PEPP providers. If the switch has to be free of charge, then such a cost increase will have to be paid by the provider/the community of PEPP holders and in fact reduce the investment returns. Additionally, a possibility for the PEPP holders to switch at any time will also hinder the implementation of an efficient long-term asset-management strategy including elements of de-risking or life-cycling. Furthermore the demand for a switch opportunity is contrary to a PEPP design approach including minimum guarantees and does thus only make sense in case of a pure DC design. Any kind of effective switching between pension providers including a transfer of capital also needs specific rules in reference to the tax treatment and the (mandatory) payment of social security contributions. In this context, it seems questionable whether a switch between pan European pension product providers can be accompanied consistently from a tax or social security perspective because the designing of tax as well as social and labour law falls within the scope of the Member States.</p> <p>On the national level, a comparable conflict is already solved in the existing supplementary pension saving vehicles even without the existence of a PEPP. Such a switch of the product / provider is (not free of charge) feasible with 3rd pillar products but in general not foreseen in occupational pension schemes (of the 2nd pillar; only in the event of</p>	Agreed, please see resolution in row 575



			a change of employer).	
577.	ACA	Question 11	The desire of PEPP holders to have the comfort of switching products or providers on the one hand and on the other hand to maintain the benefits of illiquid, long-term investments, can be understood. But these two desiderata are not easily reconcilable.	Agreed, please see resolution in row 575.
578.	Af2i Association française des investisseurs insti	Question 11	Liquidity/transferability/long term premium on investments are most often adverse notions.  But in the PEPP case it is less obvious as an individual may subscribe to several plans with several providers, for different periods of time and different strategies.	Agreed, please see resolution in row 575
579.	AFG	Question 11	Afg thinks that switching products or providers should be facilitated. In very long term saving products, it is necessary to have this flexibility. To be blocked in a product with bad performances for 30 years can be highly detrimental to the interest of the consumer.  On the other hand, switching can be an issue when investing in illiquid investments (infrastructures, real estate, unlisted SMEs...).  The problem can be tackled with different solutions :  <input type="checkbox"/> If illiquid assets are only a small part of investments, the global allocation of retirement savers won't be significantly affected if a small number of savers switch to another provider or another product.  <input type="checkbox"/> A delay could be required in the case of investment in illiquid assets (e.g. systems of gates as in real estate funds).  <input type="checkbox"/> Redemption fees can be required in some cases.	Agreed, please see resolution in row 575
580.	Allianz	Question 11	The best of both worlds is not possible here. An illiquidity premium can	Agreed, please

			only be earned if and when long-term investments enable higher returns. Selling them before maturity, if possible at all, will destroy the benefits of the illiquidity premium. The malus for earlier cancellation of products should be considered under the surrender options. On the other hand, changes between investment funds of same providers should be made possible with less restrictive rules.	see resolution in row 575
581.	Amundi	Question 11	<p>Amundi believes that the benefits of illiquid, long term investments is much more important than the possibility of switching. In fact the most important is the ex-ante comparability of pension products. Of course the switching latitude will be important in some circumstances, for example in case of mobility from one country to another or in case a product is really disappointing. But some delay before the switch should be imposed in order not to oblige the producer to maintain a level of liquidity which would be detrimental for the other holders. Introducing a single exit day could be a solution; latitude in the choice of the periodicity for the exit day should be left to PEPP providers.</p> <p>Of course, redemption fees could be required in some cases as well as gates, both provision that are frequent within LT term investment funds' rules.</p>	Partially agreed, please see resolution in row 575
582.	ANASF	Question 10	<p>In principle, yes. We believe that the real point is suitability: the remaining duration of the product may be only 5 years, provided that the investment decision is based on an assessment of suitability (as for this, we consider that a 5-year timespan is a typical breaking point between medium and long-term investments).</p> <p>Conversely, we consider it appropriate to assess the time-based target market of the product in light of national requirements relating to retirement age. As mentioned in section 4.2.9.5 of the Consultation Paper, a PEPP is not suitable for a 64 year old: the investment would lose its long-term nature because in the E.U. the minimum retirement age will be equal to 65 or 67 years.</p>	Partially agreed, please see resolution in row 575
583.	APFIPP Associação	- Question 11	APFIPP believes that the PEPP should follow the UCITS model and invest, at least 70% of its assets in eligible assets for UCITS that have	Partially agreed, please see

	Portuguesa de Fundos de Invest		<p>greater liquidity, as we have already mentioned in Question 3.</p> <p>If this is the case, we consider that there is no need for special rules regarding switching between PEPPs because the minimum 70% of UCITS assets would be sufficient, in principle, to address both the redemption and the transfer requests.</p> <p>The transfers should be possible without or with limited costs for the PEPP holder.</p> <p>If for some reason a larger than expected amount of transfer is requested, the PEPP may be authorized to temporarily suspend transfers.</p>	resolution in row 575
584.	Association for Financial Markets in Europe (AFME)	Question 11		
585.	Association of British Insurers	Question 11	<p>While the ABI appreciates EIOPA's objective in creating a flexible product, with the option to switch products free of charge, we do not feel that this would be feasible in reality. Any long-term financial product, such as pensions, would require long-term investment options and as a result would need a minimum investment period, which could be set by providers according to the national market and local consumer behaviour. Improved yields in retirement are obtained through investment in illiquid assets, which would not be possible without a minimum investment period.</p> <p>In the UK, we have attempted to look at this 'switching' option through the 'Pot-Follows-Member' initiative and currently through the creation of a Pensions Dashboard. Both have faced many technical and policy obstacles. The ABI would therefore urge EIOPA to look at the challenges faced by similar national initiatives before developing a pan-</p>	Partially agreed, please see resolution in row 575

			<p>European product which would face similar issues, if not on a larger scale.</p> <p>The ABI would also question the goal of the PEPP, in light of these flexibilities. If the aim is to create a long-term retirement income product which can offer value-for-money returns in retirement, giving consumers some choice and encouraging their engagement, then we believe that there should be some 'restrictions' or 'limitations' regarding how often/when you could switch products for example. If consumers are seeking an investment product which can be accessed or moved more frequently, then the might usefully be directed to a product other than a the PEPP, such as the Individual Savings Account (ISA) in the UK, which is designed for more short-term (and flexible) investment periods.</p>	
586.	Assofondipensione , Assoprevidenza and Mefop	Question 11	<p>What is the stakeholders' view on the desire of the 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?</p> <p>Generally we share the idea to let members change PEPP without specific costs. If national Personal pension plans are already submitted to more strict rules with a higher degree of members protection, and particularly if they act as second pillar regime, possibility and conditions for switch should be fixed by national control authorities, as this kind of switch could lead to a deterioration in the degree of member/consumer wealth, instead of an improvement.</p>	Partially agreed, please see resolution in row 575
587.	Assogestioni	Question 11	<p>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?</p> <p>We believe it is important to recognize the right to switch both product</p>	Agreed, please see resolution in row 575

			and provider. Nonetheless we also agree that a balance between switching right and the illiquid nature of long term investments has to be found. In this regard we think that imposing a minimum delay between the switching request and the switch would help addressing this issue.	
588.	Better Finance	Question 11	<p>Q11: 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?</p> <p>We refer to the European Commission's Consumer Scorecard : one of the key factors for investments and pensions to be ranked the worst consumer market of all is the difficulty of switching</p> <p>One should not confuse long term with illiquid : see equity markets in 2008 : they remained the only liquid market although it is the most long term and risky listed security.</p> <p>More generally flexibility must be a driver of the PEPP design, otherwise too many restrictions and bans will kill the attractiveness of the product:</p> <ul style="list-style-type: none"> <li>- switching must be allowed, balanced with penalties if it is too frequent or too soon</li> <li>- Same thing for transferring balances to other providers if one is found to be disappointing.</li> <li>- Borrowing against part of the PEPP balance should be allowed</li> <li>- even early withdrawals (before retirement age) should be allowed in exceptional circumstances (disability, long unemployment, etc.)</li> <li>- Same thing for the minimum number of accumulation years and for the age at which to start paying out which should not be tied to the actual date of occupational retirement (like for example in the USA where anyone holding an IRA and also a DC occupational plan can start to withdraw at the age of 59,5 without any tax penalties).</li> </ul>	Agreed, please also see resolution in row 575

			<p>If the PEPP is an annuity insurance, any fees for any change in the contract (i.e. decrease or increase of premiums or even switch to a new provider) have to be disclosed and fixed at the moment of contract conclusion. Currently, if switching to a new life insurer, the capital accumulated hitherto by the consumer will considerably be reduced by additional commissions for the new insurer. Product regulation of PEPP must prevent this kind of consumer detriment.</p>	
589.	BIPAR	Question 11	<p>We believe that switching should indeed be possible. Information on the cost of switching should be made available. Alternatives to switching (such as a loan against the assets built) should be available. The consequences of switching for the long term should also be explained to the consumer.</p> <p>In practice, one of the issues in relation to switching is not the technicality of the product, but the tax regime, which is outside the product.</p>	Partially agreed, please see resolution in row 575
590.	Blackrock	Question 11	<p>The greater the scale of the PEPP the more likely it will be able to hold illiquid assets without experiencing liquidity issues, caused by investors switching product.</p> <p>We would also encourage investment in pooled solutions which offer exposure to longer term illiquid assets such as ELTIFs. Although ELTIFs have not yet been launched there is an expectation that a number of them may be listed. If so the ability to trade the ELTIF on the secondary market may assist the PEPP in facilitating transfers of member holdings between schemes in the future as interests in the fund wrapper could be sold rather than the underlying assets.</p>	Agreed, please see resolution in row 575
591.	Bund der Versicherten e.V. (BdV - German Associati	Question 11	<p>We refer to the European Commission's Consumer Scorecard : one of the key factors for investments and pensions to be ranked the worst consumer market of all is the difficulty of switching.</p>	Agreed, please see resolution in row 575

			<p>One should not confuse long term with illiquid : see equity markets in 2008 : they remained the only liquid market although it is the most long term and risky listed security.</p> <p>More generally flexibility must be a driver of the PEPP design, otherwise too many restrictions and bans will kill the attractiveness of the product:</p> <ul style="list-style-type: none"> <li>- Switching must be allowed, balanced with penalties if it is too frequent or too soon</li> <li>- Same thing for transferring balances to other providers if one is found to be disappointing.</li> <li>- Borrowing against part of the PEPP balance should be allowed</li> <li>- Even early withdrawals (before retirement age) should be allowed in exceptional circumstances (disability, long unemployment, etc.)</li> <li>- Same thing for the minimum number of accumulation years and for the age at which to start paying out which should not be tied to the actual date of occupational retirement (like for example in the USA where anyone holding an IRA and also a DC occupational plan can start to withdraw at the age of 59,5 without any tax penalties).</li> </ul> <p>If the PEPP is an annuity insurance, any fees for any change in the contract (i.e. decrease or increase of premiums or even switch to a new provider) have to be disclosed and fixed at the moment of contract conclusion. Currently, if switching to a new life insurer, the capital accumulated hitherto by the consumer will considerably be reduced by additional commissions for the new insurer. Product regulation of PEPP must prevent this kind of consumer detriment.</p>	
592.	Cardano Risk Management	Question 11	In retail distributed defined contribution products where the individual bears the investment risk it is a fundamental right that consumers can switch between providers. We consider clear ownership and transfer	Agreed, please see resolution in row 575

			<p>rights as fundamental consumer rights which are necessary to build trust and avoid mis-selling scandals involving PEPPs. The potential upside from illiquid long-term investment does not compensate for the massive agency costs (governance issues) stemming from rendering commercial retail providers monopolistic situations.</p> <p>The possibility to switch product and provider allows the consumer to consolidate many small pots into one product. For EU cross border workers, the PEPPs could be a consolidation vehicle in which past occupational pension savings could be consolidated.</p>	
593.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 11	The shift options should be limited if investing in illiquid, long-term assets. Additional market value adjustment charges could be applied if shifts occur ahead of time.	Partially agreed, please see resolution in row 575
594.	Deutsche Bank	Question 11	Switching should only be possible between PEPP products. A switching option into national PPPs would tremendously increase complexity and create bureaucracy. Switching options should be limited (e.g. once every five years) in order to keep costs low. Providers should not be allowed to charge sales fees on shifted assets nor should they pay commission to intermediaries on these assets. Every individual should only invest into one PEPP. When selling a second plan advisors should be obliged to document the reasons and customers should sign that they have understood that they pay double charges and potentially generate additional commission for the second plan.	Partially agreed, please see resolution in row 575
595.	EFAMA	Question 11	<p>Over a savings period that could be as long as forty years, we would find it unreasonable to suppose that consumers would be locked into products, regardless of the performance of the product.</p> <p>We therefore agree with EIOPA that switching products or providers should be allowed but potentially limited to avoid that the investments would only consist of liquid assets.</p>	Agreed, please see resolution in row 575



			<p>In establishing switching rules/possibilities, the nature of the investment option and the liquidity profile of the portfolio should be taken into account.</p> <p>Switching between providers should also be possible.</p> <p>We fully recognize that it would not be fair for consumers to be blocked in a PEPP when they would like to switch to another PEPP that is delivering more value for money.</p> <p>To make switching possible without encouraging excessive switching, a mix of cost (to compensate the costs generated with the liquidation / transfer of the accumulated capital to another product/provider) and prohibition (limited number of redemptions per year) could also be considered. In any case, it should be clear that switching should not become a profit activity for the providers.</p>	
597.	Fairr.de GmbH	Question 11	<p>It is our view at fairr.de that switching creates operational costs and also imposes costs on the investment collective if it holds illiquid investments.</p> <p>At the same time the possibility to switch is deemed a key driver for consumer trust and significantly lowers the psychological hurdle to buy a product for the very long term. It also keeps the market open to new players and allows for future improvements in the regime.</p>	Partially agreed, please see resolution in row 575

			<p>We are therefore of the opinion that allowing consumers to switch once every year is a good compromise, and that intermittent or more frequent switching should incur costs to the customer.</p> <p>Moreover, a large enough investment collective should find that its duration is mathematically « infinite » even if it faces in- and outflows of assets.</p> <p>We therefore argue that a limited amount of « switchers » will not negatively affect investment performance.</p>	
598.	Fédération Française des Sociétés d'Assurances (FFS)	Question 11	<p>In the context of creating a Capital Markets Union, and so to generate funding for long-term illiquid investments, the PEPP should allow providers to generate long-term liabilities. This means that consumers should be incentivised to save for a long period, ideally until retirement. Long-term liabilities cannot be generated if consumers are allowed to switch at any time. Moreover, such a possibility would reduce considerably consumers' investment return.</p> <p>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 should only be allowed at specific points in time, ie at the end of a minimum investment period.</p> <p>PEPP providers should be allowed to design the number and length of the minimum investment periods embedded in their products. This information should be included in pre-contractual and ongoing information. Consumers should also receive information on the benefits of long-term saving, which would help to increase consumer awareness of the importance of saving for their retirement.</p> <p>Switching between pension products generally leads to inevitable cancellation costs due to divesting the illiquid assets which will be passed on to consumers. Thus, cancellation periods should depend on the asset strategy of the provider.</p>	Partially agreed, please see resolution in row 575

			<p>Furthermore, switching between PEPPs and/or PEPP providers is a key feature of EIOPA's proposal the consultation paper does not provide sufficient detail on the following key issues:</p> <p>Automaticity of the procedure, eg. it would be essential that the new provider is not forced to comply with the contractual rules of a PEPP offered by initial providers.</p> <p>Without an adequate framework, this switching possibility could have a detrimental prudential impact on the financial management of the provider's company and its management costs thus affecting its capacity to invest and resulting in higher premiums to be paid by PEPP holders.</p> <p>Finally, switching between PEPPs and national PPPs means switching between potentially different prudential frameworks, consumer protection rule and conduct of business rules, IT systems and tax incentives.</p> <p>In our opinion, these are significant barriers to switching. Consequently we recommend not including this provision as a key feature of PEPPs.</p>	
599.	Fidelity International	Question 11	See answer to Q 12	Noted
600.	Financial Services Consumer Panel	Question 11	The Panel believes that consumers should be free to switch their funds between products or providers, as competition benefits from demand side pressure. The process for switching however may need to be considered in the context of individual Member State practices. In any event, the use of prohibitive exit fees should not be allowed.	Partially agreed, please see resolution in row 575
601.	FSUG	Question 11	FSUG argues, that it might sound misleading to create a need for trade-off between „right-to-switch“ and „liquidity“. Both features can be achieved at the same time with no special costs and many tools can be introduced to support this (assets-follow-savings, borrowing against assets, leveraging, etc.). When considering the PEPP features, the	Partially agreed, please see resolution in row 575

			<p>right-to-switch should be guaranteed if the ultimate objective is still in place. Locking the consumer in the product would limit the innovative competition and potential decrease of costs over time.</p> <p>Low liquidity of a long-term investment is often associated with low transparency of such investment. If the long-term investment is sound and profitable, how it could be illiquid? Such investment would attract many investors (short-term as well as long-term) and create a financial products around the investment that would make it liquid.</p>	
602.	German Insurance Association (GDV)	Question 11	<p>The long-term nature of pension products and in particular the decumulation phase in form of life-long annuities incentivises providers to invest in illiquid or less liquid assets. Therefore, pension products can contribute to the objective of creating a Capital Markets Union. But to generate funding for long-term illiquid investments through PEPPs, the PEPP providers should be allowed to generate long-term liabilities. Consumers would also benefit from long-term investments by PEPP providers, because they earn illiquidity premiums. But long-term liabilities cannot be generated if consumers may switch PEPPs and providers often. Although we recognise EIOPA's concerns regarding long lock-in periods for consumers, we do not find that periodic switching free of charge is a suitable mandatory feature for PEPPs:</p> <ol style="list-style-type: none"> <li>1. It seems not straightforward to determine an appropriate point in time, in which for all types of PEPPs it becomes obvious how they perform compared to other products.</li> <li>2. A periodic switching opportunity could have the unintended consequence that consumers feel obliged to switch, thereby giving up the benefits of illiquidity premiums.</li> <li>3. With periodic switching consumers can lose the benefits of guarantees due at maturity of the contract or of additional biometric risk coverage. For the latter, switching to a new provider after several years would require a new health assessment for death or work incapability benefits, which might lead to a higher premium or even exclusions.</li> <li>4. Consumers run the risk of suffering from tax penalties, if local</li> </ol>	Partially agreed, please see resolution in row 575

			<p>tax authorities consider the transfer of assets away from the old provider as surrender.</p> <p>In case that EIOPA nevertheless intends to offer the possibility to change the PEPP provider, cancellation periods that depend on the asset strategy of the provider instead of periodic switching are necessary. That means:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Consumers can benefit from higher returns on long-term partially liquid or illiquid assets by having contracts with longer cancellation periods after which consumers can switch free of charge. This would also prevent short-term reactions to market movements which are not suitable for long-term savings products.</li> <li><input type="checkbox"/> Alternatively, consumers can enjoy shorter cancellation periods and, thus, more flexible investment terms by transferring the market value of the assets reduced by the market value adjustments that incur due to divesting the illiquid assets.</li> </ul> <p>It should be noted that in addition to options for transferring all assets to a new provider, consumers should also be able to make a PEPP paid-up.</p> <p>Regarding the special situations for immediate cancellation in number 4.2.8.3 of the consultation document, existing regulation for other products (UCITS) might not fit to other type of PEPPs (e. g. a merger of insurance companies does not change the terms of the contract, while a merger of funds might substantially change the risk profile). Regulation for immediate cancellation should be based on the occurrence of a substantial material change of the PEPP.</p>	
603.	Hristina Mitreva – member of OPSG, employees repre	Question 11	<ul style="list-style-type: none"> <li><input type="checkbox"/> PEPP holders should consider and be aware of the effect of change (positive or negative) when they switch products or providers and how this will affect on benefits of illiquid, long term investments. It</li> </ul>	Agreed, please see resolution in row 575

			depends also on how long they have been with this provider and what is achieved to date return of illiquid long-term investments as well as this is related to the different expectations and needs of PEPP holders in respect to the amount and kind of risk they are willing to take on.	
605.	Insurance Europe	Question 11	<p>In the spirit of creating a Capital Markets Union, and so to help generate funding for long-term illiquid investments, the PEPP should allow providers to generate long-term liabilities. This means that consumers should be incentivised to save for a long period, ideally until retirement. Long-term liabilities cannot be generated if consumers are allowed to switch at any time. Moreover, such a possibility would reduce considerably consumers' investment return.</p> <p>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 should only be allowed at specific points in time, ie at the end of a minimum investment period.</p> <p>As a result, Insurance Europe recommends allowing PEPP providers to design the number and length of the minimum investment periods embedded in their products. This information should be included in pre-contractual and ongoing information. Consumers should also receive information on the benefits of long-term saving, which would help to increase consumer awareness of the importance of saving for their retirement.</p> <p>Switching between pension products generally leads to inevitable cancellation costs due to divesting the illiquid assets which will be passed on to consumers. Thus, cancellation periods should depend on the asset strategy of the provider. Consumers can either</p>	Partially agreed, please see resolution in row 575

			<ul style="list-style-type: none"> <li><input type="checkbox"/> benefit from higher returns on long-term partially liquid or illiquid assets having longer cancellation periods, after which consumers can switch free of charge or</li> <li><input type="checkbox"/> enjoy a more flexible periodic switching and transfer market value of the assets reduced by the market value adjustments that incur due to divesting the illiquid assets.</li> </ul> <p>Furthermore, while Insurance Europe notes that switching between PEPPs and/or PEPP providers is a key feature of EIOPA's proposal the consultation paper does not provide sufficient detail on the following key issues:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> automaticity of the procedure, eg it would be essential that the new provider is not forced to comply with the contractual rules of a PEPP offered by initial providers</li> <li><input type="checkbox"/> responsibility for putting the old and new providers in contact</li> <li><input type="checkbox"/> language applicable to the procedure</li> <li><input type="checkbox"/> prevention of surrender when switching</li> <li><input type="checkbox"/> provision of tax authorities with the relevant information</li> <li><input type="checkbox"/> allocation of costs generated by switching</li> </ul> <p>Without an adequate framework, Insurance Europe believes that this switching possibility could have a detrimental prudential impact on the financial management of the provider's company and its management costs thus affecting its capacity to invest and resulting in higher premiums to be paid by PEPP holders.</p> <p>Finally, switching between PEPPs and national PPPs means switching between potentially different prudential frameworks, consumer protection rules, conduct of business rules, and tax incentives. In our</p>	
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			opinion, these are significant barriers to switching. Consequently, Insurance Europe recommends not including this provision as a key feature of PEPPs.	
606.	Intesa Sanpaolo Vita S.p.A.	Question 11	Intesa Sanpaolo Vita believes this choice depends on retirement savers' personal attitudes ; anyway, they must be allowed to switch products or providers according to rules and limits to maintain part of the benefits of this illiquid and long-term investments.	Agreed, please see resolution in row 575
607.	KBC Asset Management NV	Question 11	See Question 12	Noted
608.	Legal & General Group plc	Question 11	We appreciate the benefits of illiquid, long-term investments but we are strong advocates of the principle of customers having the flexibility to shop around and choose their pension provider at any time, and free of charge. Consequentially, we do not believe any constraints should be imposed on the ability for customers to switch their provider (or indeed switch between different investment options within their current product).	Partially agreed, please see resolution in row 575
609.	Ministry of Finance of the Czech Republic	Question 11	Frequent switches of products or providers should be charged. Once in a certain period of time (e.g. 5 years), the switch should be free of charge.	Partially agreed, please see resolution in row 575
610.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 11	<p>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?</p> <p>The NAPF agrees that pension savers should be able to switch quickly and easily between providers. The industry has been strengthening its systems to make switching easier.</p> <p>It is important that easier switching is complemented by good</p>	<p>Agreed, please see resolution in row 575</p> <p>Partially agreed,</p>



			governance and advice. Good governance helps to ensure that pension schemes are well run, thereby reducing the risk of transferring into a poor value scheme. Good advice helps members to make the right choices.	advice / appropriateness testing would not necessarily be required when a PEPP investment option is qualified as 'non-complex'
611.	Nationale-Nederlanden Group	Question 11	<p>We believe a PEPP should be a long term commitment by the consumer. One shouldn't start a PEPP for just one year and then change to another product. This should be explained in a clear and transparent manner. However, it should not be prohibited to stop contributing tot the PEPP. The consequences of stopping should be made clear in advance (before starting a PEPP).</p> <p>As for PEPP providers, we agree that consumers should have the possibility to change PEPP providers to a certain extent. This switching between PEPP's could lead to costs due to divesting illiquid assets. Therefore, it would depend on the assets within a PEPP. Consumers should be well informed on the costs and consequences before deciding to change providers.</p> <p>However, we see a risk if consumers switch because of investment performance of a provider. Taken into account the fact that a life cycle will generate less return when nearing the retirement age, higher returns from other providers could seem tempting.</p>	Partially agreed, please see resolution in row 575
612.	PensionsEurope	Question 11	<p>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?</p> <p>Consumers should be able to switch between providers. However, issues may arise when investing in illiquid invesments. The problem</p>	Agreed, please see resolution in row 575

			<p>can be tackled with different solutions :</p> <ul style="list-style-type: none"> <li>- If illiquid assets are only a small part of investments, the global allocation of retirement savers won't be affected if a small number of savers switch to another provider.</li> <li>- A delay between the demand and the switch could be requested in the case of investment in illiquid assets.</li> </ul>	
613.	Previnet outsourcing Solutions	Question 11	Some degree of flexibility should be offered to members. Say at least one switch per year. More switches could imply some costs.	Partially agreed, please see resolution in row 575
615.	The Association of International Offices (AILO)	Question 11	Absent any Governmental assistance to providers, the two concepts appear irreconcilable without penalties on the client for making such a switch unless providers were to be prepared and able to transfer units or shares in such investments – this ability is often at the discretion of fund administrators. It would suggest that such transfers could only be facilitated if illiquid assets could be transferred to the new provider. The transfer possibility could be allowed, but with that proviso.	Disagreed, please see resolution in row 575
616.	The Danish Insurance Association	Question 11	<p>We recognise that, from a theoretical perspective, it may be difficult to reconcile the benefits of long-term investments with unrestricted access to switching pension provider or product. However, we do not see it as a major problem in actual practice, at least not in Denmark.</p> <p>In Denmark, for personal pensions, there are no restrictions on policy holders switching pension provider. In general, this applies also to occupational pension if the relationship of employment, in which the occupational pension policy was established, has come to an end.</p> <p>However, in Denmark, the policy holder is normally charged a relatively minor fee in order to cover administration costs of switching. Besides, some providers of guaranteed life insurance products with</p>	Agreed, please see resolution in row 575

			<p>profit-sharing may, temporarily, introduce a charge on switching. That will typically be in the aftermath of a large downturn in the financial markets when the value of the assets may drop below the value of life insurance provisions because provisions depend on the guarantee. In this case, policy holders may want to switch to a product with no guarantee in expectance of a coming upturn in the financial markets. Thus, the provider may introduce a temporary charge on switching in order to protect the collective reserves of the profit-sharing product which belongs to the remaining policy holders. Nevertheless, this 'temporary' charge is not the usual situation.</p> <p>Since there are no restrictions on switching on personal pension products in Denmark (and usually only minor costs for the policy holder who wants to switch), introducing a minimum investment period (locking period) in the PEPP would, all other things being equal, make the PEPP less attractive to consumers compared to other products in the Danish market.</p>	
617.	The investment association	Question 11	<p>Individuals purchasing a PEPP could hold the product for as long as 40 years. Over such a long period it is unreasonable to suppose that consumers would be locked into products, regardless of the performance of the product. We therefore agree with EIOPA that switching products or providers should be allowed but potentially limited to avoid providers having to hold portfolios consisting entirely of liquid assets.</p> <p>However, we do not believe that there is necessarily a trade-off between the individual's desire to have the option of switching provider and ability of the provider to invest PEPP contributions in illiquid assets. This is because at the level of the provider, only some of the assets in the PEPP will need to be held in more liquid asset classes in order to meet potential investor demand to switch funds or providers; and the greater the scale of the PEPP the more likely it will be able to hold</p>	<p>Agreed, please see resolution in row 575</p> <p>Agreed</p>

			illiquid assets without experiencing liquidity issues caused by investors switching product.	
618.	Vanguard Asset Management, Limited	Question 11	<p>Vanguard agrees that PEPP holders should be afforded reasonable opportunities to switch products and providers without incurring additional charges for switching.</p> <p>Also, we are generally concerned with investments (even long-term investments such as retirement savings investments) in products that may be illiquid for an extended period of time. Any such investments should be preceded by clear and candid disclosure about the conditions controlling the opportunity to redeem and any associated redemption costs.</p>	Agreed, please see resolution in row 575
619.	VPB	Question 11	A product switch is in the interest of the consumers and should basically be possible.	Agreed, please see resolution in row 575
620.	VVO	Question 11	<p>It is in the nature of a pension product that consumers should be encouraged to save long-term for their retirement and not to surrender or switch. In addition, in order to generate funding for long-term illiquid investments, the PEPP should allow providers to generate long-term liabilities. This means that consumers should be incentivised to save for a long period, ideally until retirement. Long-term liabilities cannot be generated if consumers are allowed to switch at any time. Moreover, such a possibility would reduce considerably consumers' investment return. In addition, switching causes burden to the remaining policyholders and it leads to cancellation costs due to the divesting of illiquid assets.</p> <p>Minimum investment periods are fundamental to pension products. In some Member States jurisdictions also tax incentives are linked to a minimum contract period.</p>	Partially agreed, please see resolution in row 575

			Leaving the existing alignment of long-term liabilities and long-term investments would create an unduly liquidity risk and finally impact financial stability.	
621.	Vzbv	Question 11	Generally the possibility to switch the provider is a very important instrument to create an efficient PEPP market. Otherwise the PEPP provider has no incentive to care for his clients. Switching opportunities enables consumers to correct previous wrong decisions.	Agreed, please see resolution in row 575
622.	WIT	Question 11	<p>Comfort does not adequately describe the necessity of adjusting a fund at appropriate intervals or switching to another provider. Wealth or capital preservation and/or poverty mitigation might be a better description. It is possible to have a default option of no adjustment and this is likely to be favoured by many retail investors, and also an option of automatic adjustment either to better products or better fund allocation, particularly as decumulation approaches.</p> <p>The option of switching to an alternative provider represents a form of market discipline. It is predicated on information being provided on performance by the provider and by some independent agency. EIOPA could provide independent information based on the return that was possible by buying a long dated government bond issued in each year with the contributions paid in to the product. EIOPA could also show the effect of the consumer price index on the purchasing power of funds. There is work to be done on these suggestions and in developing appropriate tools and there is time to do it as policy development is at an early stage. Current performance disclosure is not sufficient for a properly functioning individual pension market as envisaged in this consultation document.</p>	Agreed, please see resolution in row 575
623.	Working Group on Shariah financial and insurance p	Question 11	It is important to clarify the advantages or disadvantages of long-term structured investments and advantages or disadvantages of switching products during the contract. Depending on the needs it is conceivable and arguable to offer additional flexible concepts. Smoothing concepts as a form of solidarity are compliant with Islam rules.	Agreed, please see resolution in row 575

624.	Zurich Insurance Group	Question 11	<p>For a provider to try to hold a customer for an excessive period of time is anti-competitive. However the PEPP would also be a longer term investment and we note a desire to encourage greater investment in illiquid assets.</p> <p>A minimum investment period should be allowed:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> If the underlying fund is invested in illiquid assets and the period is appropriate to protect all investors.</li> <li><input type="checkbox"/> The period of lock in is reasonable (for example no more than 10 years) and is well communicated with the customer in advance of completing the sale.</li> <li><input type="checkbox"/> There is an exit mechanism on a life event such as death or retirement.</li> </ul> <p>It is also important that any transfer happens at a fair value and consumers understand implications if this value includes a market driven "break cost" in the investment.</p>	Agreed, please see resolution in row 575
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 12	<p>Long-term investments and switching are compatible as long as switching is allowed at specific points in time.</p> <p>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.</p> <p>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).</p> <p>Moreover, the OPSG recommends that, when allowed, the modality of</p>	Agreed, please see resolution in row 575 however

			<p>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.</p> <p>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).</p>	
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 12	<p>Under what conditions do stakeholders think that the concepts of periodically switching providers and illiquid, long term investment are reconcilable?</p> <p>The concepts of switching providers and illiquid, long-term investments are reconcilable, as long as switching is allowed at a specific point in time. For instance, at the end of minimum investment period of 10-12 years. Distribution and advice costs will require an amortisation within several years; this should be specified within the surrender rules.</p>	Partially agreed, please see resolution in row 575
625.	Pensionskasse der Mitarbeiter der Hoechst-Gruppe	Question 12	<p>Illiquid long-term investments, like infrastructure or new energy, mean asset-classes with investment periods of 20 years and more. Therefore, a combination with concepts in which the duration of the liquidity can be terminated on a short-term basis cannot work.</p>	Partially agreed, please see resolution in row 575
626.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 12	<p>This is again a question of detail. Illiquid long-term investments, like infrastructure or renewable energy mean asset-classes with investment periods of 20 years and more. We believe that the concepts of periodically switching providers and illiquid, long-term investments are irreconcilable.</p>	Disagreed, please see resolution in row 575
627.	ACA	Question 12	<p>We think that the conditions required to reconcile the a priori contradictory concepts of periodically switching procedures and illiquid, long-term investments, should depend on the support and the featuring of the concerned products.</p>	Agreed, please see resolution in row 575

628.	Af2i Association française des investisseurs insti	Question 12	Switching providers might be authorized at a limited number of scheduled occasions, of course with a less efficient catching of long term premiums.	Partially agreed, please see resolution in row 575
629.	AFG	Question 12	See Q11	Noted
630.	Allianz	Question 12	Economically switching providers does not make any sense. The benefits of long-term investments can only be earned if they are realized. Any early cancellation, if at all possible, will be at the expenses of clients (e.g. organized via the surrender options). At most the present value of the assets can be transferred. The customer loses guarantees, illiquidity premiums and biometric cover. A solution could be for the 1st provider to continue serving a client until the end of the minimum policy period, e.g. including to inform foreign tax authorities on taxable benefits. And, when switching, for the sake of consumer protection, rules should include a quality assurance of 'equal provider'.	Partially agreed, please see resolution in row 575
631.	Amundi	Question 12	It is difficult to define general conditions allowing both switching and long term investment that would fit for all pension products because it will be very dependent from the size of the PEPP. In fact, it will be easier for a very large PEPP to allow for individual exits without detrimental effects than for a smaller one.	Agreed, please see resolution in row 575
632.	APFIPP - Associação Portuguesa de Fundos de Invest	Question 12	Please see our answer to Question 11.	Noted
633.	Association for Financial Markets in Europe (AFME)	Question 12		
634.	Association of	Question 12	It would be difficult to imagine a situation where allowing consumers to	Partially agreed,



	British Insurers		<p>switch products periodically would be compatible with the PEPP having illiquid, long-term investments. Although, we would make the point that for a long-term investment, it does not mean the asset needs to be illiquid.</p> <p>For consumers to be able to switch products periodically, or as often as they choose, then the trade-off would be that the investment options would need to be equally flexible and so (generally) liquid.</p> <p>If switching were to be included as a feature of the PEPP, it is paramount that providers are given a degree of certainty as to when the consumer may switch so that the investment strategy can be tailored accordingly.</p>	please see resolution in row 575 however
635.	Assofondipensione , Assoprevidenza and Mefop	Question 12	It is a quite complex question. If the total PEPP exposure face to illiquid assets is limited, the possibility to transfer his personal account could not lead to particular problems in the portfolio management. Anyway the switch option could be made only if a period of time coherent with illiquid degree of assets has occurred.	Partially agreed, please see resolution in row 575
636.	Assogestioni	Question 12	<p>Under what conditions do stakeholders think that the concepts of periodically switching providers and illiquid, long-term investment are reconcilable?</p> <p>Please refer to Q11</p>	Noted
637.	Better Finance	Question 12	<p>See previous response</p> <p>However this is by essence a product optimised for the long term so a minimum lock in period with a penalty fee for withdrawing sooner could be considered. The level of the penalty fee should be commensurate with the cost incurred by the provider (there is obviously a cost as any early withdrawal will limit the provider's ability</p>	Partially agreed, please see resolution in row 575

			to maximise long term return for its clients). This fee should be also viewed as an incentive to tap on other shorter term savings first if any. Also, as already in place for some pension products in the EU and in the US, there should be a possibility to borrow against one's individual holdings or accumulated rights, the loan being secured by part (for example up to a maximum of 60% ) of the PEPP rights of the borrower.	
638.	Blackrock	Question 12	It would be beneficial include investment rules to encourage investment in longer term assets. The liability matching benefits of longer term assets such as investment in infrastructure do, however, come with a number of associated structural issues. These are largely "buy and hold assets" and schemes will probably need to maintain a limit on the total percentage of illiquid assets they hold, say around 20%. Schemes will also need a detailed liquidity management policy, such as that required under the AIFMD to cover the effect of transfers out of the scheme which might generate greater concentration in illiquid assets. Further work on the liability of governance bodies of would also be needed to provide them with appropriate safe harbours if they put in place longer term investment strategies of this nature as well as further guidance on the inclusion of longer term assets in the assessment of value for money that governance bodies are required to make.	Agreed, please see resolution in row 575 however
639.	Bund der Versicherten e.V. (BdV - German Associati	Question 12	See previous response.  However this is by essence a product optimised for the long term so a minimum lock in period with a penalty fee for withdrawing sooner could be considered. The level of the penalty fee should be commensurate with the cost incurred by the provider (there is a obviously a cost factor, as any early withdrawal will limit the provider's ability to maximise long term return for its clients). This fee should be also viewd as an incentive to tap on other shorter term savings first if any. Also, as already in place for some pension products in the EU and in the US, there should be a possibility to borrow against one's individual holdings or acumulated rights, the loan being secured by	Partially agreed, please see resolution in row 575 however

			part of the PEPP rights of the borrower.	
640.	Cardano Risk Management	Question 12	<p>The market value of illiquid investments is only known when entering or exiting the investment. During the holding period it is difficult to find an objective valuation, in most cases the book value of illiquid investments is based on appraisals which are typically lagging the underlying market value. In time of financial stress the fire sale value on illiquid assets are typically significantly lower than the book value.</p> <p>If the proportion of illiquid investments is very high in a PEPP, then unconstrained transfer rights could cause the equivalent of a “bank run” in periods of financial stress. In such case, the remaining consumers in the PEPP would obtain an ever increasing share of illiquid assets with a fire sale value significantly lower than the book value.</p> <p>Managing pooled vehicles with illiquid assets is not a new problem. There are examples of solutions, such as haircuts and notification periods. The key objective is to make sure that consumers that exit/enter the PEPP and remaining/current consumers in the PEPP are treated fairly. It is worthwhile to point out that in a retail setting, the PEPP provider has a business reason for applying excessive haircuts on illiquid assets. The commercial provider could use an excessive haircut to create a synthetic ‘exit fee’ that will deter consumers to exercise their transfer rights.</p> <p>We suggest there is a limit on the proportion of illiquid investments introduced.</p>	Agreed, please see resolution in row 575
641.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 12	see response to Q 11	Noted

642.	Deutsche Bank	Question 12	When a switch is only allowed in certain periods, providers can setup an asset liability management system that takes into account a certain percentage of switching activities.	Partially agreed, please see resolution in row 575
643.	EFAMA	Question 12	Please refer to our answer to Q11.	Noted
645.	Fairr.de GmbH	Question 12	<p>It is our opinion that these concepts are not fundamentally reconcilable.</p> <p>Conceptually, switching out of a collective that holds only long term illiquid assets will always incur of costs.</p> <p>However a compromise should be found in order to correspond to consumer preferences and to promote competition.</p>	Partially agreed, please see resolution in row 575
646.	Fédération Française des Sociétés dAssurances (FFS)	Question 12	<p>Long-term investment and switching are compatible so long as this is allowed at a specific (and agreed) point in time. However, this flexibility would be reflected in the returns.</p> <p>Moreover, FFSA strongly recommends that, when allowed, the modality of such transfers must be strictly 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.</p> <p>Overall, switching as an easily available option raises the issue of an excessively short-term approach by policyholders, which would not be in their interest with a pensions product (which is inherently long term), and crucially, this is not addressed in the consultation paper. We would recommend that EIOPA further investigate how this could be compatible with national regulation or practices.</p>	Partially agreed, please see resolution in row 575

647.	Fidelity International	Question 12	The possibility of switching is desirable as a market discipline on providers. But, as noted it could interact unfavourably with illiquid investments. Switching can only be controlled product by product. It would be impossible to keep a running tally of how many times an individual had switched. See below.	Partially agreed, please see resolution in row 575 however
648.	Financial Services Consumer Panel	Question 12	The Panel believes that consumers should be free to switch their funds between products or providers, as competition benefits from demand side pressure. The process for switching however may need to be considered in the context of individual Member State practices. In any event, the use of prohibitive exit fees should not be allowed.	Partially agreed, please see resolution in row 575
649.	FSUG	Question 12	When considering the PEPP features, the right-to-switch should be guaranteed if the ultimate objective is still in place. Locking the consumer in the product would limit the innovative competition and potential decrease of costs over time.	Agreed, please see resolution in row 575
650.	German Insurance Association (GDV)	Question 12	<p>As mentioned above, German insurers welcome that EIOPA acknowledges that consumers can gain higher returns if they invest in long-term saving products. Therefore, short-term switching is difficult to reconcile with illiquid long-term investments. In any case, each switching leads to inevitable cancellation costs due to divesting the illiquid assets which will be passed on to consumers. Thus, cancellation periods which depend on the asset strategy of the provider are necessary. That means:</p> <p><input type="checkbox"/> Consumers can benefit from higher returns on long-term partially liquid or illiquid assets by having contracts with longer cancellation periods after which consumers can switch free of charge. This should also include initial minimum investment periods. This would also prevent short-term reactions to market movements which are not suitable for long-term savings products.</p> <p><input type="checkbox"/> Alternatively, consumers can enjoy shorter cancellation periods and, thus, more flexible investment terms by transferring the market value of the assets reduced by the market value adjustments that incur</p>	Agreed, please see resolution in row 575

			<p>due to divesting the illiquid assets.</p> <p>In general, the shorter the switching term of the PEPP, the lower the share of illiquid assets that a provider can invest.</p>	
651.	Hristina Mitreva – member of OPSG, employees repre	Question 12	<p><input type="checkbox"/> PEPP holders may switch providers if the investment strategies, the cost structures, average return of pension savings or other circumstances offer a better solution for the PEPP holders. Of course, if PEPP holders can easily switch out of investments then the benefits of their premiums will be diminished or even lost as greater amounts of more liquid investments. This imposes the need all providers to offer enough information to the PEPP holders for the consequences of switching.</p>	Agreed, please see resolution in row 575
653.	Insurance Europe	Question 12	<p>Long-term investment and switching are compatible so long as this is allowed at a specific and agreed point in time. However, this flexibility would be reflected in the returns.</p> <p>Moreover, Insurance Europe strongly recommends that, when allowed, the modality of such transfers must be strictly 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.</p> <p>Overall, switching as an easily available option raises the issue of an excessively short-term approach by policyholders, which would not be in their interest with a pensions product (which is inherently long term), and crucially, this is not addressed in the consultation paper. We would recommend that EIOPA further investigate how this could be compatible with national regulation or practices and produce the relevant assessment.</p>	Agreed, please see resolution in row 575

654.	Intesa Sanpaolo Vita S.p.A.	Question 12	We believe it's necessary a set of rules and limits, e.g. a minimum investment period with the same provider on the same product.	Partially agreed, please see resolution in row 575
655.	KBC Asset Management NV	Question 12	<p>Switching providers would be manageable as long as the nominal amounts that are changed are small compared to the overall size of the PEPP or as long as the PEPP invests to a substantial degree in liquid assets. This calls for a degree of regulation. Otherwise there is a risk that we end up with PEPP representing unregulated shadow banking liquidity transformation.</p> <p>The possibility to switch accumulated capital without costs, could also depend on the investment option. In case of a "plain" lifecycle fund, which invests only in a diversified set of liquid stocks on the one hand and government bonds with some large cap corporate bonds on the other, switching would be much easier than in case of fund which, additionally invests into securitised loans, mid-caps, long term infrastructural investments... In this respect, we would also like to point at new investment instruments that may introduced in the context of the capital market union, some of which could be less liquid and aimed at a predefined holding period.</p> <p>In particular with regard to investment options with return guarantee, the possibility to switch the accumulated capital without additional costs could be difficult to reconcile with the minimum return guarantee.</p> <p>From this point of view, it could be desirable to maintain the possibility of charging some kind of exit fee, depending on the nature of the fund</p>	Agreed, please see resolution in row 575
656.	Legal & General Group plc	Question 12	See above	Noted
657.	Ministry of Finance of the Czech Republic	Question 12	Frequency, for example 5 years.	Partially agreed, please see resolution in row 575
658.	NATIONAL	Question 12	This tension is best resolved by scale. Large-scale schemes have the	Noted

	ASSOCIATION OF PENSION FUNDS (NAPF)		<p>capacity to cope with transfers in and out while still investing in long-term assets.</p> <p>The UK's insurance industry has seen a great deal of consolidation in recent years and is now dominated by a small number of large-scale providers, so the UK is reasonably well placed to manage the tension between switching and holding illiquid assets.</p>	
659.	Nationale-Nederlanden Group	Question 12	<p>Considering the risks of switching, we see this as a possibility that could be allowed at "logical moments", such as cross border movement; if the providers changes the conditions; every x number of years; etc.</p>	Partially agreed, please see resolution in row 575
660.	PensionsEurope	Question 12	<p>Under what conditions do stakeholders think that the concepts of periodically switching providers and illiquid, long-term investment are reconcilable?</p> <p>In general, switching providers periodically and at the same time holding illiquid, long-term investments investments are not reconcilable. However, the length of the notice period and periodicity of the switches allowed (practically only once every couple of years) could allow for some limited number of switches.</p>	Partially agreed, please see resolution in row 575
661.	Previnet outsourcing Solutions	Question 12	<p>Of course the concept of switching is colliding with a long term investment strategy. But members needs some « escape plan ».</p>	Agreed, please see resolution in row 575
663.	The Association of International Offices (AILO)	Question 12	<p>See answer to Q11 above. It is only feasible to permit periodic switching where "ordinary" liquid investments are concerned. If switching from illiquid funds is to be permitted then it needs to be subject to the discretionary permission of the providers at the time and</p>	Partially agreed, please see resolution in row 575



			subject to whatever charges are reasonable. In that way then providers may find they have sufficient new inflow into the funds to offset withdrawals or if not can withdraw but subject to costs. In light of the Unfair Terms in Consumer Contracts Directive it is unlikely that any provider would be prepared to offer any such option without amendment to the legislation to afford protection from any claim that it would be an unfair contract term.	
664.	The investment association	Question 12	<p>As discussed above we believe that as long as the PEPP has sufficient scale in assets under management (AuM) at the provider level, there should not be a tension between the individual's desire for the option to switch and the ability of the PEPP provider to invest in long-term, illiquid assets.</p> <p>This is because with a large value of AuM the provider should only have to allocate a proportion of its overall portfolio to liquid asset classes in order to meet any liquidity requirements arising from investor switching. Implicit in this is the assumption that all or the vast majority of investors do not switch products at the same time.</p>	Agreed, please see resolution in row 575
665.	Vanguard Asset Management, Limited	Question 12		
666.	VPB	Question 12	Regularly switching products undermines the idea of matching long-term investments and sustainable pension arrangements. Against the backdrop of sunk costs and running expenses, the cancellation of a PEPP-contract should require the payment of a compensation to the service provider.	Partially agreed, please see resolution in row 575
667.	VVO	Question 12	It is in the nature of a pension product that consumers should be encouraged to save long-term for their retirement and not to surrender or switch. Switching options should be very restrictive. There shouldn't be the intention that through switching options pension products will be characterised as short-term products.	Partially agreed, please see resolution in row 575

			In order to generate funding for long-term investments, the PEPP would need to allow providers to generate long-term liabilities. This means that consumers should be incentivised to keep saving for a long period, ideally until retirement.	
668.	Vzbv	Question 12	In Germany such problems occurred with open-ended real estate funds. It is a question of financial cushion and its management. We solved the problem by introducing a minimum holding period of two years and a period of notice of one year. PEPP will have another diversity of assets. So the period may be shorter.	Partially agreed, please see resolution in row 575
669.	WIT	Question 12	This could be provided for by initially allowing a switch after 10 years and every 5-7 years thereafter. The issue is not as great for mature product providers with multiple funds, multiple maturities in those funds, a wide asset portfolio, and a steady flow of new customers. Newer suppliers will be more challenged but on the other hand they have the advantage of no legacy systems and the opportunity to develop a new business model.	Partially agreed, please see resolution in row 575
670.	Working Group on Shariah financial and insurance p	Question 12	Under conditions of Shariah Compliance with an emphasis more on solidarity than individual investment we think that the concepts of periodically switching providers and illiquid, long-term investment are hardly reconcilable. The core strategy of building a positiv basement for retirement should not be lost.	Disagreed, please see resolution in row 575
671.	Zurich Insurance Group	Question 12	See Q11.	Noted
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 13	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.	Agreed

			<p>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.</p> <p>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.</p> <p>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.</p> <p>Exit fees in all cases should not be prohibitive to switching and should therefore reflect the true frictional cost of switching.</p>	
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 13	<p>PEPP providers should be allowed to design products with different lengths of a minimum investment period.</p> <p>Switching between providers might be possible after a sufficiently long period of time, for instance, at the end of minimum investment period of 10-12 years with a possibility to surrender/switch at that point or to continue with a minimum investment period of 5 to 10 years.</p>	Agreed, see resolution 575
672.	aba – Arbeitsgemeinschaft für betriebliche	Question 13	<p>This is again a question of detail. The individual should bear the costs caused by switching to another option or to another provider.</p>	Partially agreed, please see resolution in row

	Altersv		The experiences of occupational pension plans that do not foresee such a switch demonstrate that a stable community of insured persons helps to increase the later benefit level. In this regard, switches should not be encouraged at all or at any time as the associated cost will reduce the benefit level of the remaining beneficiaries.	575.
673.	ACA	Question 13	We believe that it is not possible to fix "ex cathedra" an appropriate interval for switching without incurring additional charges. It is surely not possible to "exit" at any moment without additional fees in the case of illiquid, long-term investments.	Agreed
674.	Af2i Association française des investisseurs insti	Question 13	Probably periods of time between 5 and 10 years seem appropriate to offer switching opportunities, but we do think that it should remain an exceptional event.  Swing pricing, anti-dilution levy and other adjustable fees may be preferable than limiting the redemptions.	Partially agreed, please see resolution in row 575
675.	AFG	Question 13	Allowing switching is one of the conditions for the PEPP success. From the point of view of the asset managers, switching options and providers is possible at any moment. The only restrictions can happen : <input type="checkbox"/> when a product is guaranteed with a blocked period or <input type="checkbox"/> when a product is mainly invested in illiquid products. In the first case, penalties can be required if the saver resigns before the end. In the second case, as in real estate or private equity funds, liquidity rules exist allowing consumers to redeem : lock up periods, gates...  The bulk of savings in PEPPs won't be allocated to guaranteed options or illiquid funds. First, , we do not think that a guaranteed option is	Agreed, please see resolution in row 575

			<p>appropriate on an investment period of more than 20 years. Second, it is neither appropriate to invest all the savings in illiquid assets. Only a small part of the savings will be allocated to illiquid assets. This part of illiquid assets will be amortized for each saver when approaching retirement.</p> <p>As a conclusion, there seems to be little reason to limit switching.</p>	
676.	Allianz	Question 13	An option for switching could be incorporated after minimum contract periods of say 10 to 12 years (to be decided) and in cases of changes of investment funds of one provider.	Partially agreed, please see resolution in row 575
677.	Amundi	Question 13	Amundi believes that such an item should not be part of the regulation but should be left to PEPP providers' decision. It is a feature of the product that customers will take into account before choosing a PEPP; this criteria will not be as crucial for all of them.	Agreed, please see resolution in row 575
678.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 13	Please see our answer to Question 11.	Noted
679.	Association for Financial Markets in Europe (AFME)	Question 13		
680.	Association of British Insurers	Question 13	As we consider pensions to be complex, long-term financial products, we would suggest any minimum investment period should be set by the provider, who would be in a position to tailor this appropriately according to the national market and local consumer behaviour and expectations. This would allow individual investment strategies to be developed with a long-term view, to maximise the chance of generating higher returns.	Agreed, please see resolution in row 575

			<p>Improved yields in retirement are obtained through investment (generally and not exclusively) in illiquid assets, which would not be possible without a minimum investment period. Given the purpose of the PEPP is to help people save for their retirement, it is logical that investments are made to match the long-term liability.</p> <p>If switching were to be included as a feature of the PEPP, it is paramount that providers are given a degree of certainty as to when the consumer may switch so that the investment strategy can be tailored accordingly.</p>	
681.	Assofondipensione , Assoprevidenza and Mefop	Question 13	<p>What do stakeholders believe is an appropriate interval for switching without incurring additional charges?</p> <p>It is a quite complex question. If the total PEPP exposure face to illiquid assets is limited, the possibility to transfer his personal account could not lead to particular problems in the portfolio management. Anyway the switch option could be made only if a period of time coherent with illiquid degree of assets has occurred.</p>	Agreed, please see resolution in row 575
682.	Assogestioni	Question 13	<p>What do stakeholders believe is an appropriate interval for switching without incurring additional charges?</p> <p>Switching should never be free of costs for the PEPP holder, although it is important to establish an obligation of clear costs disclosure.</p>	Agreed, please see resolution in row 575
683.	Better Finance	Question 13	<p>Q13: What do stakeholders believe is an appropriate interval for switching without incurring additional charges?</p> <p>Every 5 years seems reasonable and should not be subject to fees or penalties in that case.. If switches/transfers are too frequent or too soon , then penalty fees could apply. But then , PEPP should allow</p>	Partially agreed, please see resolution in row 575

			borrowing against the PEPP balance if the PEPP holder asks for it.	
684.	Blackrock	Question 13	<p>As a PEPP is fundamentally a buy and hold product we do not see issues on limiting transfers to a certain number of times a year, possibly - on reasonable pre-notice. We think, however, the interval is less important than clear messaging on the effect of transferring out of product containing illiquid assets. Providers could commit to transferring a certain proportion of PEPP assets by a certain date but indicate that a proportion of the assets will remain invested until the provider can sell or make a secondary market transfer. It is also worth considering mechanisms for externalising the transaction costs of disposing of the assets to avoid a hit to remaining members. We recognise that the concept of paying for liquidity in retail products is not well understood so we would also emphasise the need of clear messaging so individuals are not taken by surprise.</p> <p>The risk to the scheme of transfers of member holdings concentrating holdings of illiquid assets could be effectively mitigated by the use of mechanisms such as side pockets (as envisaged under AIFMD) to facilitate sale or secondary market transfers of the underlying assets. These would need to be accompanied by clear messaging to members that transfers during the accumulation phase could be phased to reflect the time needed to dispose of illiquid assets.</p>	Agreed, see resolution 575
685.	Bund der Versicherten e.V. (BdV - German Associati	Question 13	Every 5 years seems reasonable and should not be subject to fees or penalties in that case. If switches/transfers are too frequent or too soon, then penalty fees could apply. But then, PEPP should allow borrowing against the PEPP balance if the PEPP holder asks for it.	Partially agreed, see resolution 683
686.	Cardano Risk	Question 13	Determining the switching interval frames the mind-set of the	Agreed

	Management		consumer. Too frequent switching intervals send the wrong signals. We argue that the behavioural aspect is the most important driver in determining the switching interval. Given that many of the consumers have to file annual income statements, an annual switching interval between providers and products could be considered. We kindly ask EIOPA to conduct a thorough behavioural study before deciding on an appropriate switching interval.	
687.	Deutsche Aktuarvereinigung (DAV) – German Assosiat	Question 13	see response to Q 11	Noted
688.	Deutsche Bank	Question 13	We propose an interval of five years. We think there should be no or only a very low switching fee for the customer, otherwise fees could be made so high that switching becomes prohibitively expensive for customers even though formally they have the right to do so.	Partially agreed, see resolution 575
689.	EFAMA	Question 13	<p>We believe there should be a cost linked to switches since the overall goal of a PEPP, contrary to that of a pure investment product, is to keep people invested for a long period of time, therefore facilitating the access to long-term investments. Nonetheless, it is important to establish an obligation of clear cost disclosure.</p> <p>We believe it is helpful to make a distinction between switching PEPPs and switching providers. In this context, we believe the consumer should be protected against bad deliveries from a provider, by having the chance to switch to another provider. However this right should be established with a precise framework that would clarify the conditions under which switching should be allowed at minimum or no cost.</p>	Agreed, please see resolution in row 575
691.	European Federation of Financial Advisers	Question 13	The appropriate interval should be one year, in order to ensure consistency with the frequency of ongoing reporting obligations.	Partially agreed, please see resolution in row



	and Fina			575
692.	Fairr.de GmbH	Question 13	As stated in Question 10 we believe that an interval of 1 year is appropriate.	Partially agreed, please see resolution in row 575
693.	Fédération Française des Sociétés d'Assurances (FFS)	Question 13	<p>PEPP providers should be allowed to design PEPPs with different number and length of minimum investment periods.</p> <p>If minimum investment periods are regulated (eg. number or length), the first period should be sufficiently long, ie 10 years.</p> <p>A long duration enables the smooth amortisation of distribution and advice costs, subject to duration of the product, as well as switching costs. Additionally, 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.</p> <p>This would also prevent divestment from pension pots at the wrong moment.</p> <p>Information on the number and length of a particular PEPP's minimum investment periods should be included in pre-contractual and on-going information.</p>	Agreed, please see resolution in row 575
694.	Fidelity International	Question 13	Providers should be allowed to limit one switch without charges after the saver has held the product for five years.	Disagreed, please see resolution in row 575
695.	Financial Services Consumer Panel	Question 13	<p>The Panel is not in a position to comment on what would be an appropriate interval for switching to or from a PEPP free of charge.</p> <p>However, in all cases exit fees should not be discourage switching and should therefore reflect the true frictional cost of switching. This may require a regulation capping exit fees.</p> <p>The Panel would like EIOPA to clarify whether the restrictions on exit</p>	Agreed

			fees would also apply to providers of other PPPs where a consumer wants to switch into a PEPP. This would require further changes to domestic legislation, as pension scheme exit fees are not regulated at EU-level at present.	
696.	FSUG	Question 13	<p>Switching must be guaranteed free-of-charge, however balanced with penalties if this right is exercised too frequently. Even the progressive fee policy tied to the switching above a certain threshold can be considered.</p> <p>Saver should have the right to switch between providers of PPPs or PEPPs free-of-charge at any time, however there could be penalty imposed on the accumulated savings if the saving is cancelled. Special cases should be considered sensitively.</p> <p>There should be no limits or charges associated with switching among PEPPs provided by the same provider.</p>	Partially agreed, please see resolution in row 575
697.	German Insurance Association (GDV)	Question 13	<p>German insurers strongly believe that the idea of frequent switching providers is diametrically opposed to the objective of encouraging long-term investment through PEPPs and thus to the objective of the Capital Markets Union. Only products that create long-term liabilities, in particular those that include the decumulation phase, also incentivise long-term illiquid investment so that consumers can benefit from illiquidity premiums. Each switching of providers bears inevitable costs due to divesting the illiquid assets, which will be passed on to consumers and will only reduce the yield of the PEPP.</p> <p>Therefore, we do not agree that periodic switching free of charge is a suitable mandatory feature for PEPPs:</p> <ol style="list-style-type: none"> <li>1. It seems not straightforward to determine an appropriate point in time, in which for all types of PEPPs it becomes obvious how they perform compared to other products.</li> <li>2. A periodic switching opportunity could have the unintended consequence that consumers feel obliged to switch, thereby giving up the benefits of illiquidity premiums.</li> </ol>	Partially agreed, please see resolution in row 575

			<p>3. With periodic switching consumers can lose the benefits of guarantees due at maturity of the contract or of additional biometric risk coverage. For the latter, switching to a new provider after several years would require a new health assessment for death or work incapability benefits, which might lead to a higher premium or even exclusions.</p> <p>4. Consumers run the risk of suffering from tax penalties, if local tax authorities consider the transfer of assets away from the old provider as surrender.</p> <p>Thus, we cancellation periods which depend on the asset strategy of the provider are necessary. That means:</p> <p><input type="checkbox"/> Consumers can benefit from higher returns on long-term partially liquid or illiquid assets by having contracts with longer cancellation periods after which consumers can switch free of charge. This should also include initial minimum investment periods. This would also prevent short-term reactions to market movements which are not suitable for long-term savings products.</p> <p><input type="checkbox"/> Alternatively, consumers can enjoy shorter cancellation periods and, thus, more flexible investment terms by transferring the market value of the assets reduced by the market value adjustments that incur due to divesting the illiquid assets.</p>	
698.	Hristina Mitreva – member of OPSG, employees repre	Question 13	<input type="checkbox"/> Not less than three years.	Partially agreed, please see resolution in row 575
700.	Insurance Europe	Question 13	<p>PEPP providers should be allowed to design PEPPs with different number and length of minimum investment periods.</p> <p>If minimum investment periods are regulated (eg number or length), the first period should be sufficiently long, ie 10 years.</p>	Agreed, please see resolution in row 575

			<p>A long duration enables the smooth amortisation of distribution and advice costs, subject to duration of the product, as well as switching costs. Additionally, 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.</p> <p>This would also prevent divestment from pension pots at the wrong moment.</p> <p>Information on the number and length of a particular PEPP's minimum investment periods should be included in pre-contractual and on-going information.</p>	
701.	Intesa Sanpaolo Vita S.p.A.	Question 13	A mid term period could be appropriate for switching without incurring additional charges : enough either for long term savers to recover, for example, eventual negative performance and either for provider to recover costs.	Partially agreed, please see resolution in row 575
702.	KBC Asset Management NV	Question 13	This depends on the nature of the fund. As already said above, in case of plain lifecycle fund, which invests only in a diversified set of liquid stocks on the one hand and government bonds with some large cap corporate bonds on the other, switching would be much easier than in case of fund which, additionally invests into securitised loans, mid-caps, long term infrastructural investments...	Agreed, please see resolution in row 575
703.	Legal & General Group plc	Question 13	See above	Noted
704.	Ministry of Finance of the Czech Republic	Question 13	See Q12.	Noted
705.	NATIONAL	Question 13	In the UK, the concept of cost-free switching is embedded in regulation	Noted

	ASSOCIATION OF PENSION FUNDS (NAPF)		and in the mindset of consumers.	
706.	Nationale-Nederlanden Group	Question 13	Charges of a provider should be incorporated in the information a consumer receives before starting a PEPP. Charges of switching can be part of administration costs. In that case, one could suppose switching to take place only once every 5 years. If switching occurs more frequently, consumers who have bought this product would have to pay if they want to switch more than once every 5 years. One could also suppose switching to take place every 2 years or every 8 years, etc. Most important is transparency about these costs, so a consumer can take it into account when choosing a provider. We consider regulating the interval for switching without costs not necessary. It should, however, never lead to different rules for the same product within a member state, so within member states variations can exist.	Partially agreed, please see resolution in row 575 however
707.	PensionsEurope	Question 13	What do stakeholders believe is an appropriate interval for switching without incurring additional charges?  Switching from one option to another option comes with costs for the provider, as well as switching from one provider to another provider. The individual should bear these costs. It is important that the provider is transparent about possible costs in the case of a switch, the consumer should be informed in advance that costs may occur. The costs should be reasonable and, in any case it should only reflect the administrative burden linked to the transfer of the balance.	Partially agreed, please see resolution in row 575
708.	Previnet outsourcing Solutions	Question 13	Some degree of flexibility should be offered to members. As said at least one (for free) switch per year. More switches could imply some costs.	Partially agreed, please see resolution in row 575
710.	The Association of	Question 13	see answers to Q10 and 11 above. If allowed, then 5 to 10 years	Noted, please

	International Offices (AILO)		would seem reasonable.	see resolution in row 575
711.	The investment association	Question 13	<p>The detail of what should be the precise interval for switching without incurring additional charges is something that is likely to be determined only after observing the experience of how investors react. It is therefore appropriate to observe how the market develops before deciding whether any regulation is needed in this area.</p> <p>More generally, it may be helpful to make a distinction between switching funds within the PEPP and switching providers. It is not clear to us that there should be any cost to switching funds within the PEPP, particularly where there are no guaranteed or bonus features on the fund. In these cases exiting investors will bear the transaction costs of fund-switching and this will impact on their returns. We do not see why an additional exit charge should be imposed. In the cases of funds that come with bonuses or guarantees e.g. 'with-profits' funds a surrender penalty may be appropriate in order to protect the interests of those investors remaining within the fund.</p> <p>With respect to switching providers, switching is unlikely to be consumer-driven and may be more likely to result from incentive structures provided to sales teams. Perhaps the only way to deal with this is to prohibit any commission being paid to distributors.</p>	Noted, please see resolution in row 575
712.	Vanguard Asset Management, Limited	Question 13	<p>What do stakeholders believe is an appropriate interval for switching without incurring additional charges?</p> <p>Vanguard's view is that generally there should be no limits on the ability to redeem out of a PEPP investment. That said, our experience is that excessive transactions into and out of pooled investments, such as the ones envisioned for PEPPs, can disrupt the management of a pooled investment and increase the costs that are borne by all pooled investment holders.</p>	

			For this reason, we have found that imposing reasonable frequent-trading restrictions that are clearly disclosed to investors (for example, Vanguard fund investors are generally prohibited from purchasing back into the same fund for 30 days after a redemption) is an effective way to protect the interests of all fund investors, while still permitting investors the flexibility to redeem at any time. Therefore, we would encourage EIOPA to consider adopting guidelines that allow PEPP providers the ability to impose reasonable limitations on frequent transactions that are designed to protect the interests of all pooled fund investors.	Agreed, please see resolution in row 575
713.	VPB	Question 13	From our experience, the appropriate interval for switching without incurring additional charges should be 10 to 12 years.	Partially agreed, please see resolution in row 575 however
714.	Vzbv	Question 13	We believe a minimum holding period of one year and a period of notice of six month is appropriate.	Partially agreed, please see resolution in row 575 however
715.	WIT	Question 13	10 years initially, and 5-7 years thereafter. This allows set up costs to be recovered by suppliers and offers a reasonable investment interval to demonstrate acceptable performance to the customers.	Partially agreed, please see resolution in row 575 however
716.	Working Group on Shariah financial and insurance p	Question 13	For stakeholders a life-cycle dependent switch option should be available for consumers to have the free opportunity of flexible adapting to new life circumstances.	Agreed, please see resolution in row 575 however
717.	Zurich Insurance Group	Question 13	Additional charges must be fair having regard to the cost. A period such as three years seems appropriate. The majority of decisions will be made around investment considerations (better funds, better	Partially agreed, please see resolution in row

			performance) and three years is an appropriate window to review whilst discouraging inappropriate levels of switching activity. It also aligns with the three year investment review cycle for occupational schemes under IORP.	575 however
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 14	<p>The PRIIPS KID can be a good starting point for pre contractual information.</p> <p>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 good : short, formatted and in plain English.</p> <p>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 :</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> decumulation options available at the moment of retirement;</li> <li><input type="checkbox"/> tax incentives applicable to PEPPs;</li> <li><input type="checkbox"/> biometric risk coverage, if offered;</li> <li><input type="checkbox"/> minimum investment periods and early switching costs (if any)</li> <li><input type="checkbox"/> potential maximum loss that the pension savers can incur.</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> amount saved each year/month,</li> <li><input type="checkbox"/> chosen investment option,</li> <li><input type="checkbox"/> financial returns by asset class (stocks, bonds...),</li> <li><input type="checkbox"/> date of retirement,</li> <li><input type="checkbox"/> inflation assumptions,</li> </ul>	Agreed



			<p><input type="checkbox"/> interest rates</p> <p>EIOPA should assess whether these assumptions can be standardized for all PEPP providers.</p> <p>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 difference between the two products and would be missing essential information relevant to a pension product.</p> <p>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</p>	<p>Noted</p> <p>Noted</p> <p>Agreed</p>
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 14	<p>What do stakeholders think of the proposition that the starting point for disclosure 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?</p> <p>The IRSG supports the aim of PRIIPs regulation to ensure greater transparency. However, it is premature at this stage to analyse whether aspects of the PRIIPs Key Information Document (KID) are unsuitable for PEPPs. Particularly considering that the regulatory technical standards (RTS) regarding the presentation and content of the PRIIPs KID are still in the process of being developed by the European Supervisory Authorities (ESAs). Note that this RTS will be submitted to the Commission in March 2016.</p> <p>Moreover, it is debatable whether the PRIIPs KID for PEPPs is a good basis for the PEPPs pre-contractual information, given that it is specifically designed for investment products. The specific features of pension products should therefore be taken into account (eg decumulation options available, biometric risk coverage, minimum investment periods, PEPP's tax treatment, possible maximum loss</p>	<p>Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework</p>

			pension savers can incur)	
718.	aba – Arbeitsgemeinschaft für betriebliche Alterssv	Question 14	<p>This is again a question of detail. The PRIIPs disclosure elements are not appropriate for a broad-based pension product.</p> <p>In particular we see critically:</p> <p>4.2.9.1. As „consumer protection“ is widely used by EIOPA, a comprehensive definition should be provided. We do not believe that a IORP member is identical with a “consumer”.</p> <p>4.2.9.2 Since EIOPA envisages only two parties to become involved in a PEPP, the “consumer” and the provider, such product will – on this basis alone – not qualify as a second pillar/occupational pension product in a number of Member States.</p> <p>4.2.9.5 We find it worrying to read that the product is considered suitable only for specific age groups and/or that other age groups could be excluded. Also, the decumulation phase seems to be out of EIOPA’s scope which effectively means that EIOPA is disregarding 2/3rds of the issue (namely the decumulation phase and the interaction between these two phases).</p> <p>4.2.10.1. IORPs are not financial service providers!</p> <p>4.2.10.23 Providing transparency on costs may not necessarily be sufficient to differentiate between products as ultimately the level of benefits will be of much greater relevance to the beneficiaries. Depending on nature and design of the PEPP, relevant costs may occur decumulation phase.</p>	<p>Agreed, the PEPP is not a 2nd pillar retirement savings product</p> <p>Disagreed, the PEPP aims to be suitable for a large group of consumers.</p> <p>EIOPA recommends that the form of the decumulation will not be regulated at EU level.</p> <p>Agreed, but costs are an important factor.</p>

719.	ACA	Question 14	We think that the model for disclosure should base on an already existing concept (for example PRIIPS or IMD) and that it would be unsuitable to create a new one dedicated to PEEPs.	Agreed
720.	Af2i Association française des investisseurs insti	Question 14	<p>Af2i agrees with the EIOPA in the opinion that the disclosure of the PRIIPs KIDs elements should be used as the starting point for the plan disclosure in the pre-contractual period.</p> <p>Of course these elements should be tailored to match the PEPP specificities and a necessary standardization.</p>	Agreed
721.	AFG	Question 14	<p>AFG supports EIOPA proposition that the starting point for pre-contractual phase should be the PRIIPS KID.</p> <p>Specific information on options of decumulation phase should be added.</p> <p>The long term horizon of the PEPP should be taken into consideration.</p> <p>Moreover, as the PRIIPPS regulation is currently still in discussion, we'd like to stress two points that the future KID should take into account :</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> On performances scenarios : information given to savers should not be misleading; there is currently a risk that these scenarios could be understood by savers as a contractual promise on future gains; it should absolutely be avoided;</li> <li><input type="checkbox"/> On fees and on risk indicator: transparency of information on fees and risk is crucial; information should be simple to be easily understandable by retail investors; current debates turn to be very technical and specialists tend to forget the "keep it simple" principle.</li> <li><input type="checkbox"/> As such, an alignment with UCITS KIID on the risk indicator (SRRI) is the best solution as retail investors are already used to it.</li> </ul>	Agreed

722.	Allianz	Question 14	<p>This should be reconsidered once the PRIIPs Key Information Document (KID) has been fully defined by its regulatory technical standards. Pension products which stand outside of PRIIPs will need a different set of key information than short-term saving products.</p>	<p>Partially agreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework</p>
723.	Amundi	Question 14	<p>Amundi does not consider that all PRIIPs provisions should be taken on board because some of these provisions are not really relevant. So much UCITS' provisions for KIID were appropriate so much some proposals for PRIIPs' KID would be detrimental if they are not amended. It is the case, in particular, for performance scenarios. These scenarios make sense for some structured funds in order to explain the formula on which they are based. But these scenarios are irrelevant and even dubious for most other Products; in fact either they could lead to deceitful promises from PEPPs providers or they could provide levy for abusing legal action from some shameless customers.</p> <p>The provision of internet calculation tools to allow individual prospective as suggested in § 4.2.10.8 of the consultation is a sound proposal and should be recommended. It would give some guidance to the investor for determining the saving amounts, taking into account inflation assumptions and possible level of return (cf. § 4.2.10.22). But it cannot be a regulatory requirement. Nor would it be serious to provide projections of income or lump sum at the date of retirement.</p> <p>Another concern about PRIIPs is the costs &amp; charges topic which contradicts what had been achieved and decided for the UCITS KIID. We fully agree with § 4.2.10.35 of the consultation which states that average return on the pension savings after all costs provides the best measurement of performance. Therefore, the precise assessment of all and every costs and charges, including transaction costs, is not useful since average return provides a much more sensible information.</p>	<p>Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework</p> <p>Agreed</p> <p>Noted</p>

724.	ANASF	Question 13	The appropriate interval should be one year, in order to ensure consistency with the frequency of ongoing reporting obligations.	Partially agreed, please see resolution in row 575
725.	Association of British Insurers	Question 14	<p>While the ABI appreciates that EIOPA are only intending on using the PRIIPs KID as a basis for a pre-contractual document for the PEPP, it is difficult to comment at this stage as the PRIIPs KID is still in the process of being developed. Therefore it is premature at this stage to comment on the suitability or unsuitability of the PRIIPs KID being developed for pension products. The PRIIPs KID is being specifically designed for a wide range of investment products that fall under the PRIIPs Regulation and not with pension products in mind. It was partly due to different nature of products intended for retirement income and disclosing that within KID, that pensions were excluded from the PRIIPs Regulation.</p> <p>Therefore the pre-contractual information for PEPPs should take into consideration pension specificities, including information that might not be contained within the PRIIPs KID. The aim should be to engage consumers and encourage them to save more for their retirement income. This could include disclosing the benefits of saving over the long term. Additionally, if the objective of the PEPP is to engage with consumers with varying levels of financial literacy then the disclosure document would need to reflect this.</p>	Agreed
726.	Assofondipensione , Assoprevidenza and Mefop	Question 14	<p>What do stakeholders think of the proposition that the starting point for disclosure during the pre-contractual phase should be the PRIIPs disclosure elements? Please explain any aspects of these which you believe would be specifically unsustainable for PEPPs?</p> <p>We share the idea of basing the PEPPs pre-contractual informative on KID as stated for PRIIPs, also considering the aim of selling them in a</p>	Partially agreed, EIOPA believes the provision of standardised information should be based

			<p>Pan-European context in order to offer to potential members the possibility of comparison on the bases of few and clear information.</p> <p>Therefore if, at national level, there are already rules about disclosure for existing Personal pension plans that provide more complete and exhaustive information, particularly where these plans operate in the context of second pillar and/or a fiscal incentive is given to PEPP, national control authorities must have the power to align the information of PEPPs with national rules.</p> <p>Otherwise you can have the same risk of ruling arbitrage that could lead providers to focus on the entity that presents less administrative and bureaucratic costs, with a reduction of protection for consumers.</p>	on the proposals of a KID within the PRIIPs framework
727.	Assogestioni	Question 14	<p>We agree that the PRIIPS KID could be a starting point for the design of disclosure obligations. Nonetheless we believe the KID disclosure elements should be complemented with information on personal pension's peculiar elements such as the decumulation phase, the investment options and the possible guarantees.</p>	Agreed
728.	Better Finance	Question 14	<p>Q14: What do stakeholders think of the proposition that the starting point for disclosure 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?</p> <p>Yes, we support very much this approach which is crucial to pension savers for several reasons :</p> <ul style="list-style-type: none"> <li>- It will increase the readability intelligibility of the PEPP as EU citizens will already be accustomed to the Key Information Document (KIID) for other long term savings products such as investment funds and life insurance.</li> <li>- It will better enable comparability with other « substitutable » pension savings products that are already subject to the PRIIPS KIID disclosures, such as life cycle funds and personal pension products that are insurance-regulated and with a surrender value.</li> <li>- The principles and format of the PRIIPs KID are good : short, formatted and in plain English.</li> </ul>	Agreed

			<p>One should not exaggerate the differences and particularities of the PEPP with regard to PRIIPs as other pension investment products are already subject to the PRIIPs Regulation (again : life cycle funds and certain insurance contracts , see above).</p> <p>One important difference though is the risk disclosure. The investment risk disclosure in the UCITS KIID ranks it from 1 to 7, seven being for pure equity products according to short term volatility. Actually, PEPPs are very long term products and therefore investment risk cannot be measured using short term volatility as a tool. Rather than a scale (currently used for UCITS funds), one could imagine a matrix (table) where the investment risk is also a function of the duration of the savings. In the long term diversified equity investments have always been less volatile / less risky than bond investments. It is a major benefit of long term savings and investments for the real economy and for returns to the pension savers: it should not be destroyed by inadequate risk measurements.</p>	
729.	BIPAR	Question 14	<p>BIPAR supports (always on the condition of a level playing field) a high level of information disclosure and transparency to consumers.</p> <p>We believe that at this stage, it is perhaps too early to answer this question.</p> <p>If a "KID" would be developed, it should reflect the specificity of the pension product and therefore it should be developed specifically for that purpose. The PRIIPs KID is not yet being used, so it is difficult to evaluate and discuss the practical use of a PRIIPs KID. The creation of a KID for PEPPs should in any case be subject of further study and not be a copy-paste of what is currently on the table for PRIIPs.</p> <p>It also seems too early to discuss what a product information document should look like, if more basic questions like how to deal with the many national differences, have not been answered before.</p> <p>With regard to consumer testing, mentioned in point 4.2.10.9, BIPAR wants to stress that, should a PEPP be developed, indeed specific consumer testing on the specific aspects is needed and care needs to</p>	Partially agreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework

			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.	
730.	Blackrock	Question 14	<p>We would agree with using the PRIIPs framework as the starting point. Some adjustment may be needed to reflect that the PRIIPs Regulation covers open ended and closed ended products and so there will need to be a different treatment of liquidity risk depending on the product– see comments in Question 13 above in relation to transfers.</p> <p>Return projections would need to be scaled differently given the key concept for the investor should not be how much capital they have on expected retirement but how much income that capital will give the investor in retirement.</p> <p>We expect that a PEPP will generally be in the nature of ongoing regular investments over many years, rather than a single one off investment. We therefore suggest that retirement income projections which take this feature into account will be the most useful.</p>	Agreed
731.	Bund der Versicherten e.V. (BdV – German Associati	Question 14	<p>Yes, this is crucial to pension savers for several reasons :</p> <ul style="list-style-type: none"> <li>-It will increase the readability intelligibility of the PEPP as EU citizens will already be accustomed to the Key Information Document (KID) for other long term savings products such as investment funds and life insurance.</li> <li>-It will better enable comparability with other « substitutable » long term savings products that are subject to the PRIIPS KID disclosures, such as life cycle funds, of personal pension products that are insurance-regulated and with a surrender value..</li> <li>-The principles and format of the PRIIPs KID are good : short, formatted and in plain English.</li> </ul>	<p>Agreed</p> <p>Agreed</p>



			One should not exaggerate the differences and particularities of the PEPP with regard to PRIIPs as other pension investment products are already subject to the PRIIPs Regulation (again : life cycle funds and certain insurance contracts, see above). One difference though with the investment risk disclosure in the UCITS KIID that ranks it from 1 to 7, seven being for pure equity products. Actually, PEPPs are very long term products and therefore investment risk cannot be measured using short term volatility as a tool. Rather than a scale (currently used for UCITS funds, one could imagine a matrix where the investment risk is also a function of the duration of the savings. In the long term equity investments typically become less volatile / less risky than bond investments.	
732.	Cardano Risk Management	Question 14	It is not clear from the consultation document what EIOPA considers to be a good pension. Should the consumer target a retirement income or a pension pot? We argue that information considering the goal/objective (i.e. decumulation product) must be included in the disclosure document for the accumulation product. During the lifetime of the accumulation product, the consumer should be informed on how the product performs in relation to the goal/objective that was stated in the disclosure.	Agreed
733.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 14	The PRIIPs directive could be a starting point for discussion disclosure elements. A 1:1 approach does not seem to be feasible. The special aspects of long-term savings products have to be taken into account.	Agreed
734.	Deutsche Bank	Question 14	PEPPs should be dealt with according to the PRIIPs regulation, another KID alongside existing and additional upcoming PRIIP customer information documents should be avoided at all cost.	Partially agreed, though some adjustments in view of the specific features of the PEPP are likely to be necessary

735.	EFAMA	Question 14	<p>1. Disclosure of effective pre-contractual information</p> <p>EFAMA agrees that the starting point for pre-enrolment disclosure for the PEPP should be the PRIIP regulation, which is covering a wide range of products, including investment-based insurance products with a long-term investment horizon.</p> <p>A Technical Discussion Paper was issued in June 2015 on risk, performance scenarios and cost disclosures. Other consultation papers are expected this fall, with the objective of finalizing this work by end March 2016. The work undertaken by the ESAs in this area is very important and we are confident that these discussions will be helpful to develop pre-contractual disclosures for the PEPPs.</p> <p>We believe EIOPA should build on this important work to prepare its advice to the European Commission.</p> <p>We would like nevertheless to stress three key messages:</p> <p><input type="checkbox"/> It is important to take into account the time frame of the product in the risk indicator. Considering that the PEPP has an inherent long-term nature, we believe the risk indicator for the PEPP should be adapted to the holding period. We strongly believe in</p>	<p>Agreed</p> <p>Partially agreed, the risk scale for the PRIIPs KID would put equity products on a 3, 4 or 5, or even lower for derisked PRIIPs. The performance scenarios also show long term reward. EIOPA recognises that additional information or explanation may still be needed for seeing the relations between risk and reward over the longer term.</p> <p>Agreed</p>
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		<p>particular that volatility is not a good indicator or long-run risk. In the case of life-cycle strategies (LCS), it would be very useful to develop an approach that would focus on the risk at retirement, because the goal of LCS is to protect accumulated assets when people are approaching retirement, whilst aiming at the same time at benefiting from both the equity and illiquidity premium during a good part of the accumulation period. Therefore, a risk indicator that would focus on short-term risk would be misleading.</p> <p><input type="checkbox"/> We also believe that the calculation and presentation of the cost of the PEPPs should take in account the specific benefits that they could offer, for example a minimum return guarantee or a biometric risk coverage. We believe that these risk coverages entail costs that need to be disclosed to consumers using some form of common methodology.</p> <p><input type="checkbox"/> EFAMA agrees with EIOPA that in those cases where a PEPP offers several investment options, pre-enrolment communication should provide information to the potential holders on the available range of investment options, including the default option, their general investment policies, the rights and obligations of the parties involved (contribution rates, transfers, redemption policy, complaints, etc.) and a measure of the risk category associated to each investment option.</p> <p>We also like to share the following more detailed comments concerning the disclosure of pre-enrolment information:</p> <p><input type="checkbox"/> Information on performance scenarios</p> <p>EFAMA agrees that providing tables or line graphs showing the possible</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
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		<p>outcomes of three scenarios (low, neutral and high scenarios) in terms of net (after cost) returns would be helpful. The goal should be to inform potential PEPP holders about how much they can reasonably expect to receive at retirement on the basis of specific assumptions regarding periodic contributions and average return.</p> <p>These projections should be developed with reference to a "representative holder" when included in pre-enrolment documentation. The assumptions used for the calculations should be made available to the potential holder, especially, the assumed contribution level, the annual rate of nominal investment returns and the rate of inflation. EFAMA believes that pension projections can only be fairly used for comparison purposes if the assumptions are standardized for all PEPP providers, otherwise there is the risk of very low or no comparison between PEPPs.</p> <p>In those cases where pension projections are made available through the provider's internet website, it would make sense that the provider allows prospective PEPP holders to make simulations based on their individual circumstances but such information should not be used as a selling tool nor should the provider be made liable for the information provided.</p> <p><input type="checkbox"/> Information on costs</p> <p>In order to make costs simple and understandable to the PEPP holder, EFAMA agrees that pre-enrolment communication should include the aggregated amount of costs as well as a percentage figure that shows how representative the aggregate cost is on a certain level of contributions. This should help consumers understand the relative weight of costs in their overall contributions and facilitate the comparison of one figure on costs between different PEPPs.</p>	<p>Noted</p> <p>Agreed</p>
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			<p>EFAMA considers that estimating future investment portfolio transaction costs would be difficult. Such costs depend on dealing spreads, which vary considerably depending on the transaction value and market sentiment. Transaction costs also vary depending on the types of investment in which a PEPP invests. As the investment decisions (asset class, geographical allocation, maturities, etc.) are dynamic, transaction costs are also not predictable. Lastly, transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the manager's investment decisions in improving returns and the associated costs of investment.</p>	Agreed
			<p>2. Disclosure of information during the accumulation stage</p> <p>EFAMA agrees with the overall objective of providing information during the accumulation phase as a way of informing the holder on whether the PEPP is on track to meet the retirement needs of the holder or whether remedial action is needed (e.g. consider increasing contributions, consider changing investment option or shopping around for a new provider). This information should be provided a different document from the KID.</p>	Agreed
			<p>EFAMA would like to provide a number of comments on the disclosure elements proposed by EIOPA:</p> <p><input type="checkbox"/> On the frequency: the communication sent to the PEPP holder during the accumulation phase should be done on an annual basis.</p>	Noted
			<p><input type="checkbox"/> On costs &amp; charges: we agree that the actual cost the holder</p>	Agreed

			<p>incurred in the previous year should be disclosed as an aggregate figure in monetary terms. We propose, when applicable, a simple disaggregation between asset management costs and insurance coverage costs, so that the consumer understands the origins of the costs and takes any decision accordingly. This layer of cost transparency also promotes higher competition for more cost-effective PEPPs.</p> <p><input type="checkbox"/> On the ANR: The fact that biometric risk coverage costs would be excluded from the ANR reinforces our message to have them explicitly mentioned in the "costs &amp; charges section", when applicable.</p> <p>3. Disclosure of information at the pre-retirement stage</p> <p>EFAMA agrees with EIOPA that the PEPP holder should be informed about the different decumulation options available at retirement.</p> <p>We also agree with the principle that information provided during the pre-retirement stage should be personalized and aimed at preparing the PEPP holder for the decision s/he needs to make at the age of retirement.</p> <p>4. Disclosure of information at European level</p> <p>EFAMA supports the idea of creating a centralized internet platform to allow consumers to consult the PEPPs KIDs. This would be an innovative solution to leverage the visibility and usefulness of the KIDs.</p>	<p>Noted</p> <p>Agreed</p> <p>Noted</p>
737.	European	Question 14	As a general comment, we agree with this proposal. Specifically, we	

	Federation of Financial Advisers and Fina		<p>consider that:</p> <ul style="list-style-type: none"> <li>- concerning the inclusion of distribution costs in the information on costs and charges, providers may not know the exact amount of these costs. Accurate knowledge of distribution costs is possible only when ex-post figures become available. Accordingly, we consider it appropriate to refer to the solution envisaged by EU Regulation n. No 1286/2014 (KID-PRIIPs): pre-contractual documentation should include a clear indication that advisors and distributors will provide information detailing any cost of distribution that is not already included in the costs specified in the pre-contractual documentation;;</li> <li>- a similar reasoning may be applied to transaction costs;;</li> <li>- with regard to risk information, we agree that product comparability is also essential for PEPPs. To ensure greater standardisation and effective comparison, parameters should be prescribed by competent authorities;;</li> <li>- the graphical summary risk indicator should be modelled on the one that will be adopted for PRIIPs, since effective financial education requires familiarity with standardised information tools</li> <li>- a specific focus should be given to the risk of not achieving the desired benefits at retirement;;</li> <li>- concerning performance scenarios, for the sake of product comparability we believe that the model to be used and the method of choosing its parameters should be prescribed by competent authorities.</li> </ul>	Partially agreed, though some adjustments in view of the specific features of the PEPP are likely to be necessary
738.	Fairr.de GmbH	Question 14	<p>It is our fundamental opinion at fairr.de that any information provided should add value and enable comparability between products wherever possible.</p> <p>PRIIP short form disclosure has proven useful and may well be appropriate in the context of the PEPP.</p>	Partially agreed, though some adjustments in view of the specific features of the PEPP are likely to be necessary
739.	Fédération	Question 14	It should be highlighted that the regulatory technical standards (RTS)	Disagreed,

	<p>Française des Sociétés d'Assurances (FFS)</p>	<p>related to the presentation and content of the PRIIPs Key Information Document (KID) are still currently being developed by the European Supervisory Authorities (ESAs). These RTS will only be submitted to the Commission in March 2016.</p> <p>We don't support PRIIP to be applied to pensions on a pan-EU scale.</p> <p>Pension products are outside the scope of the PRIIPs Regulation (Article 2(2) of Regulation (EU) No 1286/2014) notably because it was acknowledged by policymakers during the PRIIPs Regulation legislative process that the KID may not be fitting for pension products. The insurance sector considers that it is indeed arguable whether the PRIIPs KID – which has been designed for investment products – is a good basis to design PEPP's pre-contractual information.</p> <p>Specificities of pension products, particularly compared with investment products, should be taken into account appropriately:</p> <ul style="list-style-type: none"> <li>- in their purpose which is to secure a life-time income during retirement,</li> <li>- in their duration (pension products have very long terms),</li> <li>- in their context (pensions are inextricably linked to member states' social policy).</li> </ul> <p>Therefore they require specific and different information than those included in the PRIIPs KID.</p> <p>The PEPP KID should be designed to incentivise consumers to keep saving in the long-term, in line with the objective of the PEPP. It should therefore include information about the pay-out phase, coverage against biometrical risk, such as protection of surviving dependents in case of death and protection in case of work incapability, the possible maximum loss of invested capital, eg. whether the consumer can lose all invested capital, the tax treatment of the product (eg tax incentives granted at national level; possible penalties applied in case of early withdrawal etc.).</p> <p>Notwithstanding the above, there is a 4-year review clause in Article 33</p>	<p>EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework. EIOPA recognises the fact however that due to the specific character of (personal) retirement savings products additional research/testing may be needed in order to be able to determine if additional information should be provided</p>
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			<p>of the PRIIPs Regulation, which establishes that, by 31 December 2018, the EC should assess whether pension products should be brought within the scope of the PRIIPs Regulation. In this context, it is therefore inappropriate to pre-empt this future review by already seeking to apply PRIIPs to PEPPs.</p> <p>As regards costs, due to the long-term nature of PEPPs and their main purpose to serve as a retirement product, a prospective view on costs and performance, which is, as described above not adjusted with inflation, should be envisaged instead of a retrospective view on the product since inception.</p> <p>FFSA strongly believes that a thorough consultation with stakeholders is also necessary for ongoing information and information in pre-retirement stage.</p>	
740.	Fidelity International	Question 14	We broadly think the PRIIPS regime should be the starting point for a disclosure regime.	Agreed
741.	Financial Services Consumer Panel	Question 14	<p>Yes. The Panel believes that the key features of the PRIIPs Regulation should be extended to cover products developed under any future PEPP Regulation. This will ensure consistency in the pre-sale disclosure consumers receive and avoid regulatory arbitrage.</p> <p>There are no elements of the PRIIPs Key Information Document the Panel believes would especially unsuitable for PEPPs, although certain elements may have to be modified to take account of the specific features of the PEPP (e.g. decumulation options) as these will differ from other investment products. The Regulation should also take into account the disclosure requirements under the second Occupational Pensions Directive (IORP II) to ensure consistency across different pieces of EU pensions legislation. Further consumer testing will be required and the details resolved.</p>	<p>Partially agreed, EIOPA has developed a final view for PEPP</p> <p>Agreed</p> <p>Agreed, consumer testing suggested in final advice</p>
742.	FSUG	Question 14	This aspect is well explained and argued by EIOPA and FSUG fully support the proposal to tie the disclosure to existing PRIIPs requirements because it aligns the requirements for products and	Agreed

		<p>make them comparable on risk/reward and cost basis.</p> <p>Using PRIIPs requirements is a good approach considering that:</p> <ol style="list-style-type: none"> <li>1. It will increase the readability intelligibility of the PEPP as EU citizens will already be accustomed to the Key Information Document (KID) for other long term savings products such as investment funds and life insurance.</li> <li>2. It will better enable comparability with other « substitutable » long term savings products that are subject to the PRIIPS KIID disclosures, such as life cycle funds, of personal pension products that are insurance-regulated and with a surrender value.</li> <li>3. the principles and format of the PRIIPs KID are based on solid grounds: short, formatted and in plain English.</li> </ol> <p>However, it should be noted that from the consumer perspective there are only limited differences and particularities of the PEPP with regard to PPPs, or PRIIPs used as pension saving vehicles. Many of these products are already subject to the PRIIPs Regulation (like insurance-regulated personal pensions and life cycle funds for example).</p> <p>One difference though with the investment risk disclosure in the UCITS KIID that ranks it from 1 to 7, seven being for pure equity products. Actually, PEPPs are very long term products and therefore investment risk cannot be measured using short term volatility as a tool. Rather than a scale (currently used for UCITS funds, one could imagine a matrix where the investment risk is also a function of the duration of the savings. From the long term perspective (savings objective), equity investments typically become less volatile / less risky than bond investments.</p> <p>OXERA Study on Position of Savers in Private Pension Products (2013) confirmed positive relationship between the quantity and quality of information disclosed to savers in existing PPPs. Clear positive correlation between and quantity and quality of information, which is in a contradiction of many findings (more information means lower quality). FSUG recommends building on EIOPA proposal on LAYERING</p>	<p>Partially agreed, the risk scale for the PRIIPs KID would put equity products on a 3, 4 or 5, or even lower for derisked PRIIPs. The performance scenarios also show long term reward. EIOPA recognises that additional information or explanation may still be needed for seeing the relations between risk and reward over the longer term.</p> <p>Agreed</p>
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			information instead of limitation.	
743.	German Insurance Association (GDV)	Question 14	<p>German insurers believe that effective, meaningful information disclosure is a vital element of a PEPP. We agree that some work undertaken for PRIIPs can be used to develop a pre-contractual information document for PEPPs. Duplication of information should be avoided: For insurers some information requirements are contained in the Solvency II and IDD frameworks. This is even more important, since in many countries (e. g. in Germany) information for pension products is part of the general good rules.</p> <p>However, it is important that a new KID is developed which is tailored to the specificities of long-term pension products and not that the PRIIPs KID is copy pasted or only minimally adjusted. Additionally, it is essential that the national specificities of PEPPs, such as applying tax and social rules are duly taken into account in the development of the KID.</p> <p>Furthermore, a PEPP-KID should also include information about</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> the pay-out phase, in particular about different possibilities for consumers,</li> <li><input type="checkbox"/> coverage against biometric risk, such as protection of surviving dependants in case of death and protection in case of work incapability,</li> <li><input type="checkbox"/> the possible maximum loss of invested capital, e.g. whether the consumer can lose all invested capital,</li> <li><input type="checkbox"/> what happens if the PEPP provider is unable to pay out.</li> </ul> <p>Moreover, it is of utmost importance that consumers are also informed if a product has no guarantees.</p>	<p>Agreed</p> <p>EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework</p> <p>Agreed</p> <p>Partially agreed, the risk scale for the PRIIPs KID would put equity</p>

		<p>Risk indicator</p> <p>We welcome an introduction of a risk/reward indicator for PEPPs. In doing so, the specificities of PEPPs should be duly taken into account:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> PEPPs are long-term products and, therefore, long-term risk/reward measures should apply.</li> <li><input type="checkbox"/> The risk range of PEPPs will be in general narrower than the risk range of PRIIPs. Therefore, a measure is needed which can discriminate products with low risk.</li> <li><input type="checkbox"/> For pension products, consumers are interested in the probability of loss at maturity. A volatility-based, or in general, UCITS-based measure is not suitable, in particular if a PEPP has a guarantee.</li> </ul> <p>Therefore, forward-looking probabilistic modelling should be considered for determining the risk/reward indicator of a PEPP. The parameters should be prescribed, be based on appropriate long-term average values and not on current market prices.</p> <p>Performance scenarios</p> <p>German insurers believe that the what-if prescribed approach with defined scenarios is valid and meaningful for PEPPs. It is of utmost importance that consumers understand the performance scenarios.</p> <p>However, we would like to mention that it would be impossible but also irresponsible by the PEPP provider to state the exact performance in the very long term. In our view, a main goal of the performance scenarios is the indication, that the exact performance of the product is not certain.</p> <p>Finally, there should be no adjustment to the inflation rate. This feature is not included in pre-contractual information disclosure for other products (UCITS for instance). In addition, there would be</p>	<p>products on a 3, 4 or 5, or even lower for derisked PRIIPs. The performance scenarios also show long term reward. EIOPA recognises that additional information or explanation may still be needed for seeing the relations between risk and reward over the longer term.</p> <p>Agreed</p> <p>Agreed</p> <p>Disagreed, EIOPA believes further research may be needed</p>
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		<p>technical problems in finding a suitable inflation assumption, e.g. it differs between Member States and currencies, has a high volatility, depends on macroeconomic and fiscal policy measures etc. Furthermore, including inflation does not contribute to a better differentiation between PEPPs nor are providers able to control inflation rates.</p> <p>Costs</p> <p>We agree that the costs should be disclosed in a transparent, comparable and understandable way. Due to the very long term of most PEPPs, only annualised costs together with a suitable cost indicator such as reduction in yield can be meaningfully compared.</p> <p>It is of utmost importance that the biometric risk premium is not considered to be part of the costs and is not included in the cost section of the KID. Premiums for protection against biometric risks are not part of the costs, since consumers receive insurance benefits for these payments and should, therefore, be deemed as a 'price'.</p> <p>German insurers are firmly convinced that Reduction in Yield (RIY) should be used as a cost indicator, since it is particularly suited for long-term products, i. a. it</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> takes into account the timing of costs,</li> <li><input type="checkbox"/> is reasonable for products with on-going periodic payments.</li> </ul> <p>We agree that it is not sufficient to use solely costs information as the means of assessing the performance. Therefore, an integrated representation of costs and performance is indispensable.</p> <p>On-going information</p>	<p>to investigate how best to reflect on the impact of inflation</p> <p>Agreed</p> <p>Partially agreed, please see p. 36 and onwards of the consultation paper on single market PPP of 1 Feb 2016 where the issue of ongoing information is discussed in</p>
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		<p>German insurers welcome fair, clear and non-misleading on-going information for consumers. We strongly believe that a thorough consultation with stakeholders is necessary for on-going information and information in pre-retirement stage. Information overload or giving conflicting information should be avoided for the benefits of consumers and providers. Therefore, such information should also be adaptable to national circumstances.</p> <p>The starting point for developing on-going information should be to increase pension awareness and help the individual to assess whether the contributions paid in the PEPP meet their retirement needs. We appreciate the work that was already done in this regard in preparation of the review of the IORP Directive.</p> <p>In particular, a prospective view on performance, which should not be adjusted with inflation, should be envisaged instead of a retrospective view on the product since inception. This is the only appropriate figure for products with a very long term that not immediately unfold their true value.</p> <p>Therefore, for PEPPs that provide for a guaranteed level of benefits, the guaranteed individual entitlements per year or month at the contractually agreed retirement age is an appropriate figure. For PEPPs that do not provide a guaranteed level of benefits, the total sum of the capital accumulated at the contractually agreed retirement age, expressed also as an annuity should be displayed. In this case, assumptions on parameters should be made by EIOPA so that the values could be easily compared.</p> <p>Pre-retirement stage</p> <p>German insurers welcome that PEPP holders are informed about the</p>	<p>detail</p> <p>Partially agreed, EIOPA believes that PEPP holders should be well informed about their decumulation options in time.</p>
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			<p>different retirement possibilities. German insurers consider solutions for the decumulation phase as a necessary feature of PEPP and not as a voluntary flexible element. In our view, pay-out options should be addressed in any case. We believe that the default option of a PEPP should include a life-long annuity, while other options may include other pay-out structures. Therefore, it is of utmost importance that PEPP holders are sufficiently informed about their annuity.</p> <p>Additionally we would like to mention that values net of tax depend on the personal situation of consumers and are not available to PEPP providers.</p>	
744.	Hristina Mitreva – member of OPSG, employees repre	Question 14	<p><input type="checkbox"/> During the pre contractual phase it is necessary the starting point to contain the PRIIPs disclosure elements. But for prospective holder at the pre contractual phase some elements are unsuitable for PEPPs such as costs relating to the management of the underlying investments as well as the costs for portfolio transactions.</p>	Partially agreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework s
746.	Insurance Europe	Question 14	<p>What do stakeholders think of the proposition that the starting point for disclosure 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?</p> <p>While Insurance Europe supports the overall objective of the PRIIPs Regulation, particularly with the need for greater transparency, we would not support this being applied to pensions on a pan-EU scale. It should be highlighted that the regulatory technical standards (RTS) related to the presentation and content of the PRIIPs Key Information Document (KID) are still currently being developed by the European Supervisory Authorities (ESAs). These RTS will only be submitted to</p>	Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework

		<p>the Commission in March 2016.</p> <p>The insurance industry acknowledges EIOPA is not willing to “copy and paste” the PRIIPs KID to PEPPs and wishes to build on some of its disclosure elements that might be suitable for pension products. However, Insurance Europe has strong concerns about using a document that is still in the process of being developed as a starting point for the PEPPs pre-contractual disclosures. It is premature, at this stage, to seek to analyse whether any aspects of the PRIIPs KID is unsuitable for PEPPs considering that not only the format of the document but also the approaches and methods of calculation of the main KID indicators (ie. risk indicator, performance scenarios and cost indicator) are still in the process of being discussed.</p> <p>Insurance Europe also wishes to highlight the fact that pension products are outside the scope of the PRIIPs Regulation (Article 2(2) of Regulation (EU) No 1286/2014) notably because it was acknowledged by policymakers during the PRIIPs Regulation legislative process that the KID may not be fitting for pension products. The insurance sector considers that it is indeed arguable whether the PRIIPs KID – which has been designed for investment products – is a good basis to design PEPP’s pre-contractual information.</p> <p>Specificities of pension products, particularly compared with investment products, should be taken into account appropriately:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in their purpose (they are purchased specifically to secure an income in retirement or a cover against longevity risk)</li> <li><input type="checkbox"/> in their duration (pension products have very long terms)</li> <li><input type="checkbox"/> in their design (pension products offer limited or no access to the savings during the accumulation phase)</li> <li><input type="checkbox"/> in their context (pensions are inextricably linked to member</li> </ul>	<p>Partially agreed, please see previous resolution</p>
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		<p>states' social policy)</p> <p><input type="checkbox"/> in their risk/reward profile (they are usually less risky)</p> <p>They therefore require specific and different information than those included in the PRIIPs KID.</p> <p>The PEPP KID should be designed to incentivise consumers to keep saving in the long-term, in line with the objective of the PEPP. It should therefore include information about:</p> <p><input type="checkbox"/> the pay-out phase, in particular about different possibilities for consumers</p> <p><input type="checkbox"/> coverage against biometric risk such as protection of surviving dependents in case of death and protection in case of work incapacity</p> <p><input type="checkbox"/> the possible maximum loss of invested capital, e.g. whether the consumer can lose all invested capital</p> <p><input type="checkbox"/> general information about the tax treatment of the product (eg tax incentives granted at national level; possible penalties applied in case of early withdrawal etc.)</p> <p><input type="checkbox"/> minimum investment periods</p> <p>Notwithstanding the above, there is a 4-year review clause in Article 33 of the PRIIPs Regulation, which establishes that, by 31 December 2018, the EC should assess whether pension products should be brought within the scope of the PRIIPs Regulation. In this context, it is therefore inappropriate to pre-empt this future review by already seeking to apply PRIIPs to PEPPs.</p> <p>Insurance Europe strongly believes that a thorough consultation with stakeholders is also necessary for ongoing information and information in pre-retirement stage. The starting point for developing on-going information should be to increase pension awareness and help the</p>	<p>Agreed</p> <p>Partially agreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs</p>
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			individual to assess whether the contributions paid in the PEPP meet their retirement needs. A prospective view should be envisaged instead of a retrospective view on the product since inception. This is more appropriate for products with a very long-term perspective.	framework
747.	Intesa Sanpaolo Vita S.p.A.	Question 14	We agree with EIOPA that the PRIIPs is the starting point for disclosure during the pre-contractual phase.	Agreed
748.	KBC Asset Management NV	Question 14	<p>For the sake of simplicity and transparency for the consumer, it would be the best if the starting point for disclosure should be the PRIIPS disclosure elements. One element of concern though: for the PEPP, it is important that the risk indicator takes into account the long holding period.</p> <p>Also, we would like to point at an inconsistency between one element, mentioned in point 4.2.10.12 and the KID. Point 4.2.10.12 refers to distribution costs to be included in the information. This will not be the case in the KID.</p> <p>PRIPs disclosure elements would be a sufficient basis for providing pre-contractual PEPP product details to investors unless these disclosure elements would be insufficient, taking into account the specific nature of a PEPP.</p>	<p>Agreed</p> <p>Disagreed, there is no inconsistency recognised, EIOPA believes that distribution costs could be included in pre contractual information for PEPP</p>
749.	Legal & General Group plc	Question 14	We agree with the proposition to use PRIIPs disclosure elements. However, we need to debate and agree on the optimum way to disclose portfolio transaction costs to ensure members are not led into making inappropriate decisions. The nature and level of such costs will vary depending on the type of fund invested, its objectives, and market conditions. It may be necessary for the investment manager to incur relatively high transaction costs in order to deliver the required objective and fund performance targets (when compared to other funds). An actively managed fund may incur higher transaction costs	Partially agreed, though some adjustments in view of the specific features of the PEPP are likely to be necessary

			than one which is passively managed, but the former may generate better returns as a result. An uninformed customer may simply see one charging more than the other without paying due regard to other aspects, and may choose to switch into an inappropriate, or unsuitable, investment option purely because it has lower transaction costs.	
750.	Mercer	Question 14	We believe that EIOPA's propositions with regard to disclosure requirements, as set out in the consultation, are too detailed. In our view, it is too early to discuss the detail of the disclosure documentation while the more fundamental questions of how to deal with national differences remain unresolved.	Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework
751.	Ministry of Finance of the Czech Republic	Question 14	We agree that the disclosure part of the draft should be based on the principles of the PRIIPs disclosure elements.	Agreed
752.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 14	<p>What do stakeholders think of the proposition that the starting point for disclosure 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?</p> <p>This question raises one of the key difficulties in developing the PEPP – the fact that each Member State has its own pension system requiring its own approach to communicating with pension scheme members and savers. Pensions disclosure should, for this reason, be determined at national level.</p> <p>A debate about communicating with pensions savers is also underway in the context of the IORP Directive, where the European Commission has proposed that workplace schemes pension should be required to</p>	Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework

			<p>send a Pension Benefit Statement to each member at least annually. Obviously this relates to the information sent to members after they have joined a scheme, but there may still be lessons that can be applied to the pre-contractual phase in personal pensions.</p> <p>The EC's proposal for the Pension Benefit Statment is far too detailed and prescriptive, but a much simpler approach has been tabled by the European Parliament's rapporteur, Brian Hayes MEP.</p> <p>There would be some merit in aligning the communications requirements for the different forms of pension provision – whether IORPs or PEPPs – as far as is practicable.</p>	
753.	Nationale-Nederlanden Group	Question 14	<p>PEPP being a retirement product means that it has a specific purpose. In current developments on PRIIPs, retirement products aren't included. That means that it could be a starting point, but specific requirement for pension products would have to be incorporated.</p>	Agreed
754.	PensionsEurope	Question 14	<p>What do stakeholders think of the proposition that the starting point for disclosure 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?</p> <p>Information should be adequate and digestible and could go along the PRIIPs KIDs requirements, but should be adapted to an individual pension product. Aspects mentioned in the PRIIPs regulation are suitable for this. Information on the decumulation phase, the default option, possible guarantee, (biometrical) risks and risk options could be added. The principles set out in EIOPA's paper on good practices on information provision for DC schemes could serve as a guidance.</p>	Agreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework

755.	Previnet outsourcing Solutions	Question 14	PRIIPs disclosure elements are fine	Agreed
757.	State Street Corporation	Question 14	As highlighted above, we believe it is essential that any regulatory requirements are carefully aligned with existing or pending legislation and we therefore generally support using the eventual PRIIPs requirements as a basis for the pre-contractual disclosure requirements.	Agreed
758.	The Association of International Offices (AILO)	Question 14	<p>Despite AILO's opinion that the PRIIPs KID should apply to pension products, the Regulation excludes most such products which would also include the PEPP. As it is evolving it seems increasingly unlikely that the KID will provide a meaningful document for consumers and aid comparison. In any event would using the KID be relevant? Given that the aim of such a product is to enable (in most cases) long term retirement savings from a straightforward standardised product then it would not seem helpful to have a KID showing outcomes based on a hypothetical investment amount and to a "relevant holding period". Many PEPPs would also be based on unit linking irrespective of the provider and likewise with the pension pot invested over a number of underlying fund assets. Merely showing costs and charges would not assist a client in choosing options. Rather the individual consumer would it is suggested also wish to consider past performance as giving an idea of what might be achievable by a particular choice taking account of differences in costs. Such past performance information could also assist understanding of life cycling strategies. Projecting for long periods into the future at the pre-contractual stage is likely to be highly inaccurate. Any pre-contractual disclosure should also be non-personalised.</p> <p>Post contract inception then the client should receive personalised information including periodic projections as the product performance evolves. Once every 5 years as a minimum, initially moving to annually or 6 monthly as the client nears (from 10 years before) "retirement</p>	<p>Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework. Please see p. 30 and onwards of the consultation paper on single market PPP of 1 Feb 2016 with regard to EIOPA's views on disclosure</p>

			<p>date”.</p> <p>Regarding language of disclosures then AILO considers that the PRIIPS Regulation approach should not be adopted. Rather the wording used in the draft IDD text Article 20.1 (c) should be adopted and so permit the parties to agree the language especially as the intention is to enable portability for mobile EU citizens. This would also be in keeping with the Commission Interpretative Communication 2000/C 43/03.</p>	
759.	The Danish Insurance Association	Question 14	<p>As the details of PRIIPs disclosure requirements are not yet known as the level 2 is still on-going we find it premature to conclude on the question if they will be a good starting point for PEPPs disclosure. Also the fact that pensions are not in the scope of the PRIIP makes it a less obvious starting point.</p>	<p>Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework</p>
760.	The investment association	Question 14	<p>We agree that the starting point for pre-enrolment disclosure for the PEPP should be the PRIIPs regulation. In that context we would refer EIOPA to our response to this summer’s PRIIPs Technical Discussion Paper for our specific views on the future shape of the PRIIP KID, particularly in relation to the presentation of charges and transaction costs. These are as relevant for PRIIPs as they are for PEPPs.</p> <p>In addition to this there are a number of key messages that we would like to stress in the specific context of the PEPP:</p> <p><input type="checkbox"/> While the PEPP is, by design, an asset accumulation vehicle, its ultimate goal from an individual perspective is to provide a retirement income. Therefore, information around risk and projections of outcomes would be beneficial to the investor if they were framed in terms of income and thought should be given to how this could be</p>	<p>Agreed</p> <p>Please see ch. 2.2.3 for EIOPA’s advice on disclosure for PEPPs</p>

			<p>achieved.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> The risk indicator should be expanded to cover other types of risk that are relevant specifically to PEPPs and that may arise as a result of investment choices by the PEPP holder. The main ones here are inflation risk and shortfall/adequacy risk. For example, a PEPP where the individual chooses to invest fully in cash or bonds might score as low risk on grounds of investment risk, but would score as high risk in relation to inflation and shortfall risks.</li></ul> <p>As far as investment risk is concerned the risk indicator should be appropriate for the holding period of the product. Given the long-run nature of the PEPP, a risk indicator that focuses on short-term volatility is clearly inappropriate. It would be better to develop a risk indicator that focuses on the risk to income at retirement.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Where pre-enrolment communication aggregates the charges of a PEPP into a single figure, consideration should be given to whether the consumer should be able to get access to the charge on each of the constituent elements of the PEPP. There is clearly, however, a trade-off between simplicity and the ability to secure greater transparency. The important principle is that any disclosure must be designed to aid the consumer in choosing between PEPP products.</li><li><input type="checkbox"/> Calculation and presentation of the cost of the PEPPs should take into account the specific benefits that they could offer, for example a minimum return guarantee or a biometric risk coverage. While these features provide additional benefits to investors that will be reflected in generally lower risk indicators, they also entail costs that need to be disclosed to consumers using some form of common methodology. Without disclosure of these costs it is not possible for the consumer to evaluate the value of these benefits.</li></ul>	
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			Performance scenarios should be based on some measure of anticipated returns. In addition, given that the purpose of the PEPP is to provide a retirement income, thought should be given to how consumers can be aided to understand the impact of these different scenarios on their income in retirement.	
761.	Vanguard Asset Management, Limited	Question 14	<p>What do stakeholders think of the proposition that the starting point for disclosure 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?</p> <p>Given that PEPP investments will be primarily offered as retail products, Vanguard agrees that the starting point for disclosure during the pre-contractual phase could be the PRIIPs disclosure elements. Vanguard has long been in the practice of providing prospective and existing investors with clear and candid disclosures (written in “plain-talk,” non-technical language) of the important aspects of an investment, such as the investment’s risk and potential return characteristics, and all of the costs associated with the investment. We have found over the past four decades that this practice not only affords important consumer protections, but the practice also has been a successful way of doing business so that investors are treated fairly and given the best opportunity for investment success.</p>	Agreed
762.	VPB	Question 14	We welcome EIOPA’s plan to enhance comparability and competition. Disclosure elements, however, should only be standardized to an extent where this is rational and feasible. A one-size-fits-all-solution weakens transparency. Thus product-specific elements and features unique to a single pensions product (e.g. residential property) should be highlighted and explained against this backdrop.	Agreed, EIOPA believes the provision of standardised information should be based on the proposals



				of a KID within the PRIIPs framework. Please see chapter 2.2.3 of the consultation paper on single market PPP of Feb 2016
763.	VVO	Question 14	<p>The VVO supports the overall objective to create a level playing field and transparency when it comes to the provision of information to the consumer. However, at this stage it is difficult to decide whether the PRIIPs KID is the appropriate key information document which should be handed out to the consumer. The regulatory technical standards (RTS) related to the presentation and content of the PRIIPs KID are not yet published and we understand that there are still significant open issues regarding details for the presentation of cost, performance and risk.</p> <p>Moreover, pension products are clearly out of scope of the PRIIP regulation (Article 2(2) of Regulation (EU) No 1286/2014) notably because it was acknowledged by policymakers during the PRIIPs Regulation legislative process that the KID may not be fitting for pension products.</p> <p>In addition there is a 4-year review clause in Article 33 of the PRIIPs Regulation, which establishes that, by 31 December 2018, the EC should assess whether pension products should be included in the scope of the PRIIPs Regulation.</p>	Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework
764.	Vzbv	Question 14	<p>From our point of view PEPP is a product completely different from common PRIIP products. Whereas PEPP is defined as ONE single default without any further options, there is no need for detailed information found in PRIIP KID. PRIIP KID will try to reduce the volume</p>	Disagreed, EIOPA believes the provision of standardised

			of information, but will not lead to simplification of information because it has to fulfil all specific information requirements of the different PRIIP product categories. Especially RYI mislead consumers and generate wrong decisions. Pre-contractual information must be short and simple. And it can only be short and simple if the product is simple. We believe that a consumer adequate information during the ongoing investment is much more important to enable consumers to react (switching the provider or changing the payment) to changing circumstances.	information should be based on the proposals of a KID within the PRIIPs framework
765.	WIT	Question 14	<p>Using an initial disclosure template renders the transition easier for suppliers in terms of technology, training, and business practices. Some refinement is necessary to factor in issues such as</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Inflation and its impact on purchasing power</li> <li><input type="checkbox"/> Lock in period up to the first switch date</li> <li><input type="checkbox"/> Product approval / licensing</li> </ul> <p>It would be helpful to have both supplier and consumer evidence regarding the operation of the PRIIP disclosure document in advance of concluding on the requirements in a PEEPP context. EIOPA should be mindful that an end perspective is critical: disclosure to consumers in a consistent manner over time with respect to the product so that the consumer and ultimately the market can monitor what has happened, absorb it, act on it and disseminate it to other market participants.</p>	Agreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework Agreed, EIOPA envisages consumer testing of disclosures
766.	Working Group on Shariah financial and insurance p	Question 14	PRIIP`s discloser elements should create a standardized disclosure of regulations, costs, risks, effects of switchings, etc. also for PEPP`s. We and our stakeholders believe that these elements fit to PEPP. It will be necessary that in case of Islam compliant regulations, some insurance based PRIIP`s are not usable for the PEPP concept and therefore have to be eliminated. Other additional standardized elements, e.g. switch regulations etc., should be included.	Partially agreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework

767.	Zurich Insurance Group	Question 14	<p>PRIIPS are not currently developed in an appropriate format for life assurance products – and that work would need to be completed prior to considering how this would then apply to PEPPs. We agree it makes no sense to create a new form of disclosure solely for PEPP – and a PEPP and local domestic equivalent personal pension should provide similar information.</p>	<p>Disagreed, EIOPA believes the provision of standardised information should be based on the proposals of a KID within the PRIIPs framework</p>
A.	EIOAs Occupational Pensions Stakeholders Group	Question 15	<p>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.</p> <p>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.</p> <p>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.</p> <p>Rules of distributions, especially distributor remunerations rules, should be the same for all kind of providers.</p>	<p>Agreed</p>

			<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
B.	Insurance and Reinsurance Stakeholder	Question 15	What do stakeholders think of facilitating sales of PEPPs via the internet? What should be the consumer protection requirements for internet sales?	

	Group (IRSG)		<p>The IRSG supports the option of selling PEPPs via the internet. The IRSG believes that all distribution channels should remain a possibility, allowing for consumer convenience and freedom of choice. Legislation should not prevent or favour one channel over the another.</p> <p>The IRSG believes that consumers should be aware of the risks the products bear, and have the option to access advice. For example, it could be useful for advice to highlight consumers specific retirement income needs.</p> <p>When designing the key features of the PEPP it should be guaranteed that there will be a neutral framework that ensures a level playing field between all types of distributors. Special protection requirements should be established for cross-border internet sales (eg accuracy of translation, cultural differences, possible tax consequences, language for claims, applicable insolvency guarantee scheme, court to appeal to, etc).</p> <p>Moreover, in accordance with national rules, the sale of all insurance products should remain possible without advice. The need to obtain advice will impact consumer choice and prevent their ability to access products if they were not in a position to afford advice. In the case where sales are conducted without advice, the IRSG believes that all relevant information should still be provided to consumers in a clear, concise and easy to understand manner.</p>	<p>Agreed</p> <p>Noted</p> <p>Noted</p>
768.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 15	<p>This is again a question of detail. In principle sales of standardized products via the internet is feasible. However, there will exist noteworthy alternatives to PEPPs for pension provision as occupational pensions or established PPPs. These alternatives might include biometric components (e.g. disability, longevity) and/or guarantee elements and might have different features with respect to tax, to other incentives (e.g. Riester incentives in Germany) or social security contributions depending on the individual situation.</p> <p>That is why thorough advice about these alternatives is necessary</p>	<p>Partially agreed, although EIOPA envisages that the PEPP default investment option will be 'non-complex' and will thus not necessarily require appropriateness</p>

			<p>besides a comparison among the PEPP offerings. Even a PRIIPs-like information cannot replace the demand for advice if the “consumer” is not aware of the alternatives mentioned above. I.e. under consumer protection aspects an internet sale must contain sufficient information about alternatives outside the “PEPP world” for provision of old-age retirement and must contain the information about the offered PEPP including information about its various national characteristics to meet the information interest of mobile persons.</p> <p>Ultimately, it seems to be not feasible for internet sales to meet all these requirements which leads to the statement, that in the most cases an internet sale is not appropriate for PEPPs.</p>	testing.
769.	ACA	Question 15	We think that Internet is a sales channel like others and should not benefit from a derogation regime. Consumer protection rules should be the same, no matter the distribution channel concerned.	Agreed, EIOPA’s advice does not favour one distribution channel over the other.
770.	Af2i Association française des investisseurs insti	Question 15	<p>As soon as the PEPP products are highly standardized in their main stream, we cannot see any impediment to allow sales of plans through Internet.</p> <p>Nevertheless, the investor protection needs to consider that Internet should not be the only way to sign a PEPP. Some people have not an Internet access at home and the majority do not understand the intricacies of financial contracts.</p> <p>Besides, it would be careful to grant a resolution period for the consumer</p>	<p>Agreed</p> <p>EIOPA does not favour particular distribution channels</p>

771.	AFG	Question 15	<p>AFG supports the idea of facilitating sales of PEPPs via the internet.</p> <p>A point of attention is the remuneration of distributors by the provider. The European legislation is currently not consistent : MIFID and IMD have different rules. Under MIFID a provider cannot remunerate an independent distributor although it is possible under IMD/IDD. IDD rules are more flexible and a level playing field should be created by an alignment on IDD rules.</p> <p>PEPP distribution should be facilitated avoiding unnecessary rules. Personalized advice should not be mandatory if the PEPP is a simple product with a limited range of options. Robo advisors could help savers to make their choices. They are already largely used in pension savings in France.</p>	<p>Agreed</p> <p>Noted</p> <p>There is no obligation to sell PEPP based on advice</p>
772.	Allianz	Question 15	See our basic statement and comments regarding Q2. All sales channels must be treated equally, thus consumer protection rules will only differ whether advice is offered or not.	Agreed
773.	Amundi	Question 15	Amundi agrees with the various advantages of digital distribution mentioned by EIOPA. Nevertheless, one point is not addressed which is important in our view: investing in a pension product may be a very long term investment, up to 20 or 30 years. The solidity and safeness of the provider should be key in the choice of the investor. There is a risk for people who have little knowledge of the market to choose via internet products offering better promises of return with low costs promoted by actors lacking of a strong basis. This problem is a real one and we do not see how to solve it.	Noted, all PEPP providers will be required to meet strict (existing) authorisation and prudential requirements
774.	ANASF	Question 14	<p>As a general comment, we agree with this proposal. Specifically, we consider that:</p> <ul style="list-style-type: none"> <li>- concerning the inclusion of distribution costs in the information on</li> </ul>	Agreed

		<p>costs and charges, providers may not know the exact amount of these costs. Accurate knowledge of distribution costs is possible only when ex-post figures become available. Accordingly, we consider it appropriate to refer to the solution envisaged by EU Regulation n. No 1286/2014 (KID-PRIIPs): pre-contractual documentation should include a clear indication that advisors and distributors will provide information detailing any cost of distribution that is not already included in the costs specified in the pre-contractual documentation, so as to enable retail investors to understand the cumulative effect that these aggregate costs have on the return of the investment (this indication represents a further proof of the importance of personal advice for the distribution of PEPPs);</p> <ul style="list-style-type: none"> <li>- a similar reasoning may be applied to transaction costs. By definition, transaction costs can be exactly known only on an ex-post basis. This is particularly true in the case of long-term investment products such as PEPPs, since portfolio turnover varies over time according to market conditions (also in this case, the role of financial advisors is evident in that they assist investors to understand the timely evolution of the investment policy);</li> <li>- with regard to risk information, we agree that product comparability is essential also for PEPPs. To ensure greater standardisation and effective comparison, we believe that for the calculation of risk measures the model to be used and the method of choosing its parameters should be prescribed by competent authorities. The alternative approach (i.e. allowing providers to use whichever model they consider the most appropriate) would not ensure the same level of harmonisation;</li> <li>- the graphical summary risk indicator should be modelled after the one that will be adopted for PRIIPs, since effective financial education requires familiarity with standardised information tools (i.e., we suggest using the same summary risk indicator for all investment products, PRIIPs and PEPPs included). Specifically, we think that alternative options for the design of the indicator may consist of a risk scale:</li> </ul>	<p>Partially agreed, the risk scale for the PRIIPs KID would put equity products on a 3, 4 or 5, or even lower for derisked PRIIPs. The performance scenarios also show long term reward. EIOPA recognises that additional information or explanation may still be needed for seeing the relations between risk and reward over the longer term.</p> <p>Agreed</p> <p>Noted</p>
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			<ul style="list-style-type: none"> <li><input type="checkbox"/> from 0 to 10;</li> <li><input type="checkbox"/> from 1 to 7 (cf. CESR’s guidelines on the methodology for the calculation of the synthetic risk and reward indicator in the Key Investor Information Document, CESR/10-673, p. 5);</li> <li><input type="checkbox"/> from 1 to 5, thereby capturing the client’s risk tolerance (cf. article 25 of Directive 2015/64/EU, MiFID II, on the assessment of suitability).</li> </ul> <p>- as explained in section 4.2.10.17 of the Consultation Paper, a specific focus should be given to the risk of not achieving the desired benefits at retirement. Particularly, it is important to specify which investment options provide for a life-cycle strategy or a guarantee (emphasising the default option) and which do not;</p> <p>concerning performance scenarios, for the sake of product comparability we believe that the model to be used and the method of choosing its parameters should be prescribed by competent authorities (so-called hypothetical ‘what if’ scenarios). Graphs are particularly useful, the scenarios should present performance according to unfavourable/medium/favourable outcomes (graphical presentation should be based on historical outcomes in different periods).</p> <p>Concerning the information on average net returns (ANR) during the accumulation phase, we suggest this approach:</p> <ul style="list-style-type: none"> <li>- gross contributions should be considered the starting point for the calculation;</li> <li>- costs should be deducted from gross contributions;</li> <li>- gross contributions (net of costs) provides for the mathematical provisions needed to account for future obligations and expenses.</li> </ul> <p>Accordingly, the performance of the investment since inception should be measured by considering the value of mathematical provisions.</p>	
775.	Association for Financial Markets	Question 15		

	in Europe (AFME)			
776.	Association of British Insurers	Question 15	The ABI supports EIOPA's efforts to encourage the use of digital technology and the selling of products via the internet, including the PEPP. However, the possibility to access advice should also be available to consumer. Additionally, sufficient 'warnings' would need to be in place to ensure that consumers to do not inadvertently purchase a pension product, which are complex by nature, that is not suitable for them.	Agreed, EIOPA is not advocating internet only sales; various channels are anticipated
777.	Assofondipensione , Assoprevidenza and Mefop	Question 15	Even it is always necessary to pay attention to the risk of "dumping" underlined in a previous answer, generally we share the idea to facilitate of on-line PEPPs sale, also because it should reduce the price of product, but we underline that potential members must have clear information about PEPP. Moreover it should always be possible for member to contact an operator that must give all support needed from the member or potential member in his own language.	Agreed
778.	Assogestioni	Question 15	What do stakeholders think of facilitating sales of PEPPs via the internet? What should be the consumer protection requirements for internet sales?  We believe that rules on the distribution of PEPPs should be clearly defined at EU-level as a part of the EU Regulation.  Although we do not stand in the way of internet sale of PEPP, we consider it of prime importance to clearly define distribution rules and responsibilities.	Agreed
779.	Better Finance	Question 15	Yes this is important to attract younger citizens and to optimize distribution costs. Internet sales should follow the same basic rules as other distribution channels. Simple PEPP (especially when selecting the simple and cost effective default option should be bought without the need of advice and of suitability tests.  This should be a great benefit of the simple low cost and performing	Agreed

			<p>default investment option.</p> <p>Better Finance studied the US leaders in robot and hybrid robot/human advice for pension investments: this is still an emerging, but growing very fast market, mostly based on broad index funds and overall fees below 0;50 % (fund fees included).</p> <p>The more the distribution channels via the internet will expand, the more the importance of commissions as remuneration and incentive system will be reduced.</p> <p>If the consumer precisely chooses the default investment and pay-out options, sales via internet should be facilitated. If the consumer wishes additional options for the investment and/or pay-out phase, there should always be the possibility for asking for independent advice (cf. EIOPA Opinion on sales via the Internet of insurance and pension products, Frankfurt 28 January 2015).</p>	Agreed
780.	BIPAR	Question 15	<p>Internet-facilitated distribution / intermediation needs to be subject to whatever rules that other distribution channels for the respective PEPP product are subject to. As mentioned above (question 1), no PEPP should be distributed or intermediated by a non-authorized entity.</p> <p>We are surprised by the wording e.g. used in point 4.2.11.4 where EIOPA states that internet could be the "main channel for distribution of PEPPs" and that online distribution could help to alleviate the information asymmetry between PEPP providers and PEPP holders. We are equally surprised by the wording used in point 4.2.11.7 stating that automated tools could remove behavioural biases and limit poor judgement and with the wording on that same page 35 (first paragraph of the blue highlighted text), stating that such sales should not need to require personalised human interaction and advice, especially in the case of default options.</p> <p>We believe that these are unacceptable statements. Internet is a technique, not a distribution channel, and many distributors make use of the internet. The distribution and intermediation rules have to apply</p>	<p>Agreed, and EIOPA envisages that only EU regulated providers can develop and offer PEPPs.</p> <p>Disagreed, EIOPA does not favour one distribution method over the</p>

			<p>on a level playing field basis. We are surprised that EIOPA seems to be promoting a certain way of selling a product, in casu internet-facilitated intermediation. As explained above, we believe that this is not a channel-neutral approach, and this for an important financial product. We believe it should not be prescribed at European level which technique of distribution is used. The consultation paper goes too far in our view, in presenting non-digital or only partially digital distribution in a very negative way and in almost promoting the pure digital tool as a cheaper and better approach for the consumer. We fully support the objective to increase trust from the side of the consumer/investor but the language used in this paper suggests distrust, both with regard to existing products, which following an a contrario reasoning, would not be safe compared to a standardised product; and with regard to non-digital distribution techniques.</p> <p>With regard to the statements in the paper that an internet approach would reduce costs and conflicts of interest, we would like to point out that high costs should not only be attributed to distribution costs. Each individual intermediary or distributor, whether or not they are making use of internet, have completely different cost elements and we believe it is not appropriate for EIOPA to make general statements on the costs of certain business models.</p> <p>Regarding conflicts of interest, first of all these are adequately dealt with in existing instruments such as IMD / IDD and MiFID. Moreover, conflicts of interest should not only be looked at from a distributor perspective, but also at the level of providers, policyholders, shareholders, etc.</p> <p>Finally, we also wonder on which basis EIOPA is stating that in the long term pension products that are sold over the internet are having a better return than products distributed via other distribution channels.</p> <p>With regard to the consumer protection requirements question, generally speaking we believe that the modern standards recently set in the IDD might be a good source for inspiration.</p>	<p>other, but believes the further development of internet based distribution should be explored and could potentially lead to significant reduction in costs.</p> <p>Agreed</p> <p>Agreed</p>
781.	Blackrock	Question 15	We are supportive of investigating alternative means of distributing the	

			<p>PEPP. We draw EIOPA's attention to the ongoing review by the UK Government into new forms of advice under the Financial Advice Market Review (FAMR) which will cover many of the issues and concerns raised by EIOPA in its discussions with the industry.</p> <p>At this stage we are proposing to provide detailed commentary but will be commenting in more detail as part of the UK FAMR process and the forthcoming European Commission Green Paper on Retail Financial Services.</p> <p>At this stage we believe there is a fundamental question which has to be addressed, which is of how PEPP going to be distributed. Typically pensions have been distributed via the workplace. It is perfectly feasible for a PEPP to be distributed via the workplace, for example as part of a UK style Group Personal Pension Plan This has many benefits in terms of opting employees in and facilitating administration by automatic deduction of contributions from wages.</p> <p>Easy to use Internet offerings accompanied by telephone support are a key tool in this process but in many cases we do not see the Internet offering being effective if it is solely a standalone option.</p>	<p>Agreed, EIOPA does not favour a specific method of distribution.</p>
782.	Bund der Versicherten e.V. (BdV - German Associati	Question 15	<p>Yes, this is important in order to attract younger citizens and to optimise distribution costs. Internet sales should follow the same basic rules as other distribution channels. Simple PEPP (especially when selecting the simple and cost effective default option should be bought without the need of advice and of suitability tests.</p> <p>This should be a great benefit of the simple low cost and performing default investment option. Better Finance studied the US leaders in robot and hybrid robot/human advice for pension investments: this is still an emerging, but growing very fast market, mostly based on broad index funds and overall fees below 0;50 % (fund fees included).</p> <p>The more the distribution channels via the internet will expand, the more the importance of commissions as remuneration and incentive</p>	<p>Agreed</p>

			<p>system will be reduced.</p> <p>If the consumer precisely chooses the default investment and pay-out options, sales via internet should be facilitated. If the consumer wishes additional options for the investment and/or pay-out phase, there should always be the possibility for asking for independent advice (cf. EIOPA Opinion on sales via the Internet of insurance and pension products, Frankfurt 28 January 2015).</p>	
783.	Cardano Risk Management	Question 15	<p>Distribution via the internet has grown over time and it is a cost efficient distribution channel. The consumer protection for internet sales of PEPPs should be the same as for other financial services sold via digital distribution channels.</p> <p>We consider consumer protection in digital distribution particularly important due to cross-border accessibility, but this is not a specific PEPP problem and therefore it should ideally be regulated on an EU level.</p> <p>To keep administrative costs down, it should be possible for a consumer to go through the whole purchasing process of a PEPP digitally (i.e. using digital identification and signature).</p>	Agreed
784.	Community Life GmbH	Question 15	<p>Digital technology can provide benefits of convenience, transparency and excellent value</p> <p>EIOPA is of the view that consumer-centric focus has arisen around consumer needs and wishes from the very beginning of the product life (4.2.9.3.). As customers are going more and more online, a consumer centric focus must necessarily encompass sales of PEPPs via the internet to make best use of modern technologies. Community Life</p>	Agreed, although EIOPA does not favour one method of distribution over the other (e.g. digital by default), but believes the

			<p>strongly supports EIOPA’s view that the internet could be a very significant if not the main channel for distribution in the future (4.2.11.4).</p> <p>Furthermore, Community Life is of the opinion that, in line with various initiatives which the EU Commission has recently taken to foster the digital industry, the PEP should be “digital by default”. Based on Community Life’s own learnings from its online business, selling PEPPs via the internet can limit the level of required advice (3.2.4.), assuming sufficient simplicity, transparency and standardization (see PEPP Features above). Moreover, the use of the internet can improve consistency and accuracy (4.2.11.7.) and thereby significantly reduce distribution costs (3.3.2.), while at the same time increasing the accessibility to service (4.2.11.7.). The same benefits can also be achieved with regard to pre-contractual information (4.2.11.6).</p> <p>Community Life fully supports EIOPA’s demand that, based on existing EU regulation, customers must be in a position to make a well-informed choice (4.2.11.5.). Consumer protection requirements can be met through a coherent online sales process that provides customers with help text around all crucial clicks and through the availability of qualified and trained staff by phone or chat (4.2.11.9. / 4.2.11.10.). To manage conflicts of interest (4.2.11.12.) remuneration schemes (4.2.11.13.) should be agreed which align the providers’ and the customers’ interests.</p>	<p>further development of internet based distribution should be explored and could potentially lead to significant reduction in costs</p>
785.	Deutsche Bank	Question 15	<p>PEPPs sold via the internet should contain a life cycle derisking strategy. Options should be kept at a minimum. Customers should answer a framework of questions to ensure that the product concept has been understood and that the risk- / return-profile of product and customer match.</p>	<p>Partially agreed, EIOPA does not favour one of the proposed investment</p>

				strategies for PEPP however
786.	EFAMA	Question 15	<p>Concerning the use of internet, we fully recognize that the world is changing and that an increasing number of consumers, especially young people, will use online tools to manage their finances. This is likely to stimulate the use of internet platforms allowing the provider to sell the same PPP across several markets from a single platform serving as a one stop shop and point of communication with clients, while managing all related functions from (in-house/outsourced) central hubs.</p> <p>This development would reduce the barriers to market entry, thereby enhancing competition between different financial service providers.</p> <p>Therefore, EIOPA is right to pay special attention to the distribution of PEPPs through the internet. Surely, it should ensure that unjustified obstacles would prevent online distribution.</p> <p>Still, we support the view that EIOPA should remain neutral regarding the different types of distribution channels that could be used for the distribution of the PEPP.</p> <p>Concerning the distribution of PEPPs, we believe that more attention should be given to the distribution requirements that will apply to PEPPs. In our view, the same distribution rules should be the same across Europe. The tremendous work that has been achieved to modernize both the MiFID and IMD Directives suggests that it should be possible to achieve this goal.</p> <p>Finally, we wish to stress the importance of financial education as a</p>	Agreed



			complement to financial consumer protection. It is widely recognised that many people lack the level of financial education required to decide how much they should save to prepare for retirement and how they should manage their savings and investments. The digital revolution will only be able to produce all its potential benefits in the area of retirement saving if ambitious educative initiatives targeting different groups of the population are undertaken by the authorities with the support of the financial services as they may deem it fit. We believe that EIOPA could also play an important role in this area to increase awareness about financial illiteracy and promote initiatives to develop the capacity of individuals to save for the long term and invest to improve their future financial well-being.	
788.	European Federation of Financial Advisers and Fina	Question 15	We think that e-sales should be enabled, but they should not be favoured by the proposal. The same rules as with other distribution channels, based on existing frameworks (MiFID II, IDD, PRIIPs), should be applied, only with the exception of those that are clearly inapplicable.	Agreed
789.	Fairr.de GmbH	Question 15	<p>As a pure-play online provider of pension products, fairr.de highly encourages the distribution of PEPPs via the internet. This is because :</p> <ol style="list-style-type: none"> <li>1. The new generation of savers takes this channel on with ease and penetrates even complex products more easily.</li> <li>2. Cost savings from avoiding traditional distribution channels are considerable, enhancing the return for savers.</li> </ol> <p>The following points summarise our approach to online distribution, as proven successfully through our established fairriester product :</p> <ol style="list-style-type: none"> <li>1. Information should be simplified and made as accessible as</li> </ol>	<p>Agreed</p> <p>Noted</p>

			<p>possible</p> <p>2. Appropriate online advice and self-help tools should be provided to assist decision making</p> <p>3. Advice should be a single click away. We operate a chat interface and offer live telephone support.</p> <p>Advice and documentation, where provided, is logged with a time stamp along with all other customer interaction. This ensures full traceability of customer interaction.</p>	
790.	Fédération Française des Sociétés d'Assurances (FFS)	Question 15	<p>FFSA supports the possibility of selling PEPPs via the internet. Distribution channels of insurance products vary across countries and have an impact on consumer-insurer interactions. The insurance industry believes that all distribution channels and modes should be and remain possible for consumer convenience and freedom of choice. However, legislation should not hinder or incentivise one channel or mode over another.</p> <p>The consumer protection requirements for internet sales should respect the option for consumers to be able to purchase any insurance product without advice. In any event, even where the sales are carried out without advice, all relevant information will still need to be provided to consumers in a clear and easily accessible manner.</p> <p>Nonetheless we believes that internet sales should be performed under the same transparency requirements than other "traditional" sales in line with national practices in order not to distort competition.</p> <p>Consumers should be aware of the risks they bear, and have the possibility, if they should so choose, to access some form of advice,</p>	<p>Agreed</p> <p>Agreed, EIOPA envisages a PEPP however that should contain non-complex default/core investment options</p> <p>Agreed</p>

			<p>however this would be supplementary. This may also be particularly useful to highlight any pension gaps and their specific retirement income needs.</p> <p>It has to be ensured that advice or sale can be offered through a single channel throughout the sales process.</p> <p>In addition, given distant marketing of PEPP via the Internet, the long-term financial stability and soundness of providers and consumers' protection against insolvency of the provider are indispensable.</p>	
791.	Fidelity International	Question 15	<p>The majority of protection should come from the product structure and governance. This is why a product authorisation regime is so important.</p> <p>The disclosures in the PRIIPs regime assume they are paper-based, (no more than two pages etc,) they should be revisited to ensure they are fit for purpose online.</p>	<p>Partially agreed, following this consultation EIOPA has developed the view that introducing a stand-alone authorisation regime might not be required</p> <p>Agreed</p>
792.	Financial Services Consumer Panel	Question 15	<p>The Panel believes that digital sales channels are likely to increase their overall market share, and many consumers will want to be able to purchase their retirement product online. However, most sales over the internet are likely to take place without regulated advice.</p> <p>The Panel looked closely at non-advised sales of pension products when it commissioned research into the UK market for annuities in 2013 (<a href="https://fs-">https://fs-</a></p>	<p>Partially agreed, appropriateness tests could be required with regard to PEPP investment options deemed as 'complex'</p>

			<p>cp.org.uk/sites/default/files/annuities_position_paper_20131203.pdf). This suggested that the increase in non-advised sales of pension products appeared to be driven by lighter touch regulation and higher profit margins, not consumer demand.</p> <p>Non-advised sales often have opaque costs and give greatly reduced consumer protection if things go wrong. Ensuring the applicability of the MiFID 'appropriateness' test would put a greater responsibility on firms to ensure the customer understands the product and the associated risks.</p> <p>However, the Panel would ultimately like protection of consumers in case of execution-only sales to be strengthened further. Consumers do not understand the difference between advised and non-advised sales, and at the very least must be alerted to the loss of protection if they choose the non-advised route. The risk of consumer detriment is real and immediate.</p> <p>Ultimately, the Panel believes guidance for the non-advice market is required, which could be developed by EIOPA as a separate project. This would include standards that guarantee high professional standards, the transparent disclosure of charges, and a clear explanation of the implications of non-advice for consumer protection in the relevant Member State.</p> <p>At a minimum, the MiFID II standards for both advised (suitability assessment) and non-advised (appropriateness assessment) sales should equally apply to purchases of PEPPs conducted over the internet. EIOPA should consider this aspect in further detail to establish whether these assessments are sufficient to protect consumers.</p>	<p>Agreed, EIOPA's advice includes a strong focus on disclosing charges transparently</p> <p>Agreed, please see ch. 2.3.1 of the consultation paper on single market PPP of 1 Feb 2016 with regard to this topic</p>
793.	FSUG	Question 15	<p>FSUG stipulates to have in mind that this product should become a „real“ EU-wide product. Physical presence of contract parties could destroy the product at very beginning. Online tools regarding key features are easy to be built and could present them in understandable format (this should be seen as potential competitive advantage of PEPP providers and stimulated by regulation).</p> <p>The more the distribution channels via the internet will expand, the</p>	Agreed

			more the importance of commissions as remuneration and incentive system will be reduced.	
794.	German Insurance Association (GDV)	Question 15	<p>The German insurance industry welcomes the approach to facilitate distribution of PEPPs via the internet. However, it has to be taken into account that distribution of pension products often requires raising people’s awareness of their need to save for retirement for instance due to changes in the public pension system. In this regard, good and attentive advice fulfils a necessary societal function. In consequence, if only internet sales are envisaged there is a risk that PEPPs do not reach a broad market in the short or medium term.</p> <p>In our opinion, consumer protection provisions should be guided by the already applicable EU regulation, thus, providing a consistent legal framework for consumers and distributors. To this end, for PEPPs offered by insurers one should resort to the provisions of the Insurance Distribution Directive (IDD) and the Distant Marketing of Financial Services Directive (DMFSD).</p> <p>The successful distribution of PEPPs via the internet is essentially depending on two factors:</p> <ol style="list-style-type: none"> <li>1. A PEPP should be easily understandable, thus, creating demand for advice up to a level which can be satisfied via internet.</li> <li>2. It has to be ensured that sale (with or without advice) can be offered without disruptive break in the communication channel with the customer (e. g. by requiring different communication media for information, specifying needs and demands or personal recommendation and conclusion of the contract [paper vs. durable medium or website]).</li> </ol> <p>In addition, given distant marketing of PEPP via internet, the long term</p>	<p>Partially agreed, EIOPA does not favour one method of distribution over the other.</p> <p>Partially agreed, please see ch. 2.3 of consultation paper on single market PPP of 1 Feb 2016 for further explanation</p> <p>Agreed</p> <p>Noted</p> <p>Agreed, following this consultation EIOPA advises</p>

			financial stability and soundness of providers and consumers' protection against insolvency of the provider are indispensable. Therefore, providers who are not yet covered by a suitable European regulatory framework should be subject to one of the existing and approved frameworks (Solvency II, MiFID, CRD IV) for authorisation and oversight.	that only EU regulated providers should be allowed to market PEPPs
795.	Hristina Mitreva – member of OPSG, employees repre	Question 15	<input type="checkbox"/> The option to facilitate sales of PEPPs via the Internet is a necessary solution because it allows the customers to receive information for the different pension stages as well as to reduce costs for the consumer and remove behavioural biases and limit poor judgement. In order to ensure consumer protection when use internet, the PEPP provider who sells the product must have appropriate knowledge and ability for PEPP holders to meet their needs.	Agreed
797.	Insurance Europe	Question 15	<p>Insurance Europe supports the possibility of selling PEPPs via the Internet. Distribution channels of insurance products vary across countries and have an impact on consumer-insurer interactions. It has to be taken into account that distribution of voluntary pension products often requires raising people's awareness of their need to save for retirement, for instance due to changes in the public pension system. In this regard, good and attentive advice fulfils a necessary societal function. Therefore, restricting distribution to the Internet would risk limiting PEPP's market in the short or medium term. The insurance industry believes that all distribution channels and modes should be and remain possible for consumer convenience and freedom of choice. However, legislation should not hinder or incentivise one channel or mode over another.</p> <p>Any consumer protection requirements for Internet sales should respect the option for consumers to be able to purchase any insurance product without advice. In any event, even where the sales are carried out without advice, all relevant information will still need to be provided to consumers in a clear and easily accessible manner.</p>	<p>Partially agreed, EIOPA does not favour one method of distribution over the other.</p> <p>Partially agreed, see first resolution in this row</p>

			<p>Nonetheless Insurance Europe believes that Internet sales should be performed under the same transparency requirements than other “traditional” distribution channels in line with national practices in order not to distort competition. Specific protection requirements should be established to deal with cross-border Internet sales (eg accuracy of translation, possible tax consequences, language for claims, applicable insolvency guarantee scheme,).</p> <p>Insurance Europe believes that consumers should be aware of the risks they bear, and have the possibility, if they should so choose, to access some form of advice.</p> <p>It has to be ensured that advice or sale can be offered through a single communication channel throughout the sales process.</p> <p>In addition, given distant marketing of PEPP via the Internet, the long-term financial stability and soundness of providers and consumers’ protection are indispensable.</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
798.	Intesa Sanpaolo Vita S.p.A.	Question 15	<p>Considering actual EU citizen knowledge about financial investments and pension products, we express some concern about sales via internet without any personalised human interaction and advice.</p> <p>Anyway, the first consumer protection requirement is a clear set of distribution rules and responsibilities covering providers, dealers and savers.</p>	Noted
799.	KBC Asset Management NV	Question 15	<p>As internet sales could be a channel for cross-border sales, supervision and supervisory convergence of internet sales is particularly important. In addition, adequate, transparent and plain-language information is important (cfr PRIIPS requirements).</p>	<p>Agreed</p> <p>Agreed</p>

			<p>Alignment with the provisions of the maximum harmonisation provisions of the consumer rights directive with regard to internet sales would provide a high level of consumer protection and a level playing field for PEPP providers in the member states.</p> <p>We think this to be a good idea, although additional (to the 'brick channel', if available) in a first phase. Especially the pre-contractual part should be provided in a logical, client centric way so that a potential PEPP buyer makes his/her decision starting from a (fixed, standardized) set of information.</p> <p>This level playing field should contain: enough information to make a justified decision and a clear view on 'What's in it for me', not only in the first phase (acquisition), but also during the life cycle of the product. The reading (&amp; validation) of (legal) documents before a decision can be made. PRIIPS can create a product provider exceeding answer here.</p> <p>From an investment advice point of view: keeping MiFID II in mind we see a possibility concerning "advice": Keep intact the existing flow (realising the consumer protection by a combination of a (risk) profile questionnaire and a product knowledge questionnaires)</p> <p>Alternative: a specific questionnaire (with explicit questions wrt. investment horizon &amp; risk/return for these PEPPs).</p>	<p>Agreed</p> <p>Partially agreed, EIOPA believes however that the PEPP should contain a non-complex (default) investment option where the need for advice/suitability tests is minimised.</p>
800.	Legal & General Group plc	Question 15	<p>We agree that the sale of PEPPs should be facilitated by the internet. This would allow providers to offer products at a lower cost, and to a wider distribution area. The information disclosed to the customer digitally should be consistent with what they would receive in paper form, with redirection to advisers and other key sources of information where appropriate. We think this should be aligned to the aims and aspirations of the « digital single market » being taken forward by the Commission.</p>	Agreed



801.	Mercer	Question 15	We would be supportive of facilitating the sales of PEPPs via the internet, amongst other means of distribution. We believe it is important to have a channel-neutral approach.	Agreed
802.	Ministry of Finance of the Czech Republic	Question 15	We agree with the internet sales of PEPP product under the condition that the consumer protection requirements would be the same as in case of direct sales or sales via intermediaries. With regard to the participants' best interest, we would require a possibility to seek advice in order to choose a suitable investment option (e.g. via a hotline or a survey). The internet sales should, however, not prevent a regular sales and standard advice.	Partially agreed, EIOPA believes however that the PEPP should contain a non-complex (default) investment option where the need for advice/suitability tests is minimised.
803.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 15	<p>What do stakeholders think of facilitating sales of PEPPs via the internet? What should be the consumer protection requirements for internet sales?</p> <p>The NAPF would expect PEPPs to be available on an execution-only basis over the internet, but it is essential that consumers are given clear information, including information on how to obtain professional advice and the importance of purchasing a product that meets their needs.</p> <p>It is important that consumers in the UK, where auto-enrolment is now in place, are also made aware that better deals and employer contributions could be available if they focus their pension saving on the workplace.</p>	Agreed, please see p. 18 and onwards and Annex VII of the consultation paper on single market PPP of 1 Feb 2016

804.	Nationale-Nederlanden Group	Question 15	We believe PEPP to be a product that could be very effective if sold via internet. However, this should be the provider's choice. International sales through internet should be facilitated and care should be taken that online distribution is not the only possibility. Consumer protection measures should be equal for comparable products.	Agreed
805.	PensionsEurope	Question 15	<p>What do stakeholders think of facilitating sales of PEPPs via the internet? What should be the consumer protection requirements for internet sales?</p> <p>We agree that the PEPP could be sold on the internet, but it is essential that consumers are given clear information on the product, including information on how to obtain guidance and professional advice. There should in any case be a possibility to contact some kind of hotline to request information.</p> <p>A point of attention is the remuneration of distributors by the provider. Currently the European legislation is not consistent in this regard : MIFID and IDD have different rules : under MIFID a provider cannot remunerate an independent distributor although it is possible under IMD/IDD.</p>	Agreed
806.	Previet outsourcing Solutions	Question 15	Being online is MANDATORY	Disagreed, EIOPA does not favour one method of distribution over the other
808.	The Association of International Offices (AILO)	Question 15	Sales via the internet of a basic product could help reduce overall product costs. As already commented, as proposed it would not be possible to achieve Pan European scale and so optimum potential for	Disagreed, EIOPA does not favour one

			<p>cost reduction as differences would be apparent for the product in each MS in which sales would be carried out. Such sales would be on an execution only basis and so the likely trade off could be purchase of either inappropriate products or effected on the wrong basis. For example, clients need to consider not just the pure product but what will happen to the pension pot on premature death. Will an internet offering enable the client to create a trust or nominate a beneficiary? Can all providers in non-common law countries offer the availability of nominations? Certainly this is often only possible with life insurance products. In that and other respects what law would apply to the contract?</p> <p>In terms of consumer protection then suitable warnings need to appear on relevant screens and also clear information on "ticks" and "clicks". Providers would need to be able to block access to either other than Home State potential clients or those in MS other than to those in which it is prepared to write business in accordance with local law and alternatively selective screen access would need to be built which would enable, dependant on nationality and residence, only the correct product version (language &amp; law) available for purchase.</p> <p>The regime would also need to consider how and in what form documents and electronic "signatures" would be recognisable and enforceable.</p> <p>AILO does believe that for a simplified pension product, internet sales could be the most cost-effective option for the client – but it implies little or no advice.</p>	<p>method of distribution over the other. To the contrary, with regard to the PEPP investment options deemed complex EIOPA believes advice/suitability tests will be necessary</p> <p>Noted</p> <p>Agreed</p> <p>Partially agreed, see first resolution in this row</p>
809.	The Danish Insurance Association	Question 15	<p>The DIA thinks that the regulatory framework should offer the opportunity for the provider to facilitate sale of PEPPs via the internet. However, we also think that it should be possible for the provider to refrain from internet sales.</p> <p>Any rules on PEPP must be neutral in regards to the medium used for</p>	Agreed

			<p>information.</p> <p>Consumers should be able to make an informed choice whether they acquire the PEPP via the internet or via other channels. In view of the increasing digitalization the rules must be future-proof. In regards to the level of consumer protection, including in the event of internet sale, please see our response to Q7.</p>	Agreed
810.	The investment association	Question 15	<p>This question comes back to the fundamental issue of how the PEPP is going to be distributed. If done so via the workplace and it comes with an employer pension contribution (as deferred pay) it is hard to see how this could be detrimental to the individual (if there is no other way of accessing this deferred pay) and this means that it may be more suitable for sale via the internet.</p> <p>If the PEPP is sold on a retail market and the only money that goes in is the individual's contributions, then there would be more questions over whether the internet is suitable as a channel for distribution. In this case advice might be required before a PEPP is purchased and this means that any internet sales process would need to be well regulated.</p> <p>It is important here to stress the importance of financial education as a complement to financial consumer protection. It is widely recognised that many people lack the level of financial education required to decide how much they should save to prepare for retirement and how they should manage their savings and investments. If the general direction of travel is to distribute on the internet, individuals will only benefit if they feel they have the confidence to engage. This will require governments and the financial services industry to work together to boost the financial sophistication of their citizens and consumers. EIOPA could also play an important role in this area to increase awareness of the importance of financial literacy and promote</p>	Noted

			initiatives to develop the capacity of individuals to save for the long term and invest to improve their future financial well-being.	
811.	Vanguard Asset Management, Limited	Question 15	<p>Vanguard would strongly urge EIOPA to adopt the most flexible policies to encourage facilitation of PEPP sales via the internet. Essentially, the practice of primarily and extensively utilising electronic communications and transactions is becoming the standard around the globe and has proven to provide significant protection against transaction errors, while at the same time providing significant cost efficiencies that are benefitting consumers.</p> <p>Best practices in the area of internet and electronic commerce are that: (i) electronic communications and transactions be permitted as long as investors are afforded the reasonable opportunity to receive all relevant information on paper, and (ii) providers should give investors clear disclosure of alternative methods to contact the provider (typically through a toll-free phone number) in the event that the investor has any questions or concerns with respect to the investment offered through the internet.</p>	Noted, EIOPA does not favour one method of distribution over the other
812.	VPB	Question 15	We welcome the proposal to facilitate distribution of pensions products via the internet. In the light of consumer protection, the same requirements should apply for all distributive channels.	Agreed
813.	VVO	Question 15	<p>Since a pension product is a long-term product it should be ensured that the consumer should have access to advice for all options of the PEPP if he wishes to get advice. We would like to underline that all distribution channels and modes should be and remain possible for consumer convenience and freedom of choice. The PEPP legislation should not lead to the fact that one distribution channel is incentivised compared to others.</p> <p>Furthermore, we would like to mention that in some Member States written form is needed in relation to the conclusion of life insurance contracts.</p>	<p>Agreed</p> <p>Noted</p>

814.	Vzbv	Question 15	Of course distribution of PEPP via internet has to fulfil information requirements laid down in European law, e.g. Directive 2002/65/EC, but we have to avoid creating the same information obligation twice. Directive 2002/65/EC is the base and PEPP lays down additional information obligation, especially for continuous information during the duration of a contract. As answered under Q14 a simple product leads to simple informations, PEPP is suitable for internet distribution.	Agreed
815.	WIT	Question 15	This requires further study. It would be useful to examine the consumer protection in online banking and in online purchases and sales of securities at the outset. The potential for fraud and deceit is great.  However if the framework can be Trust-proofed, this platform offers potential for value to consumers and suppliers and thus is worthy of further investigation and development	Agreed
816.	Working Group on Shariah financial and insurance p	Question 15	We are strongly in favour of facilitating sales of PEPPs via the Internet. Hence, there should be also a consumer protection requirement for Internet sales by disclosing, if the products are or are not in compliance to Shariah. This means there has to be a certification of an international Sharia Board attesting the compliance with Shariah.	Agreed Noted
817.	Zurich Insurance Group	Question 15	We are supportive of multiple sales channels – including the internet. This reflects the preferred buying behaviour of many consumers for many products and PEPP should have this facility – along with permitting other distribution models that would appeal to clients. The PEPP is unlikely to be successful if face-to-face advice is excluded as an option, as this will remain how many people prefer to receive advice.  For internet sales to be successful there are a number of requirements: <input type="checkbox"/> Sufficient product information to enable informed decisions. <input type="checkbox"/> Guidance on options (which is not advice)	Agreed  Agreed

			<p><input type="checkbox"/> Tools to enable the individual to interact with their PEPP and understand the impact of various scenarios.</p> <p>In addition, cooling-off opportunities after a sale, as required within life insurance legislation, is a key component to support consumer comfort.</p>	
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 16	<p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Agreed</p> <p>Agreed</p>

B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 16	<p>Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?</p> <p>In the case of non-advised sales, the IRSG does not believe that there should be a requirement for distributors to apply an appropriateness test on a mandatory basis. Such a requirement might be unnecessary, given that the PEPP would be a standardised product.</p>	Partially agreed, as far as 'non-complex' PEPP investment options are concerned
818.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 16	<p>This is again a question of detail. It is not quite clear what the tasks of a distributor in the context of PEPP will be and for what purpose he is needed, if there is no advice given. However, if he really just sells a PEPP of an authorized provider where all required product features are met as well as all requirements for the provider and if this is done without any advice there seems to be no reason for an appropriateness test of the distributor. This assumes that the distributor is not involved in any payment transactions between the "costumer" and the provider.</p> <p>But, as already mentioned before, advice should be given to people who want to provide for pension needs because there are many fields within the "PEPP world" which will not be standardized and even more important because there exist important alternatives outside the "PEPP world", first and foremost occupational pensions.</p>	Disagreed, PEPP investment options can be 'complex' or 'non-complex'. In the first case appropriateness tests are warranted.
819.	ACA	Question 16	Advice must be adequate and proportional to the risk profile of consumers. We propose in this context to inspire from existing standards (cf. Q14).	Agreed
820.	Af2i Association française des investisseurs insti	Question 16	An agreed system of automatic scoring or screening of the consumer personal situation seems necessary to make safer the appropriateness of the propositions aired through Internet.	Noted
821.	AFG	Question 16	Where advice is not given, distributors could apply an appropriateness	Agreed, in so far



			<p>test but it is important that this test is simple and can be automatized.</p> <p>More than an appropriateness test, a good pre enrollment information is key to be clear on the objective of the PEPP, especially the unavailability until retirement date (or exceptions may be like principal residence, like in France).</p>	<p>that EIOPA believes an appropriateness test should be carried out in case the consumer wants to invest in complex PEPP investment options.</p>
822.	Allianz	Question 16	<p>If no advice is being required, the provider by no means can be required to apply an appropriateness or suitability test. Please refer to our answer to Q7.</p>	<p>Agreed, in so far that advice/appropriateness testing is not required for non-complex PEPP investment options</p>
823.	Amundi	Question 16	<p>Appropriate test is a good way through in case of selling without advice; as suggested in the consultation paper we believe that such type of selling may only be relevant with a good default option, i.e. with life-cycle and de-risking.</p> <p>The test should aim in particular at leading the investor to the appropriate level of risk with regards to his financial wealth.</p>	<p>Agreed</p>
824.	ANASF	Question 15	<p>As the Consultation Paper acknowledges (section 4.2.3.2) the provision of "financial education to citizens is important and efforts to increase citizens' knowledge on financial matters should be increased". In this respect, we point out that financial advice is certainly a powerful vector for financial education in its leading to the development of the ability to select relevant information, so that investors may meet their needs and express their personal judgement. Specifically, each advisor builds</p>	<p>Partially agreed – EIOPA would like to point out however that it does not favour one distribution method over the</p>

		<p>a long-term relationship of trust with investors, thereby enabling them to acknowledge the importance of meeting not only contingent needs, but also and especially the needs relating to the life cycle of each investor.</p> <p>Bearing in mind this, we do not agree with section 3.2.4. vii) of the Consultation Paper: the notion of a personal pension product "suitable" to be distributed in the absence of advice is misleading for a number of reasons. As early as in 2004, MiFID I (Directive 2004/39/EC, recital n. 3) acknowledged the "increasing dependence of investors on personal recommendations". This approach is strengthened by MiFID II (Directive 2014/65/EU). In MiFID II a high level of investor protection is considered necessary as "more investors have become active in the financial markets and are offered a more complex wide-ranging set of services and instruments" (MiFID II, recital n. 70). Recital n. 70 also acknowledges that "the continuous relevance of personal recommendations for clients and the increasing complexity of services and instruments require enhancing the conduct of business obligations in order to strengthen the protection of investors": pursuant to articles 24 and 25 of the Directive, the foreseen enhancement is achieved by a strengthening of the requirements relating to the assessment of suitability and the provision of investment advice. This Consultation Paper actually seems to deny this largely established approach, although no clear rationale is provided for this abrupt change of approach. On the contrary, it is important to recognize that the suitability assessment should be associated not only with the protection of the client's best interests but also with a proactive contribution to investor financial literacy.</p> <p>Accordingly, while we agree that, as a statement of principle, the "PEPP framework can address consumer protection" (section 2.2.3 of the Consultation Paper), we do not agree with the reduction of consumer protection to a mere issue of cost loading by means of "a limited level of advice" (or by not providing advice at all). Indeed, this position appears to be too narrowly focused: we believe that a broader approach is needed. The distribution of PEPPs (and, more broadly, of all investment products) should be envisaged as an integrated system</p>	<p>other and it has taken into account the fact advice/suitability testing is very important under circumstances where a consumer opts for a PEPP investment option that is deemed 'complex'. EIOPA believes however a PEPP should contain a 'non-complex' default investment option.</p>
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		<p>that combines three necessary elements:</p> <ol style="list-style-type: none"> <li>1. fair, clear and not misleading information to achieve product and service understanding;</li> <li>2. effective tools (for instance, standard documentation and Internet solutions) that allow prospective and current PEPP holders to understand product features and their individual positions;</li> <li>3. assisting prospective and current PEPP holders in their investment decisions. Drawing on MiFID legal framework, this assistance is ensured by the duty of care and professional requirements that financial advisors must comply with. In this respect, we point out the specific case of promotori finanziari who, acting as tied agents pursuant to Directive 2004/39/EC (MiFID I), offer financial instruments, investment services and activities (including investment advice) on behalf of an authorised firm (Legislative Decree No. 58/1998 – the Italian Consolidated Law on Finance).</li> </ol> <p>As all these three elements are desirable to achieve effective investment decisions, we consider that:</p> <ul style="list-style-type: none"> <li>- Internet should be considered as a supporting tool for: i) the collection of basic knowledge; ii) increasing the operational efficiency of the system;</li> <li>- conversely, Internet should not be considered the main or exclusive tool for investment decision, as thorough efficiency implies that all the three aforementioned elements are consistently integrated;</li> <li>- the effectiveness of automated financial tools aimed at advising consumers should not be overestimated. Automated financial advice is the result of a set of predetermined parameters, based on mathematical models whose underpinning assumptions may lead to statistical errors and model risks (i.e., the automated setting of investor profile is not immune to errors).</li> </ul> <p>Provided that the importance of the assistance of a personal financial advisor should not be overlooked, we agree with section 4.2.11.9: for Internet distribution, effective checks are needed to ensure that the</p>	
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			potential purchaser is not making a basic mistake. These checks should provide for the validation of investment decisions by all those entities and individuals involved in the distribution of PEPPs (including tied agents, in Italy identified with promotori finanziari pursuant to the Consolidated Law on Finance of 1998 implementing Directive 2004/39/CE - MiFID I); accordingly, all the aforementioned entities and individuals should comply with specific professional requirements to ensure the appropriateness of investment decisions.	
825.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 16	<p>APFIPP believes that PEPP should be a simple product that is easy to understand and to use. Therefore, PEPP will be a non-complex financial product in the context of MiFID II.</p> <p>The simplicity of the PEPP especially if, as suggested, it follows the UCITS regime, and the fact that it invests a minimum of 70% in UCITS' eligible assets build a strong case for the non necessity of applying an appropriateness test to potential PEPP clients.</p>	<p>Partially agreed, see resolution in row 824</p> <p>Noted</p>
826.	Association for Financial Markets in Europe (AFME)	Question 16		
827.	Association of British Insurers	Question 16	The ABI recognises that it is possible to require the distributor to apply an appropriateness test to the sale of a PEPP if this is done on an execution only basis. At this stage it is difficult to elaborate further as the application of an appropriateness test to PRIIPs products, and not pension products, has only recently been agreed under the Insurance Distribution Directive (IDD) and in the UK with the gold-plating of MiFID II.	Partially agreed, EIOPA believes an appropriateness test should not be needed for PEPP investment options that are deemed non-complex
828.	Assofondipensione , Assoprevidenza and Mefop	Question 16	Without advisory, we share the idea to require the distributor to apply an ad hoc appropriateness test to potential member when he chooses the investment line. The on-line sale should facilitate the implementation of these tests.	Agreed, although EIOPA believes a appropriateness test might not

				be needed for PEPP investment options that are deemed non-complex
829.	Assogestioni	Question 16	Assogestioni believes that the subscription of a default option shouldn't require the application of an appropriateness test. The default option is by definition an investment option designed to meet the average PEPP holder's needs and it should be possible to sell it on an execution-only basis.	Agreed
830.	Better Finance	Question 16	<p>Q16: Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?</p> <p>Only online automated suitability tests, but not for the simple and cost effective default option.</p> <p>If no advice is given, the risk of early withdrawal by the consumer rises. The appropriateness test should include a mandatory hint to the exit costs as well as to the terms and conditions of the decumulation/pay-out phase. Usually early withdrawal could imply high penalty fees, which lead to strong consumer detriment.</p>	<p>Agreed</p> <p>Noted</p>
831.	BIPAR	Question 16	<p>We believe that 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. There are examples where at national level, in the context of the second pillar a lot is already provided automatically. If no guidance and suitability test are provided, PEPPs could be sold to someone who does not need it, which would have important consequences since it concerns a long term product and significant amounts of money.</p> <p>We are however not calling for mandatory advice.</p>	<p>Agreed</p> <p>Partially agreed – if the consumer</p>

			<p>In case no advice is taken, an appropriateness test is in any case needed.</p> <p>We do not agree that in case no advice is provided, no demands and needs test would have to be carried out. We believe that, following the example of the recent political agreement on IDD, in all cases a demands and needs test needs to be carried out.</p> <p>BIPAR does not agree with the classification that is made on p 36, point 4.2.11.8: "The person providing advice could be the product provider, an intermediary or an independent financial advisor".</p> <p>At European level, such a classification should not be made. Reference should simply be made to authorized / registered distributor, intermediary or adviser.</p>	<p>chooses a PEPP investment option is deemed as 'complex'.</p> <p>Agreed, as far as the 'complex' PEPP investment options are concerned</p>
832.	Blackrock	Question 16	<p>In MiFID the application of an appropriateness test to non UCITS retail products is proving problematic especially in respect of funds which are chosen as the default delivery option for savings products.</p> <p>If there is sufficient rigour in the design of a default solution then there should not need to be the need for a further appropriateness test. It is however unclear how a PEPP will be treated from a regulatory perspective as a complex or non-complex product. For example, the ELTIF which shares many of the long term investment characteristics of PEPP is an AIF and as such is automatically treated as a complex product under MiFID. It is therefore important to clarify that PEPPs do fall outside the MiFID definition (or a pensions equivalent) of a complex product and that they will not be subject to a burdensome take on procedure.</p>	<p>Agreed, in so far that EIOPA envisages a PEPP that contains at least one 'non-complex' default investment option and may contain 'complex investment options.</p> <p>Noted</p>

833.	Bund der Versicherten e.V. (BdV – German Associati)	Question 16	<p>Only online automated suitability tests, but not for the simple and cost effective default option.</p> <p>If no advice is given, the risk of early withdrawal by the consumer rises. The appropriateness test should include a mandatory hint to the exit costs as well as to the terms and conditions of the decumulation/pay-out phase. Usually early withdrawal implies high penalty fees, which lead to strong consumer detriment.</p>	See resolution 830
834.	Cardano Risk Management	Question 16	<p>Due to our human behavioural biases, most of us tend not to save enough for our own retirement. Procrastination and deferred gratitude results in low interest in retirement savings, especially when there is no mandatory occupational pension offered by the employer. Given the target segment of the PEPP, adding an appropriateness test to verify that the consumer needs additional savings for retirement is probably not necessary. Most consumers in the target segment are not likely to save enough for retirement in the first place, and an appropriateness test might introduce an additional behavioural hurdle which could lead to procrastination.</p> <p>In some EU member states there are national information portals providing the consumers with his/her aggregated retirement savings. If such portal would exist on an EU level, then it should be automatically included as an information step before the consumer can purchase the PEPP product. The implementation has to be seamlessly integrated with the provider’s electronic portal to avoid consumer procrastination.</p>	<p>Agreed, as far as the envisaged ‘non-complex’ PEPP default investment option is concerned.</p> <p>Noted</p>
835.	Deutsche Bank	Question 16	See our answer to question 15 above.	Noted
836.	EFAMA	Question 16	Concerning the question whether or not advice should be given, we believe the goal should be that the PEPP characteristics and the disclosure requirements are such that no advice is required.	Partially agreed – EIOPA advises that the PEPP should contain a

			<p>This would contribute to reduce distribution costs.</p> <p>But this does not mean that providers and distributors will not provide some form of advice or guidance.</p> <p>In fact, it is very likely that they will offer some tools to help consumers make informed decisions and avoid making basic mistakes. This could be done, for instance, by providing assistance over the telephone. This could also take the form of robo-advice to guide the choice of the investment option with minimal human intervention.</p> <p>It is also obvious that many providers will distribute their PEPPs, either directly through their linked agents or indirectly through third-party banks, insurance companies or independent financial advisers. In this context, it will be for the distributors to find the right way to guide the customer.</p> <p>Concerning the need for an appropriateness test, we suggest to follow the approach taken under MiFID II. Following this approach, EFAMA believes that there should be no need for appropriateness test to the extent that the goal is to create a simple, transparent, cost effective, trustworthy, and well governed PEPP. In other words, if the PEPP can be considered as being non-complex in the sense of MiFID II, no appropriateness test should be required.</p>	<p>non-complex default investment option that would not necessitate advice.</p> <p>Agreed</p> <p>Agreed</p> <p>Noted</p> <p>Agreed</p>
838.	European Federation of Financial Advisers and Fina	Question 16	<p>FECIF supports the necessity of the appropriateness test in non-advised distribution. It is important to note that the final PEPP will most likely be a derivative of an investment product, so the MiFID II framework should form the backbone of its regulation.</p>	<p>Agreed, in so far as the 'complex' investment options of the</p>



				PEPP are concerned
839.	Fairr.de GmbH	Question 16	<p>It is our view at fairr.de that appropriateness tests should not be necessary if the default product is conceived in accordance with the rules described in the discussion paper.</p> <p>However if products are permitted within the PEPP framework in which the risk is significantly higher, an appropriateness test should be conducted and the results logged.</p>	Disagreed, EIOPA believes it is not feasible/proportionate to apply one solvency regime for all PEPP providers. It believes however it should be examined if and where existing solvency rules might need adjusting in the PEPP regime
840.	Fédération Française des Sociétés d'Assurances (FFS)	Question 16	We do not believe that there should be requirement to apply an appropriateness test in the case of non-advised sales. It is important to ensure that the sale of all insurance products remains possible without advice, according to national rules. Anyway, regardless the fact that the sales are performed with or without advice, we want to alert on the distribution costs that could be generated by the implementation of such a test.	Partially agreed, EIOPA believes the test will be required with regard to consumers who want to invest in 'complex' PEPP investment options.
841.	Fidelity International	Question 16	The product objectives, design features and limits should be sufficient so that it is a product that is broadly suitable and easily understood by participants. Neither advice nor an appropriateness test should be necessary. Again this highlights the need to have a product authorisation process.	Agreed, as long as the PEPP investment option chosen is 'non-complex'.

842.	Financial Services Consumer Panel	Question 16	<p>Yes, the Panel thinks the distributor should apply an appropriateness test in the case of a non-advised sale.</p> <p>The Panel looked closely at non-advised sales of pension products when it commissioned research into the UK market for annuities in 2013. This suggested that the increase in non-advised sales appeared to be driven by lighter touch regulation and higher profit margins, not consumer demand.</p> <p>Non-advised sales often have opaque costs and give greatly reduced consumer protection if things go wrong. The applicability of the 'appropriateness' test would put a greater responsibility on firms to ensure the customer understands the product and the associated risks.</p> <p>However, the Panel would ultimately like protection of consumers in case of execution-only sales to be strengthened further. Consumers do not understand the difference between advised and non-advised sales, and at the very least must be alerted to the loss of protection if they go the non-advised route. The risk of consumer detriment is real and immediate.</p> <p>Ultimately, the Panel believes a code of conduct for the non-advice market is required. This would include mandatory standards that guarantee high professional standards, the transparent disclosure of charges, and a clear explanation of the implications of non-advice for consumer protection.</p>	Please see resolution in row 792
843.	FSUG	Question 16	<p>The level of online selling and management should be tied to the individualization of the PEPP (this option should be recognized as it might become the key feature in business models of PEPP providers). Online automated suitability tests should be provided, but not for the simple and cost effective default option.</p> <p>If no advice is given, the risk of early withdrawal by the consumer rises. The appropriateness test should include a mandatory hint to the exit costs as well as to the terms and conditions of the decumulation/pay-out phase. Usually early withdrawal implies high</p>	<p>Agreed, although self-investment is not a proposed PEPP feature (if this is meant with individualisation)</p> <p>Noted</p>

			penalty fees, which lead to strong consumer detriment.	
844.	German Insurance Association (GDV)	Question 16	<p>German insurers understand that the question already implies a certain preference for the distribution provisions for insurance-based investment products laid down in the IDD or MiFID 2, including rules on advice or no-advice sales of PRIIPs (“suitability-test”, respectively “appropriateness-test”). We would like to point to the fact that pension products are exempt from those requirements.</p> <p>Considering that the PEPP would be a relatively standardised product, such requirements appear unnecessary.</p>	Agreed, but only for the PEPP investment options that are deemed ‘non-complex’.
845.	Hristina Mitreva – member of OPSG, employees repre	Question 16	<p><input type="checkbox"/> To protect the interests of consumers it is important the distributor to apply an appropriateness test to the sale of a PEPP.</p>	Agreed, as far as ‘complex’ PEPP investment options are concerned
847.	Insurance Europe	Question 16	<p>Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?</p> <p>Insurance Europe does not believe that there should be a requirement to apply an appropriateness test in the case of non-advised sales. Considering that the PEPP would be a relatively standardised product, such a requirement appears unnecessary.</p> <p>It is important to ensure that the sale of all insurance products remains possible without advice, according to national rules. In any event, even where sales are carried out without advice, all relevant information will still be provided to consumers in a clear and easily accessible manner.</p>	Agreed, where ‘non-complex’ PEPP investment options are concerned
848.	Intesa Sanpaolo Vita S.p.A.	Question 16	Where advice is not given, we think that an appropriateness test to the sale of a PEPP is required, unless retirement saver choose the default	Agreed, EIOPA believes PEPP

			investment option based on a life-cycle strategy with de-risking or be assisted by a guarantee (please see also question n. 6).	investment options deemed non-complex would not necessarily require a appropriateness test
849.	KBC Asset Management NV	Question 16	PEPP's inherent characteristics should be of a non-complex nature (according to the MIFID provisions), introducing an appropriateness test for the sale of PEPP's would be considered needlessly burdensome for both the client and the product provider.	Agreed, although EIOPA does not advise that PEPP cannot exhibit investment options deemed 'complex'.
850.	Legal & General Group plc	Question 16	See our response to question 7.	Noted
851.	Ministry of Finance of the Czech Republic	Question 16	We require that the distributor would apply an appropriateness test to the sale of a PEPP product.	Agreed, with regard to 'complex' PEPP investment options only
852.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	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?  This would be complicated to deliver in the context of the UK pensions landscape.	Noted
853.	Nationale-Nederlanden Group	Question 16	We believe that advice on a consumer's future financial situation is essential. However, pension products should be accessible without advice too. An appropriateness test should be easy to read and to be carried out. However, it is better to educate people while you are testing (like an e-learning module).	Agreed, with regard to 'complex' PEPP investment options only

854.	PensionsEurope	Question 16	<p>Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?</p> <p>Advice should always be possible. When advice is not given the distributor should be required to apply an appropriateness test to the sale of a PEPP to see whether a potential customer and their attitude to risk and more importantly, their capacity for risk, could be assessed. This appropriateness test will be possible by internet, details for such a test should be worked out.</p>	<p>Agreed, with regard to 'complex' PEPP investment options only however</p>
855.	Previnet outsourcing Solutions	Question 16	<p>Providers should be in the position to proof how they follow-up how (correctly) sales are performed. This « proof » should in an agree content-format-actions</p>	<p>Noted</p>
857.	The Association of International Offices (AILO)	Question 16	<p>Where advice is not given it is likely to be for one of two broad reasons. First the client has sufficient knowledge and sophistication and knows precisely what they require. Second, the existence of a regime whereby the client has to pay to get advice and which it is to be hoped would not exist in such a 2nd regime product.</p> <p>It would seem perhaps self-evident that if a client decides it is appropriate to purchase a non-advised PEPP then per se such product is appropriate for their needs. Individuals must take some personal responsibility for their choices.</p> <p>If no advice is given it has to follow that preliminary questions on any application form would highlight key factors which would mean such a product could not be purchased – for example no earned income; no tax identity number, age above a threshold ...etc. As discussed in Q14, a PEPP would have a common form pre- contract disclosure document setting out clear parameters and if investment profile is a key concern then there will be a form of key features to aid comparison and understanding.</p> <p>We note that Article 25.2a of the Insurance Distribution Directive enables MS to derogate from the requirement to assess appropriateness and we would suggest that such derogation should</p>	<p>Agreed, in so far as 'non-complex' PEPP investment options are concerned</p>

			<p>apply to a PEPP (without the paragraph 2a conditions) in all MS.</p> <p>Further, as it is anticipated that the internet could be a major distribution channel for a PEPP, we do not see how it would be feasible to have an appropriateness test beyond rejection of an application if certain key questions are not answered as required to proceed with a purchase, however some guidance could be given as to who the product is designed for.</p>	
858.	The Danish Insurance Association	Question 16	<p>In Denmark, pension products provided by the insurance industry will be subject to the general rules and thus the demands and needs requirement in the IDD due to the fact that the rules in chapter 6 for insurance-based investment products do not apply to pensions. Thus we believe that also in this case a level playing field must be ensured.</p>	<p>Disagreed, it does not seem feasible or proportionate to design one solvency regime that fits all possible PEPP providers and characteristics of possible PEPPs.</p>
859.	The investment association	Question 16	<p>Again, whether the distributor is required to apply an appropriateness test to the sale of a PEPP depends on the conditions and route to distribution. A product distributed via the workplace that comes with an employer contribution and with a well-designed default fund (e.g. UK workplace pensions) should not require an appropriateness test. The presence of the employer contribution in particular is key here – if this element of deferred pay is only available to the individual through the pension product, it is hard to see how it is to the individual's detriment to be in the product.</p> <p>Where these conditions do not hold it may that it is sensible for a distributor to apply an appropriateness test in the case of a non-advised sale.</p>	<p>Disagreed, an appropriateness test might be required for the 'complex' PEPP investment options</p>
860.	Vanguard Asset Management,	Question 16	<p>Where advice is not given what are stakeholders views on requiring the distributor to apply an appropriateness test to the sale of a PEPP?</p>	<p>Agreed</p>

	Limited			
861.	VVO	Question 16	In line with the recently adopted Insurance Distribution Directive (IDD) it is important to ensure that the sale of all insurance products remains possible without advice. The need to obtain advice will have an impact on consumer choice and hamper their ability to access products if they were not in a position to afford such advice. In any event, even where sales are carried out without advice, all relevant information will still be provided to consumers in a clear and easily accessible manner.	Agreed
862.	Vzbv	Question 16	When PEPP is the default, the principle "comply or explain" can be used. An appropriateness test is only necessary when consumers do not choose PEPP, by explaining the advantages and disadvantages of the non-PEPP product in relation to PEPP.	Partially agreed, an appropriateness test might be required for the 'complex' PEPP investment options however
863.	WIT	Question 16	This is a de minimis requirement. Otherwise it smacks excessively of securing the alienation of cash by the customer in favour of the supplier without care for the consequences.	Agreed, in so far as the 'complex' PEPP investment options are concerned
864.	Working Group on Shariah financial and insurance p	Question 16	Even a contract was signed without consultation, a post contact and a documentary is in our opinion a mandatory for the PEPP company to clarify any misunderstandings, to define goals and future objectives and the description of the different types of instruments.	Agreed
865.	Zurich Insurance Group	Question 16	Providers are not financial advisers and should not be required to replicate this role. Appropriateness is hard to define in this environment. The regime is already proposing some controls on benefit design and a mandatory level of information. There should also be information and tools to support the member.	Agreed, for the 'complex' PEPP investment options a appropriateness

			Providers would be able to interact with customers and this could include flagging if a choice is not typical – but this should not be mandatory.	test might be required however
A.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 17	<p>What are stakeholders' views on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of this paper? Is the level of standardisation sufficient bearing in mind the objective to achieve critical mass, cost effectiveness and the delivery of value for money?</p> <p>A high level of standardisation is preferred at least to facilitate the cost factor, however, the IRSG welcomes that the PEPP design accounts for national practices, by respecting national rules of general good (chapter 3.6 of the Consultation Paper). The IRSG would encourage EIOPA to further investigate this aspect of the PEPP framework, given that the national rules of general good is not exhaustive, as stated in paragraph 3.6.7 of the Consultation Paper. Furthermore, EIOPA should consider standardised prudential rules and solvency requirements.</p> <p>Regarding PEPP's conduct of business requirements in chapter 4.2.9 of the Consultation Paper. The IRSG agrees that a consumer-centric focus should be maintained throughout the duration of the PEPP. Product oversight and governance (POG) practices can be useful to ensure that the interests of consumers are respected. The IRSG agrees with EIOPA's belief that the product development process should remain under the control of the provider as far as possible, due to their expertise in this area.</p> <p>It should be noted that rules already exist on POG, conflict of interest or are in the final stage of adoption by the European legislator (ie IDD). These rules will also apply to the development and sale of PEPP. Having a different system of governance for the PEPP would add further complexity and expense, deterring potential providers from entering this market.</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p>
866.	aba – Arbeitsgemeinschaft	Question 17	This is again a question of detail. Sections 4.1/4.2 define mandatory features of a PEPP with the aim to enable a pension product which can	



	aft für betriebliche Altersv		<p>be offered across Europe without or with limited barriers compared with recent possibilities. Our understanding is that these features would be part of the so-called 2nd regime defining a legal European framework which substitutes national legislation with respect to the PEPPs. For a better understanding it should be clarified which legal areas (contract law, supervision, consumer protection laws, labour law, social law, ...) shall be touched by which requirement and that these features are only relevant for the so-called 3rd pillar and do not apply to occupational pensions.</p> <p>The requirement to allow a switch of provider at any time without any charges is counterproductive with respect to the goal of high investment returns, especially if this is combined with the simultaneous requirement to include guarantees/life-cycle strategies/de-risking strategies.</p> <p>When talking about the critical mass for such a product an analysis would be necessary on how much "free money" for pension provision is available without cannibalizing the existing systems of the 2nd and 3rd pillar.</p> <p>Offering a PEPP without accompanying pan-European tax rules seems to produce no real added-value which will be necessary to achieve a critical mass. Some of the requirements such as investment restrictions and life-cycling strategies that are linked to non-standardized attributes (such as retirement age) will make the PEPP less effective and produce higher costs. (How shall an individual life-cycle strategy be designed when the person could retire with 60 in one country and 67 in another depending on his location at that time?)</p> <p>The purpose of the PEPP should be to close the gap between the retirement need and what is provided by the 1st, 2nd and 3rd pillar so far. This is highly dependent on national systems and individual circumstances. So a higher standardization of the PEPP will decrease its ability to close such a gap.</p> <p>Ultimately, we do not believe that a PEPP can solve the problems that could not be solved in the existing systems already.</p>	<p>Disagreed, EIOPA believes the PEPP is standardised to such a level that the objectives mentioned can (already) be reached</p>
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867.	ACA	Question 17	We understand the necessity of a high level of standardisation for the PEPP but we think that this standardisation should not be excessive, otherwise the competitiveness of the PEPP would be jeopardized.	Agreed
868.	Af2i Association française des investisseurs insti	Question 17	<p>Easy access and confidence are the main triggers to the success of the PEPP initiative.</p> <p>That means that, for a first period, the standardization level should be as high as possible to build a consistent and strong beginning for this market with a critical mass and a simple and cost-effective management.</p>	Agreed
869.	AFG	Question 17	See Q3	Noted
870.	Allianz	Question 17	A high level of standardization will be necessary. This will have influence on cost considerations which should be left to market developments (competition).	Agreed
871.	Amundi	Question 17	Amundi agrees with the level of standardisation proposed in section 4.1 and 4.2 of the consultation paper.	Agreed
872.	ANASF	Question 16	As we explain in our answer to Q15, the importance of personal advice should not be overlooked. Personal advice should be considered as a desirable element of all suitable investment decisions: considering the long-term approach, the longevity of the relationship between provider and PEPP holder and, above all, the need to provide an adequate retirement income, we emphasise that decisions regarding pension products are of crucial importance and should be thoroughly advised. Bearing in mind this, we believe that the appropriateness test for non-advised PEPP distribution should be designed along the lines of MiFID, so as to ensure consistency between profile setting and the real characteristics of each investor (art. 25, Directive 2014/65/EU).	Agreed, in so far as the 'complex' PEPP investment options are concerned. As the PEPP should have at least a 'non-complex' default investment option, advice

			<p>Moreover, as MiFID-assessment regarding appropriateness is limited to personal knowledge and experience in the relevant investment field, we consider that for PEPPs this assessment should be complemented with an evaluation of personal expectations for retirement income and socio-demographic elements (i.e. for each prospective holder, his/her current age and income and the expected retirement age). As mentioned, investment decisions on pension products are numbered among the most important decisions of each citizen and their appropriateness (rather, their suitability) should be thoroughly assessed. Ultimately, for some PEPPs product features may be said to be "simple", but their function as pension products is in itself complex since it pertains to one of the most important financial decisions that citizens are expected to make in their life (hence, the need of advised distribution).</p>	and appropriateness tests are not always required.
873.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 17	<p>As already mentioned, APFIPP believes that the PEPP's regime should aim at harmonizing to the fullest extension possible, all the aspects of the PEPP, which should include the minimum age to access the retirement income, the possible decumulation practices and also the taxation applying to all stages of the PEPP (contributions, returns and retirement income).</p> <p>If this is not accomplished there will be regulatory and fiscal arbitrage and huge costs for providers wanting to sell their PEPP cross-borders.</p> <p>By introducing a 2nd regime for PEPPs, EIOPA and the Commission should not be limited by any national regulation or by the fiscal singularities of any of the Member States, and should implement a truly harmonized Pan-European Retirement Savings instrument. Without it, the success of PEPP will be limited, in our opinion, because it wouldn't bring anything new compared to existing local PPP.</p>	Partially agreed, EIOPA believes the PEPP is standardised to such a level that the objectives mentioned can (already) be reached
874.	Association for Financial Markets in Europe (AFME)	Question 17		

875.	Association of British Insurers	Question 17	<p>The ABI would strongly object to any highly prescriptive measures for a '2nd regime' for PEPPs. As outlined previously, it is vital that EIOPA take into account national developments with respect to pension systems across the EU before producing any one-sized-fits-all or standardised regime. Certain features need to be flexible to adapt to national markets and local consumer behaviour.</p> <p>The level of standardisation of the PEPP, as proposed in the paper, is highly prescriptive and, as previously mentioned, may lead to a product being unable to meet the needs of consumers and in particular vulnerable consumers. Typically lower risk products do not deliver as high a return as high risk products although they would be expected to experience less volatility. At retirement a pension saver will assess their product on the basis of the return they have on their investment. If the return is poor, albeit safe, they may not consider they have had 'value for money'.</p> <p>Finally, standardisation of information provided to consumers may also be a challenge given the variations of decumulation options across the EU, and in particular in the UK with the recent pension reforms.</p>	<p>Partially agreed, EIOPA believes creating a highly standardised PEPP, with flexible elements, is desirable in order for consumers and providers alike to reap the full benefits of the single market. The flexible elements proposed would allow providers to take into account national specificities.</p>
876.	Assofondipensione , Assoprevidenza and Mefop	Question 17	<p>What are stakeholders' views on the level of standardization for the PEPP proposed in sections 4.1 and 4.2 of the paper? Is the level of standardization sufficient bearing in mind the objective to achieve critical mass, cost-effectiveness and the delivery of value for money?</p> <p>Generally speaking, concerning harmonization, as said in General comments, we believe that the coexistence of national and EU rules could create a lots of organizational problems for PEPP providers, particularly for those committed in the cross-border activity. In addition, there could be negative consequences also for consumers</p>	<p>Partially agreed, the PEPP is a product that is highly, but not fully harmonised. This is partly due to differing national practices</p>

			<p>because the levels of protection assured by PEPP would not be homogeneous but differentiated on the basis of the national contexts. In assessing the degree of standardization of the PEPP, EIOPA should consider the effects that would occur on the markets of PPP at national level as well as the consequences on the consumer care.</p> <p>Moreover we have some doubts about investment limits and costs.</p> <p>Concerning harmonization of investment limits, there are problems about portfolio definition, and about who is in charge to decide about that, also considering that pension funds, either occupational or individual, generally have relevant shares of public debt in each member state.</p> <p>Concerning costs ceiling, harmonization seems practically difficult, because pension plan costs depend on all aspects of the plan itself. The coexistence of national and EU rules should lead providers to differentiate costs (and ceilings) between national personal pension plans and PEPPs.</p> <p>Concerning transfers costs see answer to question 13.</p> <p>Finally the coexistence of national and EU rules should be very complex from an administrative point of view, with high costs that will be charged on members/consumers and that is against the aims of the idea of second regime.</p>	<p>Noted</p> <p>Agreed, EIOPA believes capping costs should be a flexible element of the PEPP</p> <p>Noted.</p>
877.	Assogestioni	Question 17	<p>What are stakeholders' views on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of this paper? Is the level of standardisation sufficient bearing in mind the objective to achieve critical mass, cost-effectiveness and the delivery of value for money?</p> <p>Please refer to other questions in order to grasp an appropriate understanding.</p>	Noted
878.	Better Finance	Question 17	<p>Q17: What are stakeholders' views on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of this paper? Is the level of standardisation sufficient bearing in mind the objective to achieve critical mass, cost-effectiveness and the delivery of value for money?</p>	Agreed

			<p>We approve EIOPA's proposals for the high level of standardization of the PEPP in these section. We underline particularly the importance of the analysis already elaborated in detail related to the Key Information Documents for PRIIPs.</p> <p>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) are essential for the delivery of « value for money ». There must not be any difference of the level of consumer protection between PEPPs and PRIIPs.</p> <p>Again we emphasize that « risk information » should not only include information during the accumulation phase (payments / premiums and their investment options), but should include the pay-out phase (related to the « risks » of longevity and of death). This information has to be given at the pre-contractual stage.</p> <p>We fully approve EIOPA's proposal establishing the Average Net Return (ANR) as mesure of information on costs and charges : « ...there is no direct correlation between fees charged and realised investment returns » (DP, p. 30). This is a strong argument against Reduction in Yield (RiY), a reference parameter for costs, which is very often used by life insurers. We propose the mandatory use of ANR for PEPPs as parameter for costs and charges (possibly in addition with the exact amount in Euros/Cents, as a lot of EU citizens do not understand data quantified in percentages).</p> <p>EU Authorities should also ensure maximum consistency between the PEPP cost disclosure approach with the one considered for the PRIIPs KIID : the TCR (Total Cost ratio ; see the recent ESAs DP on PRIIPs disclosures). If not, once again , savers and cosnumers are likely to ber confused whan faced with choosing products for retirement savings (PEPPs - despite their qualities) will never be the only option).</p>	<p>Agreed</p> <p>Agreed</p> <p>Noted</p> <p>Agreed</p>
879.	BIPAR	Question 17	In general we believe that a rigid structure, with limited choice, may not have the broad coverage and adequacy capabilities which reflect the initial objective of a PEPP system.	

			<p>BIPAR does not understand the reference made in point 4.2.10.44, p 33, and in point 4.2.11.8, p 35 to: "independent financial advice". It seems to us that the text should refer to "advice", as is the case in the illustration on top of the page as well, or "service".</p> <p>It should be the choice of the consumer to choose for any type of distribution channel and technique. We believe it is necessary to consider that - however standardised a product may be - it will always require some level of service, not only towards the consumer but also towards the manufacturer / provider.</p> <p>With regard to the points on effective management of conflicts of interest (4.2.11.11- 4.2.11.13), BIPAR believes that any rules regarding conflict of interest policy have indeed to be proportionate as indicated in the consultation paper, and also have to respect the level playing field between distribution channels.</p>	<p>Agreed</p> <p>Agreed</p>
880.	Blackrock	Question 17	<p>Many of the elements of standardisation overlap with conduct requirements recently agreed under MiFID. Many PEPP providers may delegate the day to day management of the PEPP to MiFID managers and so we would recommend as much consistency as possible between the two regulatory standards.</p>	Agreed
881.	Bund der Versicherten e.V. (BdV - German Associati	Question 17	<p>We approve EIOPA's proposals for the high level of standardization of the PEPP in these section. We underline particularly the importance of the analysis already elaborated in detail related to the Key Information Documents for PRIIPs.</p> <p>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) are essential for the delivery of « value for money ». There must</p>	See resolutions in row 878

			<p>not be any difference of the level of consumer protection between PEPPs and PRIIPs.</p> <p>Again we emphasize that « risk information » should not only include information during the accumulation phase (payments / premiums and their investment options), but should include the pay-out phase (related to the « risks » of longevity and of death). This information has to be given at the pre-contractual stage.</p> <p>We fully approve EIOPA’s proposal establishing the Average Net Return (ANR) as measure of information on costs and charges : « ...there is no direct correlation between fees charged and realised investment returns » (CP, p. 30). This is a strong argument against Reduction in Yield (RiY), a reference parameter for costs, which is very often used by life insurers. We propose the mandatory use of ANR for PEPPs as parameter for costs and charges (possibly in addition with the exact amount in Euros/Cents, as a lot of EU citizens do not understand data quantified in percentages).</p> <p>EU Authorities should also ensure maximum consistency between the PEPP cost disclosure approach with the one considered for the PRIIPs KID : the TCR (Total Cost ratio ; see the recent ESAs DP on PRIIPs disclosures). If not, once again, savers and consumers are likely to be confused when faced with choosing products for retirement savings (PEPPs – despite their qualities) will never be the only option).</p>	
882.	Cardano Risk Management	Question 17	<p>EIOPA should be aware that the definition of good design evolves over time. The standardisation proposed in the consultation paper is based on today’s common practice. There are question marks around today’s common practice. We consider the proposed standardisation in section 4.1 and 4.2 to be detrimental for the consumer since it does not focus on the retirement outcome (the decumulation phase). For more details, see our General Comments and responses to Questions 2-10.</p>	<p>Partially agreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation</p>



			<p>Achieving critical mass and cost-effectiveness is mainly a function of the distribution model and the provider's ability to automate the underlying business processes. The standardization of product features is of less importance in this aspect.</p> <p>We encourage EIOPA to conduct a study on the consumer behaviour regarding the different product features that are to be determined in the standardisation. This is a good way to investigate what type of standardisation is necessary to help the consumer to better prepare for his/her retirement.</p>	phase.
883.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 17	The proposed level of standardisation seems to be sufficient.	Agreed
884.	Deutsche Bank	Question 17	The product should be as standardized as possible in order to ensure risk exposure is limited.	Agreed
885.	EFAMA	Question 17	<p>EFAMA welcomes EIOPA's efforts to put together the elements that could be included in the PEPP legislation. We highlight below how these elements can contribute to the three objectives of the PEPP standardisation.</p> <p>Achieving critical mass</p> <p>Creating a "passport regime"</p> <p>- Allowing providers to offer the same PEPP (or very similar PEPPs) across the EU</p>	Agreed, in so far that EIOPA – following this consultation – advises that only EU regulated providers should be able to develop and market PEPPs

			<ul style="list-style-type: none"> <li>- Allowing providers to start marketing in all 28 Member States their PEPPs following the authorization in home Member State and immediate notification by home Member State regulator</li> <li>- Avoiding the plethora of local marketing rules which would hinder cross-border sales and thus scale</li> </ul> <p>Achieving cost-effectiveness</p> <p>Allowing PEPPs</p> <ul style="list-style-type: none"> <li>- To be offered by new players to increase competition in the PPP markets</li> <li>- To be distributed by internet to reduce distribution costs</li> </ul> <p>Delivering value-for-money</p> <p>Designing a consumer-centric PEPP regulation</p> <ul style="list-style-type: none"> <li>- Requiring full transparency of costs and charges</li> <li>- Imposing standardized investment rules, and a well-designed default option</li> </ul>	
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			- Facilitating switching of personal pension savings between providers and portability across borders	
886.	European Federation of Financial Advisers and Fina	Question 17	We are in favour of a general level of product standardization, but the detail of regulation/standardization should not by any means prevent innovation within the individual product providers. These providers should not be degraded into ""factories"" that all manufacture the same product.	Agreed
887.	Fairr.de GmbH	Question 17	It is our view at fairr.de that the proposed level of standardisation, if implemented consistently, should be sufficient to impact market dynamics and to considerably improve the PPP regimes currently in place.	Agreed
888.	Fédération Française des Sociétés d'Assurances (FFS)	Question 17	<p>FFSA welcomes that the PEPP design allows maintaining national practices, by respecting national rules of general good (chapter 3.6 of the Consultation Paper).</p> <p>Nevertheless, the insurance industry would urge EIOPA to further investigate this aspect of the PEPP framework, as the current list of national rules of general good is not exhaustive, as stated by EIOPA at paragraph 3.6.7 of the Consultation Paper. In addition, EIOPA should consider standardised prudential rules and solvency requirements.</p> <p>With regard to PEPP's conduct of business requirements included in chapter 4.2.9 of the Consultation Paper, we agree that a consumer-centric focus should be maintained throughout the duration of the PEPP.</p> <p>FFSA shares EIOPA's belief that these processes should remain under the control of the provider, who is in the best position to assess which concrete actions are useful and adequate.</p>	Partially agreed, although EIOPA believes it does not seem feasible/appropriate to create/apply one solvency regime to all PEPP providers and characteristics of possible PEPPs.
889.	Fidelity	Question 17	Subject to other replies in this response we are broadly content with	Agreed, please

	International		the level of standardisation. One area where we would like to see further work is in the custody and safekeeping of the customer's assets.	see p. 18 and onwards and Annex VII of the consultation paper on single market PPP of 1 Feb 2016
890.	Financial Services Consumer Panel	Question 17	Standardisation of any product that is considered to be simple is a key issue. Consumer testing will be required prior to adoption.	Agreed
891.	FSUG	Question 17	<p>FSUG supports EIOPA's proposals for the high level of standardization of the PEPP. We underline particularly the importance of the analysis already elaborated in detail related to the Key Information Documents for PRIIPs.</p> <p>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) are essential for the delivery of „value for money“. There must be no difference of the level of consumer protection between PEPPs and PRIIPs.</p> <p>We emphasize that "risk information" should not only include information during the accumulation phase, but should include the pay-out phase. This information has to be given at the pre-contractual stage.</p>	Agreed
892.	German Insurance Association (GDV)	Question 17	<p>A 2nd regime that balances prescriptive requirements to ensure consumer protection and national features could increase consumers' trust in the market for PEPP.</p> <p>German insurers welcome that EIOPA envisages a product with guarantees as a default option. In our view, the default option of a product should include a protection against market volatility by means of guarantees on accumulated capital at maturity or a guaranteed minimum annuity. In order to account for the existing variety of</p>	Partially agreed, guarantee can be added

			<p>guarantee models when developing the PEPP proposal further, the exact nature and level of guarantees should be left to the PEPP providers.</p> <p>We do not agree that periodic switching free of charge is a suitable mandatory feature for PEPPs (for detailed reasoning see Q 11). German insurers strongly believe that the idea of a frequent, periodic switching of providers is diametrically opposed to the objective of encouraging long-term investment through PEPPs. Consumers can gain higher returns if they invest in long-term saving products. Instead of switching cancellation periods which depend on the asset strategy of the provider are necessary. That means:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Consumers can benefit from higher returns on long-term partially liquid or illiquid assets by having contracts with longer cancellation periods after which consumers can switch free of charge. This should also include initial minimum investment periods. This would also prevent short-term reactions to market movements which are not suitable for long-term savings products.</li> <li><input type="checkbox"/> Alternatively, consumers can enjoy shorter cancellation periods and, thus, more flexible investment terms by transferring the market value of the assets reduced by the market value adjustments that incur due to divesting the illiquid assets.</li> </ul> <p>More standardisation is needed with regard to the decumulation phase of PEPP. In many Member States, life-long annuities are an indispensable part of a pension product. There should be a default option that includes a life-long annuity, while other options may include other pay-out structures. This would ensure that consumers benefit from steady income in retirement and do not risk running out of money when they get older than expected. In addition, the decumulation phase is particularly suited for long-term investment in illiquid assets. The requirement to offer life-long payments could contribute to the development of a European annuity market and does</p>	<p>Agreed</p> <p>Agreed, see resolutions provided on this topic</p> <p>Disagreed, EIOPA believes the accumulation phase of the PEPP must be followed by a</p>
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		<p>not limit competition. Non-insurance PEPP providers could offer their own decumulation solutions and could cooperate with insurers in order to be able to cover longevity risk. This is already practiced e. g. in Germany.</p> <p>We regard application of well-established existing prudential requirements as an essential feature of a PEPP. As regards the insurance sector, with Solvency II there exist already very sophisticated and effective prudential standards. Further standards are also – for example – UCITS and CRD IV. Each PEPP provider should be subject to one of those regimes, depending on the type of products that they plan to offer. In consequence, a stand-alone authorisation would be superfluous.</p> <p>Considering the long-term nature of the product adequate institutions that protect consumers in case of the insolvency of the provider must be in place.</p> <p>Finally, we find it too early to assess whether PEPP can achieve EIOPA’s objectives of critical mass, cost effectiveness, and value for money without further definitions of the following aspects which all involve a cost load:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Authorisation and passport-procedure,</li> <li><input type="checkbox"/> Capital requirements,</li> <li><input type="checkbox"/> Possibility of periodic switching,</li> <li><input type="checkbox"/> Pre-contractual and in particular on-going information requirements,</li> <li><input type="checkbox"/> POG processes.</li> </ul> <p>In well-established markets high standards of consumer protection and</p>	<p>decumulation phase</p> <p>Agreed</p> <p>Please see p. 66 and onwards, 52 and onwards and ch. 4 and 2 of the consultation paper on single market PPP of 1 Feb 2016 for further elaboration</p>
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			soundness of institutions already exist. Therefore, PEPP has the potential to encourage more EU citizens to save for retirement in such markets where consumers currently have low level of trust in those institutions offering pension products and where PEPP would receive tax incentives. From our view the demand for PEPP as a voluntary retirement savings product also depends on the individuals' awareness of a need, savings capability and many other country specific and individual factors.	
893.	Hristina Mitreva – member of OPSG, employees repre	Question 17	<input type="checkbox"/> The level of standardisation of the PEPP proposed in section 4.1 and 4.2 is sufficient concerning the objective to achieve critical mass, cost effectiveness and the delivery of value for money?	Agreed
894.	ICI Global	Question 17	Please see answer to Question 2.	Noted
896.	Insurance Europe	Question 17	<p>What are stakeholders' views on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of this paper? Is the level of standardisation sufficient bearing in mind the objective to achieve critical mass, cost effectiveness and the delivery of value for money?</p> <p>Insurance Europe welcomes that the PEPP design allows maintaining national practices, by respecting national rules of general good (chapter 3.6 of the Consultation Paper). Nevertheless, the insurance industry would urge EIOPA to further investigate this aspect of the PEPP framework, as the current list of national rules of general good is not exhaustive, as stated by EIOPA at paragraph 3.6.7 of the Consultation Paper.</p> <p>With regard to PEPP's conduct of business requirements included in chapter 4.2.9 of the Consultation Paper, Insurance Europe agrees that a consumer-centric focus should be maintained throughout the</p>	<p>Noted</p> <p>Agreed</p>

			<p>duration of the PEPP. Product oversight and governance (POG) can be a useful tool to ensure that the interests of consumers are appropriately respected. Insurance Europe shares EIOPA's belief that these processes should as far as possible remain under the control of the provider, who is in the best position to assess which concrete actions are useful and adequate.</p> <p>However, it should be pointed out that binding rules on POG and conflict of interests exist already or – in the case of the IDD – are in the final stages of adoption by the European legislator. These rules will apply also with regard to the manufacture and sale of PEPP. Requiring a different system of product governance for the PEPP would be complex and costly and could therefore deter potential providers from entering this market.</p>	Agreed
897.	Intesa Sanpaolo Vita S.p.A.	Question 17	As previously answered.	Noted
898.	KBC Asset Management NV	Question 17	<p>These are only high-level principles. There would be a need to develop more detailed risk frames. For example: what will be the granularity requirements? What will be the diversification requirements? To what extent are efficient portfolio techniques allowed? Specific care should be taken of tail and event risk – in order to avoid huge losses in case of unlikely events.</p> <p>We are in favour of a life cycle solution including de-risking. However this approach may create operational and fund management problems due to lack of scale. Especially when we go for full personalized solutions taking into account one's age and therefore one's retirement age (which may change in the future due to demographic and/or political influences). That's why we would opt for target date (insurance) funds with a 5 year interval with an immediate positive impact on the total costs structure. If this one would not be accepted by European law, fixed costs will be a lot higher which isn't in the consumers interest.</p> <p>Standardisation also means that the product should be available for other/lower customer segments.</p>	<p>EIOPA agrees that these issues can be investigated further at a later stage</p> <p>Noted</p> <p>Agreed, EIOPA envisage a PEPP that is</p>



			In Belgium up-to-now, the second pillar (global insurance or pension fund solution) is open to certain employees only. We suppose PEPPs will aim to reach a larger scope but this involves a thorough financial education and more (financial sector) working staff to be involved as a basic pension service is installed when implementing PEPPS.	suitable/attractive for the majority of consumers
899.	Legal & General Group plc	Question 17	We agree with the majority of the proposed features but with caveats as explained in previous answers. We would also recommend a mandatory cap on charges for the default investment option.	Partially agreed, although EIOPA sees the cap on charges as a flexible element of the PEPP
900.	Ministry of Finance of the Czech Republic	Question 17	In our view, the level of standardisation is sufficient, even though, it is probably not in itself a guarantee for PEPP product to become successful (attractive for consumers).	Agreed and noted
901.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 17	<p>What are stakeholders' views on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of this paper? Is the level of standardisation sufficient bearing in mind the objective to achieve critical mass, cost-effectiveness and the delivery of value for money?</p> <p>The NAPF would urge EIOPA to keep standardisation to a minimum.</p> <p>The pension market is evolving quickly. A prescriptive regime risks setting the features of the PEPP in stone and making it difficult for providers to adapt their offers to take account of changing circumstances.</p>	Disagreed, please see ch. 3.1.2 of the consultation paper on single market PPP of Feb 2016
902.	Nationale-Nederlanden Group	Question 17	We see that a PEPP would be a highly standardized product. However, there are limits to the degree of standardization. We expect PEPP to be a solution for member states where the 3rd pillar is limited. For crossborder purposes, having to comply with local fiscal and other	Agreed

			regulation (in order not to create an unlevel playing field in the 3rd pillar) will lead to less standardization. It is clear that PEPP accrual from different member states will have to have different approaches.	
903.	PensionsEurope	Question 17	<p>Section 4.1/4.2 define proposed features of the PEPP.</p> <ol style="list-style-type: none"> <li>1. We agree that the PEPP has to adhere to some high level principles with regard to investment policy, we do believe however that Member States should not be able to apply investment restrictions in addition.</li> <li>2. We agree that retirement savings cannot be paid out before retirement.</li> <li>3. Costs when switching should be reasonable.</li> <li>4. There should be a default option available.</li> <li>5. We agree that retirement age should remain national.</li> <li>6. We believe that all options for decumulation should be open for the PEPP. No national restrictions.</li> <li>7. The PEPP should be able to offer advice, but not on a mandatory basis.</li> </ol> <p>When talking about the critical mass for such a product analysis would be necessary on how much "free money" for pension provision/retirement savings is available without cannibalizing the existing systems of the 2nd and 3rd pillar.</p>	<p>Agreed</p> <p>EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase.</p>
904.	Previnet outsourcing Solutions	Question 17	Standardisation suggested is fine	Agreed
906.	The Association of International Offices (AILO)	Question 17	At its simplest, such a product needs a chosen contribution; a "retirement date" a choice of investment; a decision on beneficiary for benefits on premature death (plus optional bio metric benefits). If the logical default at the retirement date is to maintain the pension pot until a choice of payment and provider is made then little more needs to be considered. We would consider it to be critical that at the	Noted

			retirement date (or any deferred date) the client has unfettered right to move the pension pot to another provider or otherwise as permitted (for example in the UK 100% cash subject to tax). Of course any transfer of non cash-commuted funds would be between providers.	
907.	The Danish Insurance Association	Question 17		
908.	The investment association	Question 17	<p>We have already highlighted in our introductory comments that there may be limits to the ability to standardise the PEPP due to differences in local tax treatments and product regulation. However, we do not see this as a problem. Given its central role as a capital accumulation vehicle to generate an income in retirement, the necessary scale in a PEPP already exists through the investment management and administration processes, both of which are integral features of the PEPP product.</p> <p>It is not clear what scale economy benefits further standardisation brings beyond these.</p>	Agreed
909.	Vanguard Asset Management, Limited	Question 17	<p>What are stakeholders' views on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of this paper? Is the level of standardisation sufficient bearing in mind the objective to achieve critical mass, cost-effectiveness and the delivery of value for money?</p> <p>Vanguard's view is that the level of standardisation of the PEPP proposed in sections 4.1 and 4.2 is appropriate and generally protective of investor interests. That said, we would strongly encourage EIOPA to consider publishing these standardisations as "best practices" that a provider may appropriately modify as long as there is sound rationale for any modifications and the end result is that investors' interests are still protected.</p>	Agreed

910.	VVO	Question 17	<p>A high level of standardisation could conflict with national regulation and practices. Moreover, there are already some on-going or finalised initiatives at EU level, e.g. dealing with product over-sight and governance and conflict of interests.</p> <p>Requiring a different system of governance for the PEPP would be complex and costly.</p>	<p>Partially agreed, although EIOPA believes the PEPP offers sufficient flexibility alongside a high level of standardisation.</p> <p>Agreed</p>
911.	Vzbv	Question 17	<p>The level of standardisation is not enough. PEPP must be created as one default. It must be free of commission and needs a cap for charges. Furthermore there must be an open market option for the retirement phase. Should several providers offer PEPPs, we need harmonised capital requirements for guarantees and compensation schemes in case of bankruptcy of a provider. PEPP must acknowledge national tax provisions and react to changes in national PILAR 1 systems.</p>	<p>Partially agreed, EIOPA understands the concerns raised by the Stakeholder.</p> <p>EIOPA does not favour one method of distribution over the other. EIOPA advises the cap on charges to be a flexible element of the PEPP. Following this consultation EIOPA advises that only EU regulated providers should be allowed to</p>

				develop and offer PEPPs. It does not propose the introduction of one solvency regime for all PEPP providers. EIOPA furthermore believes equal tax treatment should be granted to PEPPs that meet the tax requirements of a specific country.
912.	WIT	Question 17	<p>Standardisation facilitates comparison and keeps costs low. It also commodifies the product. Experience tells us that primary producers of commodities often enjoy (suffer?) low margins. Bells and whistles represent a charging opportunity as well as a differentiation tactic. They also offer customers the choice of some additional benefits. Provided the standard is not set on the floor (very low), then public policy can honestly support the standard. If the standard is too low, it will be irrelevant.</p> <p>Value for money is achieved by the interaction of contributions, charges, taxes, investment performance, quality of service, reward structures, trading platforms, supply chain complexity and solvency requirements. This is even a simplification.</p>	Agreed
913.	Working Group on Shariah financial and insurance p	Question 17	Our view on the level of standardisation of the PEPP proposed in section 4.1 and 4.2 of the consultation paper is, that the level now allows Islam compliant products. The level of standardisation should be	Agreed

			defined carefully and in accordance to the Islam rules on finance and insurance.	
914.	Zurich Insurance Group	Question 17	<p>The level of standardisation proposed is probably reasonable – although it is important that standardisation does not stifle innovation. It will be important to ensure that any proposed rules do not complicate the PEPP to an extent that it is unable to be delivered. This has been an issue with other cross border opportunities in life assurance and pensions. The PEPP initiative needs to address this issue if it wishes to attract financial providers into this space.</p> <p>Furthermore, standardisation of information may be difficult if the objective during the decumulation phase is dramatically different in each member state.</p>	<p>Agreed</p> <p>EIOPA believes that the level of standardisation can be high, despite differing decumulation practices</p>
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 18	<p>We assume this question refers to biometric risk coverage provided only during the accumulation phase, which is common practice in some markets.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Partially agreed, longevity risk cover can also be part of the decumulation phase. EIOPA does not advise to regulate the decumulation phase at EU level.</p> <p>Agreed</p> <p>Agreed</p>

			Consequently, the protection against longevity risk should be considered as a main option for PEPP as well, in line with existing national legislation.	Agreed, this is possible
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 18	<p>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.</p> <p>The PEPP should come with the option for the consumer to ask for additional biometric risk coverage during the accumulation phase, regardless of the type of PEPP provider. It should be noted that in some markets this is a mandatory feature for personal pension products and insurance products. Longevity risk should be considered for the retirement phase as well.</p> <p>Furthermore, as mentioned in response to question 9, in order to ensure a level playing field between all types of PEPP providers, the Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p>	Disagreed, it does not seem feasible or proportionate to design one solvency regime that fits all possible PEPP providers and characteristics of possible PEPPs.
915.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 18	<p>This is again a question of detail. First, we believe that pension products should foremost cover biometric risks, at least the longevity risk. Otherwise it would be a mere savings product. Offering additional biometric risk coverage, e. g. disability or death, should be allowed for insurers and IORPs.</p> <p>The applicable solvency regime will and should thus follow the requirements of the European and national framework/regime that is applicable for the respective PEPP provider. Therefore, this is not a question of identical or equivalent solvency rules, but of the regulatory regime by which the PEPP provider is covered. (see our answer to Q9)</p>	Agreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase. PEPP providers can offer biometric

				<p>risk covers.</p> <p>Partially agreed, EIOPA believes it may be necessary to investigate if and where existing solvency regimes may need to be amended</p>
916.	ACA	Question 18	Yes, we think that in order to have a level playing field, providers offering biometric risk covers should be subject to identical solvency requirements.	Disagreed, EIOPA believes it does not seem feasible/proportionate to design one solvency regime for all PEPP providers
917.	Af2i Association française des investisseurs insti	Question 18	As for the biometric risk cover, it seems obvious to use a unique solvency requirement as it has been elaborated for the insurance activities	Disagreed, please see resolution in row 916
918.	AFG	Question 18	<p>When covering biometric risks, solvency rules should give the same level of protection to the customer whoever the provider is. Solvency rules have to take into account not only financial parameters but also governance of the institution. As providers can have differences of governance, AFG thinks that solvency rules should be equivalent.</p> <p>Otherwise we fully support the approach of EIOPA's consultation which focusses on accumulation phase with a maximum flexibility for the</p>	Agreed



			choice of decumulation. In particular it is important to allow for a 100% redemption as a lump sum be it through a single or through various payments.	
919.	Allianz	Question 18	Here, again (see Q9), the principle of 'same risk, same rules and same capital' should apply.	Noted
920.	Amundi	Question 18	At this stage Amundi has no views on the biometric topic.  Otherwise we fully support the approach of EIOPA's consultation which focusses on accumulation phase with a maximum flexibility for the choice of decumulation. In particular it is important to allow for a 100% redemption as a lump sum be it through a single or through various payments.	Noted  Agreed
921.	ANASF	Question 17	We agree with section 4.2.11.9: all those entities and individuals involved in the distribution of PEPPs (including tied agents/promotori finanziari, as explained in our answer to Q15) should receive appropriate training about the product and its characteristics and target market. As for this, we consider the case of registered Italian tied agents (promotori finanziari): their admission to the national public register is subject to the specific requirements of good repute and professionalism which encompass an evaluation test of a theoretical and practical nature (Regulation on intermediaries - Consob Resolution no. 16190 of 29 October 2007). As a result, for all Italian tied agents registered in the public register the requirements of knowledge and ability mentioned in the Consultation Paper should be considered fully met (specifically, we consider that pension and insurance law is already included among the subjects of the evaluation exam).  Ultimately, we emphasise the need to apply specific consumer protection provisions for non-advised Internet sale, in order to ensure a level playing field among all distribution channels.	Agreed  Agreed, please see ch. 2.3.1 of the consultation paper on single market PPP of 1 Feb 2016

922.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 18	Solvency rules should apply to the effective provider of the biometric risks coverage, which in most cases won't be the PEPP provider but an insurance company to which it buys that coverage.	Agreed
923.	Association of British Insurers	Question 18	EIOPA states that the PEPP would be an accumulation only product. However, in the UK, biometric risk is mainly used in the decumulation phase. We therefore do not believe looking at biometric risk is appropriate in this light, or offering biometric risk coverage on a mandatory basis.	Disagreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase
924.	Assofondipensione , Assoprevidenza and Mefop	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.  It should be subject to equivalent solvency requirements in order to not low the level of members protection. See also answer question 2.	Agreed
925.	Assogestioni	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.  Please refer to Q9	Noted
926.	Better Finance	Question 18	We are surprised about this question : why asking about a level playing field for the solvency regime alone ? What about the suitability of any additional biometric risk cover for the consumer ? Will the minimum consumer protection standards be guaranteed by imposing obligatorily at least the rules for sale and advice of the new Insurance Distribution Directive IDD ?  Notwithstanding there are only two biometric risk coverages we consider as compatible with PEPP: longevity and death risk. Related to longevity, the necessary terms and conditions for a minimum	Please see resolution in row 445  Noted.

			<p>consumer protection level are pointed out in Q6.</p> <p>Related to death risk the terms and conditions for any beneficiary have clearly to be fixed in the contract (distinguishing the accumulation phase and the pay-out phase). If the policyholder dies during the accumulation phase, there should be at least a guarantee of repayment of premiums (« money back guarantee ») to another beneficiary (spouse, life partner, children, etc.). If the PEP is a pure individual DC product, then the entire accumulated balance should be handed over to the designated beneficiary (ies). If the policyholder dies only shortly after the beginning of the pay-out phase (i.e. after two or three years), there should be the possibility of including a clause for paying-out the annuity to another beneficiary for at least ten years. If this is not the case, the « big rest » of the individually accumulated capital will simply « disappear » in the capital assets of the insurer. This gain constitutes an actually important part of the risk benefits.</p> <p>We are opposed to any other additional biometric risk cover like incapacity due to injury, sickness or disability, which is usually offered. There is one main reason for this rejection : if the consumer cannot afford the premiums any longer and he wishes to cancel the contract, usually it is not possible to cancel only the annuity insurance and to continue the disability risk coverage solely. So, because of the contract cancellation, the consumer loses both risk coverages (annuity and disability) simultaneously. Secondly if an incapacity risk cover is combined with a life or annuity insurance, very often the insured sum for disability is too low. For the intermediary this too often represents only a « smart » possibility for increasing his commission for a more or less useless additional risk coverage.</p>	<p>Noted</p> <p>Partially agreed, EIOPA believes PEPP providers should be able to offer guarantees and biometric risk covers.</p> <p>Noted</p>
927.	Blackrock	Question 18	No comments as BlackRock's business does not cover the provision of biometric risks.	Noted
928.	Bund der Versicherten e.V. (BdV - German Associati	Question 18	We are surprised about this question : why asking about a level playing field for the solvency regime alone ? What about the suitability of any additional biometric risk cover for the consumer ? Will the minimum consumer protection standards be guaranteed by imposing obligatorily at least the rules for sale and advice of the new Insurance Distribution	Please see resolution in row 926

			<p>Directive IDD ?</p> <p>Notwithstanding there are only two biometric risk coverages we consider as compatible with PEPP: longevity and death risk. Related to longevity, the necessary terms and conditions for a minimum consumer protection level are pointed out in Q6.</p> <p>Related to death risk the terms and conditions for any beneficiary have clearly to be fixed in the contract (distinguishing the accumulation phase and the pay-out phase). If the policyholder dies during the accumulation phase, there should be at least a guarantee of repayment of premiums (« money back guarantee ») to another beneficiary (spouse, life partner, children, etc.). If the PEP is a pure individual DC product, then the entire accumulated balance should be handed over to the designated beneficiary. If the policyholder dies only shortly after the beginning of the pay-out phase (i.e. after two or three years), there should be the possibility of including a clause for paying-out the annuity to another beneficiary for at least ten years. If this is not the case, the « big rest » of the individually accumulated capital will simply « disappear » in the capital assets of the insurer. This gain constitutes an actually important part of the risk benefits.</p> <p>We are opposed to any other additional biometric risk cover like incapacity due to injury, sickness or disability, which is usually offered. There is one main reason for this rejection : if the consumer cannot afford the premiums any longer and he wishes to cancel the contract, usually it is not possible to cancel only the annuity insurance and to continue the disability risk coverage solely. So, because of the contract cancellation, the consumer loses both risk coverages (annuity and disability) simultaneously. Secondly if an incapacity risk cover is combined with a life or annuity insurance, very often the insured sum for disability is too low. For the intermediary this too often represents only a « smart » possibility for increasing his commission for a more or</p>	
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			less useless additional risk coverage.	
929.	Cardano Risk Management	Question 18	<p>If the product contains a guarantee or biometric risk cover which is backed by a provider, then the solvency requirement should be the same as for insurance undertakings and IORPs. There is already an arbitrage between the proposed Solvency II and proposed IORP II. Therefore it is not wise to introduce further opportunities for regulatory arbitrage in a PEPP authorizing regime.</p> <p>If biometric risks are pooled in a 'mutual' type of product across the EU member states, it is desirable that the collective is reasonable homogenous to avoid wealth transfers between individuals in the pool. If the pools are heterogeneous, is reasonable that life-style, health status, smoking and other factors will affect the premium for biometric risks insurance.</p>	Disagreed, EIOPA believes it is not feasible/proportionate to apply one solvency regime for all PEPP providers. It believes however it should be examined if and where existing solvency rules might need adjusting in the PEPP regime
930.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 18	The existing solvency regimes for PEPP products should be sufficient provided that they are equivalent.	Partially agreed, additional research might be needed to determine if and where existing solvency rules might need adjusting in the PEPP regime
931.	Deutsche Bank	Question 18	The only biometric risk to be covered should be longevity and that should be optional in case the customer prefers a payout plan without longevity risk coverage. Other protection should not be allowed within a PEPP.	Noted
932.	EFAMA	Question 18	EFAMA believes that in those case where biometric risk coverage is provided there should be solvency requirements applied. In principle,	Agreed

			<p>this service is always provided by insurers. Therefore, a PEPP provider like an asset manager would naturally outsource this risk coverage to an insurance company.</p> <p>In this regard, it is likely that insurers would also cooperate with banks and asset managers helping them offering investment options that include insurance components.</p>	
934.	Fairr.de GmbH	Question 18	<p>Biometric risks are a « pure » insurance product.</p> <p>We at fairr.de support the following views :</p> <ol style="list-style-type: none"> <li>1. Such products should not be bundled but sold separately for reasons of transparency and in order to avoid cross-subsidisation.</li> <li>2. If PEPPs are to be marketed with biometric risk cover, the providers should be subject to insurance regulations and corresponding solvency requirements</li> <li>3. Adding such layers of complexity to the product makes the offering more complex and may deter consumers from purchasing a PEPP</li> </ol>	<p>IORPs can also offer biometric risk cover</p> <p>Agreed, this is possible</p> <p>Disagreed, see first resolution in this row.</p> <p>Noted</p>
935.	Fédération Française des Sociétés d'Assurances (FFS)	Question 18	<p>Consumers should be protected against biometric risk. These requirements can be mandatory by law in some markets and are fundamental components of long-term products offered by insurers.</p> <p>Consequently, the protection against longevity risk should be considered as a main option for PEPP as well, in line with existing national legislation.</p> <p>Additionally, reference is also made to question 9 regarding solvency</p>	<p>Partially agreed, EIOPA advises that it is possible to add risk cover to PEPP.</p>

			<p>requirements.</p> <p>FFSA maintains that the PEPP should enjoy an appropriate prudential treatment under the relevant framework (ie. Solvency II), taking account of the long-term nature of the product and the ability of insurers to manage market volatility in the long term as they run both accumulation and decumulation phase. The same prudential standards should apply to all providers in order to guarantee a level-playing field.</p>	Partially agreed, further research would need to be carried out.
936.	Fidelity International	Question 18	As noted above a PEPP could offer biometric cover without itself being subject to a balance sheet based prudential regime, it simply has to access the cover provided by an institution subject to a solvency regime.	Agreed
937.	Financial Services Consumer Panel	Question 18	<p>Biometric risk covers could be offered to the consumer as an optional element, if the provider chooses to make such an option available. Providers should not be allowed to make biometric risk cover compulsory, effectively tying the PEPP to an insurance product and increasing costs without giving the consumer a choice.</p> <p>In any case, equivalent solvency requirements should apply. For the consumer the question is the outcome, namely that the provider is guaranteed to be secure. Consumers who purchase a PEPP should be confident of the protections they have in case of the insolvency of their pension provider prior to purchasing the product. The nature of the provider and which set of insolvency rules would be applicable is not a consideration ordinary consumers would take into account.</p>	Agreed, EIOPA advises that it is possible to add risk cover to PEPP.
938.	FSUG	Question 18	<p>It should be noted again, that PEPP is not the primary product for securing the dominant part of retirement income. Therefore, any add-ons to the simple saving product should be considered very carefully.</p> <p>Having the simplicity, low complexity, high transparency, low costs, ability to switch and value-for-money attractiveness of PEPPs in mind, there might be only two biometric risk coverages considered:</p>	Noted, see first resolution in row 937

			<p>[1] longevity risk</p> <p>[2] death risk.</p> <p>If the PEPP is a pure individual DC product, then the entire accumulated balance should be handed over to the designated beneficiaries. However, the pay-out phase features of PEPPs have not been considered in details, so starting the debate on this could be considered inappropriate.</p>	
939.	German Insurance Association (GDV)	Question 18	<p>We welcome that EIOPA considers the possibility of adding biometric risk cover to PEPPs. In some Member States and for some consumers protection of surviving dependants in case of death and protection in case of work incapability are indispensable features of a pension product.</p> <p>However, we disagree that if a PEPP included mandatory biometric risk coverage, this would yield in a disadvantage for non-insurers. Of course due to special regulatory requirements, only insurers are allowed to offer coverage against biometric risks. However, all other providers can benefit from cooperation with insurers and acquire biometric risk riders.</p> <p>For PEPP providers that offer coverage against biometric risk themselves, Solvency II provisions should apply since it is a modern and highly sophisticated prudential framework. Solvency II includes risk-based capital requirements which address relevant risks a life insurer can be exposed to.</p> <p>German insurers do not see a necessity for considering "equivalent" solvency rules. Since Solvency II captures all different products, any provisions for PEPP which are equivalent will automatically result in the same provisions as in Solvency II. All other modified rules would never be equivalent to Solvency II. To develop a Solvency II equivalent</p>	<p>Partially agreed, some IORPs can offer biometric risk cover</p> <p>Disagreed, It does not seem feasible or proportionate to design one solvency regime</p>



			<p>regime for PEPP products would take years. It would lead to excessive and totally unnecessary efforts, costs, and complexities. This should be avoided.</p> <p>For these reasons, all PEPP providers that offer biometric risk coverage themselves should apply Solvency II provisions. This is the only way to achieve a level playing field between PEPPs and other PPPs.</p>	that fits all possible PEPP providers and characteristics of possible PEPPs.
940.	Hristina Mitreva – member of OPSG, employees repre	Question 18	<input type="checkbox"/> When providers offer PEPP with biometric risk coverage they need to perform equivalent solvency requirements. This applies both to insurance undertakings that cover a biometric risk and IORPs where solvency requirements can not be identical, but must be equivalent.	Agreed
942.	Insurance Europe	Question 18	<p>As a general remark, Insurance Europe would like to emphasise that insurers are major providers of coverage against biometric risks, either as product features or to other providers offering long-term savings products.</p> <p>In Insurance Europe’s view, consumers should be allowed to ask for additional biometric risk coverage, which is a common practice in a number of markets for individual pensions. 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.</p> <p>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 the PEPP as well, in line with existing national legislation.</p>	<p>Agreed</p> <p>Agreed</p>

			<p>Additionally, reference is also made to question 9 regarding solvency requirements. PEPP providers should be subject to an appropriate prudential treatment taking into account PEPP's long-term horizon and specific features. Insurance Europe maintains that the "same risks, same rules" principle should apply to ensure a level-playing field between all providers.</p> <p>For biometric risk coverage, the applicable framework should be Solvency II. However it should be ensured that insurers' ability to manage market volatility in the long-term is duly taken account of.</p>	<p>Disagreed, It does not seem feasible or proportionate to design one solvency regime that fits all possible PEPP providers and characteristics of possible PEPPs.</p>
943.	Intesa Sanpaolo Vita S.p.A.	Question 18	As previously answered at Q.9, Intesa Sanpaolo Vita believes that the existing European solvency rules are sufficient.	Partially agreed, it might be necessary to assess if and when existing rules need to be adjusted
944.	Legal & General Group plc	Question 18	Existing Union legislative frameworks are sufficient. New ones are not required.	Partially agreed, it might be necessary to assess if and when existing rules need to be adjusted
945.	Ministry of Finance of the Czech Republic	Question 18	See Q9. We generally think it might be very tricky to develop a cross-sectoral requirements, all the more so with taking into account biometric risks. Insurance company should be the only one offering PEPP with biometric risk cover. We consider it too risky for other entities to cover the biometric risks while not having capital requirements parallel to those in Solvency II or IORP Directive.	Disagreed, It does not seem feasible or proportionate to design one solvency regime

				that fits all possible PEPP providers and characteristics of possible PEPPs.
946.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 18	<p>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.</p> <p>It is not clear what is meant by 'biometric risk cover'.</p> <p>In the UK, biometric risk features only in products used for turning the pension pot into retirement income. EIOPA should clarify how this would be incorporated into products during the savings phase.</p>	Noted
947.	Nationale-Nederlanden Group	Question 18	Any form of regulatory arbitrage should be avoided. Therefore, if there are biometric risk covers, they will be held by an insurance company that has Solvency requirements. If a PEPP providers is a company other than an insurance company, it is not possible that they offer risk covers (other than outsourced ones).	Disagreed, see resolution in row 945
948.	PensionsEurope	Question 18	Providers offering a PEPP with biometric risk cover should be subject to an equivalent solvency regime. As mentioned, it is envisaged that different providers can offer PEPPs and already different solvency regimes apply to these providers. We do not think that PEPP providers offering should be subject to one identical solvency regime.	Agreed
949.	Previnet outsourcing Solutions	Question 18	<p>Solvency requirements vs biometric issues are a topic. Our view is that « pensions » are not « insurance products », and therefore strong solvency is not required.</p> <p>Otherwise PEPPs will be distributed only by insurers... and we want more players in this game ... more players mean lower costs, more transparency etc etc</p>	Agreed
950.	The Association of International	Question 18	We have difficulty following this question given that biometric risks can only be provided by providers authorised to provide life insurance and	Disagreed, IORPs can also

	Offices (AILO)		pensions and associated benefits under the Solvency 2 Directive. If it is suggested that providers other than life and pensions insurers should be able to "offer" such biometric risks then we assume the intent is that they would in fact be underwritten by such authorised entities and that fact clearly disclosed to consumers?	offer biometric risk cover
951.	The Danish Insurance Association	Question 18	The DIA believes that all providers of PEPPs should be subject to identical solvency requirements. This should apply also to providers offering a PEPP with biometric risk cover. If a biometric risk cover is included in the PEPP it affects the risk in the product leading to a different capital requirement for that product compared to a similar PEPP without biometric risk cover. However it must be the risk that defines the capital requirement and not the legal form of the provider. Please see answer to Q9.	Disagreed, It does not seem feasible or proportionate to design one solvency regime that fits all possible PEPP providers and characteristics of possible PEPPs.
952.	The investment association	Question 18	As a general principle we believe that where biometric risk coverage is provided there should be appropriate solvency requirements applied. Typically it is insurers that underwrite biometric risks; representatives of the insurance industry will therefore be better placed than we are to answer this question.	Agreed
953.	Vanguard Asset Management, Limited	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.	
954.	VVO	Question 18	A pension product that doesn't cover longevity risk is not a pension product.  Additionally, reference is also made to question 9 regarding solvency requirements. The PEPP should enjoy an appropriate prudential treatment under the relevant framework (ie Solvency II), taking account of the long-term nature of the product and the ability of	Disagreed, It does not seem feasible or proportionate to design one solvency regime that fits all possible PEPP

			insurers to manage market volatility in the long term. The same prudential standards should apply to all providers in order to guarantee a level-playing field.	providers and characteristics of possible PEPPs.
955.	Vzbv	Question 18	We prefer a separation between saving process and risk coverage. A combination of both leads PEPP away from simplicity and comparability. Bundle products in Germany do not have a significant coverage of risks and are, especially in case of Riester-Rente, not very popular. Further more it is quiet complicated to create a default for risk coverage over 28 member states. This is what a 2nd regime needs. Otherwise a Rome – II problem occurs.	Agreed, offering a risk cover is not mandatory in the PEPP regime.
956.	WIT	Question 18	Yes. Biometric risk cover means that the contract offers benefits over and above the accumulated value of the fund derived from its investment performance net of its charging and. taxation structure. Some of the contributions paid by customers will be absorbed by the cost of the risk benefits and the supplier should be obliged to have the capital necessary to discharge those benefits.	Noted
957.	Working Group on Shariah financial and insurance p	Question 18	With regard to offering biometric risk covers providers offering a PEPP with biometric risk cover should not be subject to identical or equivalent solvency requirements. Because in Shariah compliant products a biometric risk cover can be given without the provider is taking any biometric risk. Taking a fixed biometric risk for a fixed risk premium would not be compliant to Shariah. Biometric Risk can be taken by all pensioners mutually themselves in a solidaric way compliant to Shariah. The differences in real life span can be shared by the pensioners in a mathematical way based on solidaric tontinelike principles. Consumers should not be forced to buy an annuity from a life insurer, if they want a high grade of diversification of biometric risk, because a conventional life insurer is not compliant to Shariah.	Agreed, It does not seem feasible or proportionate to design one solvency regime that fits all possible PEPP providers and characteristics of possible PEPPs.

958.	Zurich Insurance Group	Question 18	<p>We see biometric risk as a valuable addition meeting a specific customer need. Biometric risk can currently only be provided by life assurance entities who are subject to a robust solvency regime. If this was to be provided by other players it would require a level playing field with insurers to protect the consumer.</p>	Disagreed, IORPs can also offer biometric risk cover.
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 19	<p>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.</p> <p>The OPSG believe a thorough assessment should be carried out before introducing any caps on costs and charges for PEPP's default investment options.</p> <p>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.</p> <p>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.</p>	Partially agreed, please see motivation of resolution in row 960
B.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 19	<p>Costs and charges should not be capped at European level. Competition should be allowed between providers.</p> <p>Customers who wish to gain access to their funds before the minimum investment period would have to take on the market risk and other potential costs to be addressed under surrender rules.</p>	Partially agreed, please see motivation of resolution in row 960

959.	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 19	This is again a question of detail. In our opinion there is no reasonable motivation to require a cap on the level of costs and charges of PEPPs, or a cap on individual components of costs and charges. We are convinced that such a cap would be in conflict with the idea of free competition.	Partially agreed, EIOPA believes that the cap on cost should be a flexible element in the PEPP regime
960.	ACA	Question 19	We are not in favour of a cap on the level of costs and charges of PEPPs and prefer a fair competition in this context.	Partially agreed, a cap on costs shall not be a mandatory element of the PEPP. Please see p. 54 and onwards of consultation paper on single market PPP of 1 Feb 2016
961.	Af2i Association française des investisseurs insti	Question 19	The high level of standardization share of the market might be granted with a cap on the level of costs all-in. Besides of course the non-standard formulas of the future should be exempted.	Partially agreed, please see motivation of resolution in row 960
962.	AFG	Question 19	Afg does not agree on requiring a cap on the level of cost and charges. Information on the level of cost should be very clear and switch of provider should be easy but no cap on fee should be required.  The only exception could may be apply to redemption fees that could be capped to facilitate switching provider.	Partially agreed, please see motivation of resolution in row 960
963.	Allianz	Question 19	Dirigisme in regulation cannot be part of a social market economy. Instead, we believe in competition to regulate the level of various cost	Partially agreed, please see

			elements. If one provider continuously overcharges, competitors will jump in, offer their products at a lower level, thus contributing to easing off excessive charges. Offering products at cost level below average expenses, unless justified by lower production costs, will cause bankruptcy in the long run. The latter cannot be an option for private individuals to rely on their savings for sake of retirement income.	motivation of resolution in row 960
964.	Amundi	Question 19	Amundi would agree with the idea of requiring a cap on the level of costs and charges to the condition that it only applies to ex-post annual costs, taking into account their cumulative effect. In fact, on the long term, the impact of annual cost is not a minor subject.	Partially agreed, please see motivation of resolution in row 960
965.	APFIPP – Associação Portuguesa de Fundos de Invest	Question 19	<p>APFIPP considers that the PEPP should be fully transparent in relation to its costs and charges, in line with the requirements imposed by MiFID II.</p> <p>This being said, we do not support any cap on these costs and charges, mainly because they could limit the capacity of PEPP providers to create and pursue innovative investment options.</p>	Partially agreed, please see motivation of resolution in row 960
966.	Association for Financial Markets in Europe (AFME)	Question 19		
967.	Association of British Insurers	Question 19	The ABI would support a high level of transparency for consumers regarding the costs and charges associated with any pension product, including a PEPP, as this is beneficial for the consumer, allowing them to engage with their pension savings. However, whatever cap is placed, if any, on the PEPP would need to be sufficiently high to ensure a competitive market.	Partially agreed, please see motivation of resolution in row 960



			The ABI would like to seek further clarity from EIOPA regarding which costs and charges ought to be capped – if this was in relation to transactional costs, then the ABI would strongly oppose this. Costs and charges, however, could be capped for annual management charges.	
968.	Assofondipensione , Assoprevidenza and Mefop	Question 19	See answer question 17 and 13.	-
969.	Assogestioni	Question 19	If they are to be defined, we believe any cap on costs should be designed so as to prevent the issuance of products with excessive charges, without hindering competition among PEPP providers which would result in a detriment of the PEPP holder’s interests.	Partially agreed, please see motivation of resolution in row 960
970.	Better Finance	Question 19	<p>How to ensure low cost options will be widely available as they are today in the USA (many “IRAs” – Individual Retirement Accounts – charge less than 0;50% total annual cost) ? Or leave it entirely to competition for a quite technical product that – unlike drugs and cars which are also quite technical products – will not be pre-approved ? There are already caps on personal pension products: Stakeholder accounts in the UK for example: 1% after 10 years. A quite innovative one has been set by the Bulgarian Authorities: a 10% cap on positive gross returns.</p> <p>However, we are not for over regulation including widespread price controls. First, we believe the fee cap debate should be limited to the default option. Also, the default investment option should guarantee a minimum zero real return at retirement net of fees. There is no need for a fee cap there. However if EIOPA persists to have only so called “life cycle” products as the default option, then its overall fees and commissions should be strictly capped as too often life cycle products provide an opportunity for providers to charge non transparent multilayer and/or high fees. In the US the most competitive providers of personal pensions charge less than 0,50% overall per annum.</p> <p>If the PEPP only payout option is an annuity insurance the reference parameter for all costs and charges should be the gross premium. We</p>	Partially agreed, please see motivation of resolution in row 960

			<p>propose a cap of 5% of the gross premium for acquisition and administrative costs. Related to the pay-out phase, the cap of biometric costs for longevity and death risk should be fixed at 1,5% of the actual amount of the pension being paid out monthly, quaterly, annually etc.</p> <p>The calculation of biometric costs depends on mortality tables. In order to prevent life insurers from using unappropriate assumptions of longevity and of death risk, there should be introduced a mandatory regime for the use of mortality tables established by EIOPA. This regime should lead to the reasonable and appropriate assessment of mortality tables in cooperation with the NCAs, with professional associations of actuaries and with consumer organisations. Of course, within this regime the statistical differences among the Member States (as well as age, gender, social status etc.) should be taken into account. This single reference for mortality tables would also improve the comaprability between PEPPs for the consumer.</p>	
971.	BIPAR	Question 19	In general BIPAR is against price or cost regulation in a competitive transparent market.	Partially agreed, please see motivation of resolution in row 960
972.	Blackrock	Question 19	<p>Any cap on charges should be carefully reviewed and consider the following implications:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> What charges are included or excluded – e.g. national transfer taxes. Inclusion of transfer taxes could disincentives investment into certain types of asset classes e.g. equities, if the cap is set too low</li> <li><input type="checkbox"/> ensure that the level of the cap does not discriminate against certain types of strategy – choosing index over active investment regardless of the relative risk return characteristics of the portfolio</li> <li><input type="checkbox"/> We would recommend a blended portfolio construction approach which allows the inclusion of various types of illiquid assets. It is important to ensure that the charges cap does not exclude certain types of longer-term asset.</li> </ul>	Noted, please see motivation of resolution in row 960

			<p>As important as any charges cap is the quality of information given to those in charge of governance of the PEPP so that they can ensure members are receiving value for money from the strategy adopted.</p> <p>In terms of transparency, we believe the implementation of MiFID and PRIIPs will set comprehensive standards for disclosure of key elements for consumers in areas such as cost and risk. At this stage we recommend focus on ensuring the effective and consistent implementation of existing rules. This will require intensive consumer testing as to which presentations of cost, risk and return resonate most with consumers and achieve the right balance between an understandable and detailed disclosure of costs.</p>	
973.	Bund der Versicherten e.V. (BdV - German Associati)	Question 19	<p>How to ensure low cost options will be widely available as they are today in the USA (many "IRAs" - Individual Retirement Accounts - charge less than 0,50% total annual cost) ? Or leave it entirely to competition for a quite technical product that - unlike drugs and cars which are also quite technical products - will not be pre-approved ? There are already caps on personal pension products: stakeholder accounts in the UK for example: 1% after 10 years. A quite innovative one has been set by the Bulgarian Authorities: a 10% cap on positive gross returns.</p> <p>However, we are not for over-regulation including on prices. First, we believe the fee cap debate should be limited to the default option. Also, the default investment option should guarantee a minimum zero real return at retirement net of fees. There is no need for a fee cap there. However if EIOPA persists to have only so called "life cycle" products as the default option, then its overall fees and commissions should be strictly capped as too often life cycle products provide an opportunity for providers to charge non transparent multilayer and/or high fees. In the US the most competitive providers of personal pensions charge less than 0,50% overall per annum.</p>	Partially agreed. Please see resolution in row 970

			<p>If the PEPP is an annuity insurance the reference parameter for all costs and charges should be the gross premium. Related to the contribution phase We propose a cap of 5% of the total sum of the gross premium for acquisition and administrative costs. Related to the pay-out phase, the cap of biometric costs for longevity and death risk should be fixed at 1,5% of the actual amount of the pension being paid out monthly, quarterly, annually etc.</p> <p>The calculation of biometric costs depends on mortality tables. In order to prevent life insurers from using unappropriate assumptions of longevity and of death risk, there should be introduced a mandatory regime for the use of mortality tables established by EIOPA. This regime should lead to the reasonable and appropriate assessment of mortality tables in cooperation with the NCAs, with professional associations of actuaries and with consumer organisations. Of course, within this regime the statistical differences among the Member States (as well as age, gender, social status etc.) should be taken into account. This single reference for mortality tables would also improve the comparability between PEPPs for the consumer.</p>	
974.	Cardano Risk Management	Question 19	<p>The challenge is to provide the consumers with a good retirement solution at an affordable price. It is important that there is focus on providing consumers with acceptable outcomes, since a consumer only retire once. At retirement it is too late for the consumer to do something about insufficient retirement savings.</p> <p>Following a life-cycle investment strategy in broad market index funds might be cost efficient but it is questionable if it will, in a robust way, deliver the intended outcomes. There are more robust investment strategies which have a higher cost to implement. It would be unfortunate for the consumers if there is too much fixation on costs and not on the quality of the product. In our opinion a good product</p>	Partially agreed, please see motivation of resolution in row 960

			provides the consumer with a balance between: i) delivering adequate retirement income, ii) being robust against financial market instability and iii) affordability.	
975.	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 19	A cap on the level of costs and charges of PEPPs is not necessary. The level of costs and charges should be left to competition. Transparency and comparability of risks, performance and costs should be sufficient.	Partially agreed, please see motivation of resolution in row 960
976.	Deutsche Bank	Question 19	National rules should apply in order to ensure acceptance of the concept. Under the EU-wide PRIIP-regime, fee levels should be highly transparent to customers.	Partially agreed, please see motivation of resolution in row 960
977.	EFAMA	Question 19	<p>We are not in favour of caps on costs and charges, for a product like the PEPP which will be offered by a wide range of providers through many different distribution channels.</p> <p>It would be difficult to correctly set the cap level, and to avoid unintended consequences. For instance, the introduction of a cap could have the inappropriate effect to disincentivize consumers to compare between different PEPPs.</p> <p>The reality today is that the personal pension market is very fragmented, and is not bringing enough value-for-money to European citizens.</p> <p>The PEPP initiative is a good solution to improve this situation and lower costs in the personal pension markets by relying on market forces.</p>	Partially agreed, please see motivation of resolution in row 960

			<p>The goals proposed by EIOPA to create a highly standardized, simple and transparent product, to ensure a level playing field between all providers, and to remove existing barriers to cross-border business should be sufficient to put pressure on costs and charges, through the following mechanisms:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Enhanced competition: opening up the domestic markets to new providers will drive costs down</li> </ul> <p>Opening the PPP markets to banks, insurance companies, pension funds and asset managers complying with the PEPP standards would foster competition, enhance consumer choice and lower cost.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Enhanced scale: creating a Pan-European pension product will lead to scale economies</li> </ul> <p>The creation of a PEPP would allow providers to sell the same product across Europe targeting both mobile and non-mobile citizens. Considerable economies of scale could be achieved if one provider could manage from one country one product being sold in several Member States.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Enhanced disclosure: providing standardised information on costs allows consumers to compare</li> </ul> <p>The current lack of a standard for what should be disclosed to consumers as headline charges for personal pensions makes direct cost comparison difficult, thus weakening the effectiveness of competition in</p>	
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		<p>this market.</p> <p>Disclosing the costs and associated charges of the PEPP is therefore of vital importance to support consumers' decisions and facilitate comparison between PEPPs.</p> <p>In this context, we support the idea of creating an EU register to facilitate the comparison of PEPPs. This would increase transparency and comparability and should also keep costs under control.</p> <p>If EIOPA would like to examine further the applicability of a cap on charges, we believe it should incorporate three elements in its considerations:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> The scope of the charges to be included or excluded – e.g. national transfer taxes. We note that inclusion of transfer taxes could disincentivize investment into certain types of asset classes, e.g. equities, if the cap is set too low.</li><li><input type="checkbox"/> The importance of ensuring that the level of the cap does not discriminate against certain types of strategy – choosing index over active investment regardless of the relative risk-return characteristics of the portfolio. An extension of this issue is that certain investment techniques that look to limit volatility, for instance, can be priced out because of the cap on costs. If at the same time guarantees are excluded from the cap and can be used freely regardless of their cost and value, this can be potentially detrimental to the consumer. It would also biases provision against asset managers in favour of entities that can use their balance sheets to offer guarantees.</li></ul>	
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			<p><input type="checkbox"/> The need to ensure that the charge cap does not exclude certain types of long-term assets, as a PEPP portfolio could typically allow the inclusion of various types of illiquid assets. With a cap on costs, PEPP holders would be missing out on the potential benefits of certain asset classes, which would be considered as too expensive to invest in (e.g. direct property investments) with the decision-making being driven by costs rather than the economic fundamentals of the asset class.</p>	
979.	European Federation of Financial Advisers and Fina	Question 19	<p>FECIF strongly advises against a cap on costs and charges or any of its components. As stated above, the level of such a cap would always be potentially subject to regulatory arbitrage, and if it is placed too low, it may lead to inhibition of the whole industry. Instead we emphasize the need of regulation-driven competition being used in favour of consumers and lowering the costs by itself.</p> <p>If a cap is enforced, however, it should be placed only on the overall costs, this is most relevant to the customer.</p>	Partially agreed, please see motivation of resolution in row 960
980.	Fairr.de GmbH	Question 19	<p>Fairr.de supports the following views on costs :</p> <ol style="list-style-type: none"> <li>1. Caps on both the product bundle and on individual components of the product can prevent gross exploitation of consumers and may foster trust if communicated properly.</li> <li>2. Costs structures should align the incentives of savers and product providers. This implies that earnings should scale with the size retirement pot and be spread over the entire lifetime of the product.</li> <li>3. There should be strictly zero up-front distribution charges such as sales commissions.</li> </ol>	Partially agreed, please see motivation of resolution in row 960
981.	Fédération Française des Sociétés	Question 19	<p>Costs and charges should not be capped at European level. PEPP providers should be free to compete in this area. Consumers have to be provided with clear and concise information as to the costs and</p>	Partially agreed, please see motivation of



	dAssurances (FFS)		charges of their PEPPs.	resolution in row 960
982.	Fidelity International	Question 19	This issue should be thought through very carefully. Before imposing a cap the authorities should be clear this would represent a better outcome for consumers than competition. In our experience caps often become the standard charge. The authorities might want to carry out research into distribution costs which can be the largest single component of investment products.	Partially agreed, please see motivation of resolution in row 960
983.	Financial Services Consumer Panel	Question 19	<p>Costs and charges should be transparent, comprehensive and understandable. Member State rules may already have an element of capping enshrined in law, as is the case in the UK for default arrangements within most occupational pension schemes (<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420215/charge-cap-guidance-apr-2015.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420215/charge-cap-guidance-apr-2015.pdf</a>).</p> <p>However, if the PEPP costs 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, with no benefit to the consumer.</p> <p>The Panel has long-standing concerns about cost opacity in the asset management industry. If the European Commission goes ahead with a proposal the PEPP Regulation offers an opportunity to set a cost transparency benchmark for other long-term savings products.</p> <p>For millions of EU citizens, a final pension pot depends largely on the level of contributions and net investment returns achieved by asset managers. Individuals are therefore dependent on the asset management industry to deliver good outcomes at an acceptable cost.</p> <p>However, Consumer Panel research in 2014 confirmed findings from earlier studies that full costs incurred by consumers when making long-term investments are neither consistently and comprehensively defined, nor understood (<a href="https://fs-cp.org.uk/sites/default/files/investment_report_executive_summary_for_the_fscp.pdf">https://fs-cp.org.uk/sites/default/files/investment_report_executive_summary_for_the_fscp.pdf</a>).</p>	Partially agreed, please see motivation of resolution in row 960

		<p>Fund managers too frequently exercise poor control of costs, which are not necessarily visible to investors and which managers can deduct directly from the value of funds, rather than treat as a business cost that they meet out of their own pockets.</p> <p>In 2012, the UK's Financial Services Authority found that few firms exercised the same vigilance in their expenditure on research and execution services – costs deducted directly from the value of funds under management and therefore hidden from view to investors – as they exercised over payments made from the firms' own resources.</p> <p>These weaknesses matter greatly. Over extended periods, apparently small differences in the cost of investing can make a material difference to the value of individuals' long-term savings: over a working lifetime, a 1% annual charge could slice the value of a pension pot by a quarter.</p> <p>Furthermore, without a clear idea of the comparative costs and charges of different investment vehicles, individuals and their financial advisers cannot make informed judgements about value for money. The widespread and persistent nature of the problems of cost opacity and control suggest underlying structural deficiencies in the fund management industry.</p> <p>These were identified in the 2012 Kay Review of UK equity markets, which described 'the decline of trust and the misalignment of incentives throughout the equity investment chain'. The review recommended "full disclosure of all costs, including actual or estimated transaction costs, and performance fees charged to the fund". (<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253454/bis-12-917-kay-review-of-equity-markets-final-report.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253454/bis-12-917-kay-review-of-equity-markets-final-report.pdf</a>).</p> <p>The Panel agrees with this assessment, but considers that disclosure is only effective if those to whom the details are provided can understand and act on the information; overly complex disclosure to consumers would be counterproductive in many cases.</p>	
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			<p>Therefore, the Panel has recommended that asset managers should be required to quote a single investment management charge (<a href="https://fs-cp.org.uk/sites/default/files/investment_discussion_paper_investment_cost_and_charges.pdf">https://fs-cp.org.uk/sites/default/files/investment_discussion_paper_investment_cost_and_charges.pdf</a>). This would go beyond current headline figures such as the Annual Management Charge (AMC) or Total Expense Ratio (TER) because it would include estimated transaction costs, which are often significant. Under this proposal, all other intermediation costs, charges and expenses incurred by the investment manager would be borne directly by the firm.</p> <p>The Panel believes any future PEPP Regulation could include a requirement for a provider to use such a comprehensive single annual investment charge, providing transparency to consumers, incentivising asset managers to control costs (and thus increase the eventual income available to the customer in retirement) and increase competition by making competing offers comparable on price. This would also set a benchmark for providers of other investment products. This should not be a 'flexible' (i.e. optional) feature, but rather a key component of any PEPP product.</p>	
984.	FSUG	Question 19	<p>FSUG is not for an overregulated area that might discourage potential PEPP providers from entering the market.</p> <p>First, we believe the fee cap debate should be limited to the default option. Also, the default investment option should guarantee a minimum zero real return at retirement net of fees.</p> <p>If the introduction of limits (caps) on costs and charges should be introduced, it should be tied to the underperformance of providers. Than the fee structure including limits should be prescribed.</p> <p>At the same time, dynamic benchmark testing for fee policy should be introduced. Providers should be compared to the respective passively managed UCITS funds or similar products (ETFs). If the provider underperforms significantly, than the limits should be imposed.</p> <p>At the same time, regulation on identification of passively managed funds sold to a consumer as a higher-fee actively managed funds</p>	Partially agreed, please see motivation of resolution in row 960

			should be in place. In such cases, the provider should be obliged to limit the fees to below market average.	
985.	German Insurance Association (GDV)	Question 19	<p>A sufficiently standardised PEPP, which is supposed to be sold cross-border, will be competitive in costs and charges per construction. A pre-defined cost structure and cost cap would artificially narrow down and limit the supply and diversity of PEPPs. Of course, German insurers welcome transparency of costs. The PEPP KID should include a cost indicator that summarises all included costs in a way that is comparable, transparent and understandable for consumers. Reduction in Yield is a well-established concept which is particularly suitable for long-term saving products.</p> <p>Furthermore, the costs disclosure and corresponding performance scenarios are a more significant indicator for value of the product, since costs and performance are usually correlated. Thus, a product with lower costs is not necessarily the more suitable one, since the more expensive product might outperform this cheaper one.</p>	Partially agreed, please see motivation of resolution in row 960
986.	Hristina Mitreva – member of OPSG, employees repre	Question 19	<p><input type="checkbox"/> It is more appropriate to require a cap on individual components of costs and charges, in order to be better controlled as well as to be more competitive and more understandable to consumers.</p>	Partially agreed, please see motivation of resolution in row 960
987.	ICI Global	Question 19	<p>We oppose mandatory fee caps for this voluntary product. Fee caps, in the same way as other kinds of price restrictions will distort the market, limiting the supply of investments from which investors may choose and, consequently, potentially driving product fees up rather than down. By contrast, competition (assisted by transparent disclosure) is likely to drive down the fees.</p> <p>By way of example, in the US, average expenses paid by mutual fund investors have fallen substantially over time. See page 92 of ICI's</p>	Agreed, please see motivation of resolution in row 960

			2015 Investment Company Fact Book, available at <a href="http://www.icifactbook.org">www.icifactbook.org</a> . On an asset-weighted basis, average expense ratios for equity funds fell from 99 basis points in 2000 to 70 basis points in 2014, a 29 percent decline. Mutual fund expenses have fallen, in part, because of economies of scale and competition. Also, shareholders tend to invest in funds with below-average expense ratios. See Figure 5.3 from the 2015 Fact Book, at page 95, included below. The simple average expense ratio of equity funds (the average for all equity funds offered for sale) was 133 basis points in 2014. The asset-weighted average expense ratio for equity funds (the average shareholders actually paid) was much lower – 70 basis points.	
989.	Insurance Europe	Question 19	The insurance industry is of the view that costs and charges should not be capped at European level. PEPP providers should be free to compete in this area. Consumers have to be provided with clear and concise information as to the costs and charges of their PEPPs.	Partially agreed, please see motivation of resolution in row 960
990.	Intesa Sanpaolo Vita S.p.A.	Question 19	Given to PEPP providers enough freedom in designing the product, we think that a cap on the level of costs and charges could help retirement savers not to incur in too much costs and charges.	Partially agreed, please see motivation of resolution in row 960
991.	KBC Asset Management NV	Question 19	We are not in favour of installing a cap, we think both national & international competition has to play its role here too. A cap would possibly lead to imitating behaviour (to the upside) which isn't in the interest of the consumer. We also plead for a level playing field wrt. remuneration of working staff: when different PEPP are in the offering no extra incentive should	Partially agreed, please see motivation of resolution in row 960

			<p>be given to the most costly solution. Current management fees by KBC AM for existing 3rd pillar pension savings funds (identical for the dynamic and defensive version) are a positive example of a this level playing field.</p> <p>P.S. wrt. 'cost disclosure': we think that – due to the nature of PEPPs (accumulation feature) – customers should be informed about updates in the general cost structure, at least ex-post.</p>	
992.	Legal & General Group plc	Question 19	As we have explained previously, we strongly support the introduction of a mandatory charge cap on the default investment option and this should be applied across all Member States, irrespective of whether a State already has an existing regime on charge capping.	Disagreed, please see motivation of resolution in row 960
993.	Ministry of Finance of the Czech Republic	Question 19	In general, we do not object to the idea that the institutions would set the level of costs and charges of PEPPs by themselves. This could help sustain a competition. On the other hand, we realize that due to specificities in different sectors, the product costs would be incomparable. An indicator of cost-effectiveness (costs and charges) and a specific cross-sectoral methodology of measuring cost-effectiveness (costs and charges) would be the best way to reach real transparency, while not at the same time intrude by law to the cost policies of various providers.. The indicator and the methodology would have to be fully harmonised across Member States and sectors in order to be fully comparable.	Partially agreed, Please see resolution in row 960
994.	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 19	<p>The NAPF strongly supports transparency of costs and charges, although we would note that the key issue is whether a pension scheme itself provides value for money – rather than the level of the charge.</p> <p>A cap of 0.75 per cent has been introduced on charges for workplace pension schemes used for auto-enrolment in the UK and this provides plenty of experience on which EIOPA policy-makers can draw.</p>	

			One of the challenges in implementing a charge cap lies in defining which costs it covers. Transaction costs, for example, are excluded from the UK's workplace pension charge cap.	Noted, Please see resolution in row 960
995.	Nationale-Nederlanden Group	Question 19	A cap on costs and charges is not required and not desirable. Transparency will show costs in advance so the consumer can take the costs into account when deciding on a provider.	Partially agreed, Please see resolution in row 960
996.	PensionsEurope	Question 19	We do not agree with requiring a cap on costs, except in cases where consumers switch from one provider to another.	Partially agreed, Please see resolution in row 960
997.	Previnet outsourcing Solutions	Question 19	A cap is highly recommended	Disagreed, please see resolution in row 960
999.	State Street Corporation	Question 19	<p>Whilst we recognise that charges in national PPP markets are often higher in many Member States than equivalent corporate pension plans, we would be wary of imposing caps since these could limit innovation in the market. In our view, it would be hard to calibrate the cap levels in order to avoid unintended consequences such as disincentivising the use of active strategies over passive strategies etc.</p> <p>There is often a mistaken perception in the marketplace that lowest cost options equate to the lowest risk for participants and plan sponsors. This may be the case in situations where active managers underperform their relative benchmarks and, thus, do not reward participants for the higher fee levels paid. However, costs, while crucially important, must be viewed within the context of the value that is being provided. Using retirement income solutions as an</p>	Partially agreed, Please see resolution in row 960

			<p>example, there are many scenarios in which a participant would be better suited by a higher and more stable monthly income (ex: an annuity) than a lower cost solution would provide (ex: a simple balanced fund/drawdown strategy). In this case, the explicit cost of an annuity likely exceeds that of a drawdown strategy, but much of that cost is derived from the transfer of risk from the participant to the insurer (in this case the longevity risk of living a longer than normal life) which provides a significant amount of value to the participant. Now, it is not always the case that an annuity is more appropriate than a low cost index fund and comes from the fact that participants face varying risks throughout their lives (i.e. accumulation risk early on and market/volatility risk later in life). An investment solution that is better aligned with the specific risks and goals that a participant faces may often be worth a premium to that participant. Increased net of fee returns, diversification, and liquidity profiles are all features that may be worthy of investment over a lower fee option. Within a traditional asset allocation, a portfolio may benefit from greater diversification and risk/return profile via exposure to slightly more expensive or diverse asset classes. While cost is an important factor, the relative value provided to a participant is the most important consideration.</p>	
1,000 .	The Association of International Offices (AILO)	Question 19	<p>We would not be in favour of placing any cap on costs or charges. The proposal is intended to enable a product which will be highly competitive and full disclosures of charges applied should enable consumers to draw their own conclusions from comparisons. Competition between providers should ensure that markets offer consumers competitive products. Placing caps can have a detrimental effect by reducing the number of providers and products available to consumers. Equally in respect of investment returns lower charges does not mean higher net returns – assets with higher annual charges can provide superior investment returns.</p>	Partially agreed, Please see resolution in row 960
1,001 .	The Danish Insurance Association	Question 19	<p>The DIA is of the opinion that there should be no cap on the level of costs and charges. It should be left to market competition to constrain costs and charges. However, effective market competition requires that all costs and charges are fully transparent to consumers. Therefore, it</p>	Partially agreed, Please see resolution in row 960



			<p>must be required of PEPP providers to disclose all costs and charges.</p> <p>A cap on costs and charges risks limiting the choice of consumers. We think that providers should be able to supply a high-cost product with for instance access to more options or more advice if consumers ask for it.</p> <p>In Denmark, every policy holder in a life insurance company or a mutual pension fund has access to total comprehensive information on costs paid on his policy during the last year. All life insurance companies and mutual pension funds also disclose information on the total costs that a 'typical new customer' will experience within the first year as customer in the company/fund. This information is disclosed on the website of the company and on a web page provided by the DIA.</p> <p>In Denmark, cost disclosure is not required by law; it is however recommended by the Danish Insurance Association's Cost Recommendation which life insurance companies and pension funds in Denmark comply with.</p>	
1,002	The investment association	Question 19	<p>We do not support caps on charges and costs and it is hard to see the rationale for a cap in a market that does not even exist yet. Caps are a blunt policy intervention tool with a number of risks for pricing patterns – in particular the risk that charges can move up to the level of any cap. They also carry the risk of unintended consequences in terms of behaviour, extending to the investment process and the balance between expenditures on different elements of the pensions value chain.</p> <p>Emerging experience from the charge cap that has been in place since April 2015 and covers default strategies in UK workplace pension</p>	Partially agreed, Please see resolution in row 960

			<p>schemes is already confirming some of these impacts:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Within the overall product price cap of 75bps, the budget for expenditure on investment strategies is falling and driving many schemes towards passive strategies, often because other elements of the value chain are using up the budget. Such decisions should be made on the grounds of the quality of the investment offering and not cost. It is also worrying that from a member perspective, expenditure on investment - the only determinant of member outcomes after contributions have been paid - is being squeezed at the expense of other elements of the value chain that do not determine member outcomes.</li><li><input type="checkbox"/> Certain investment techniques that look to limit volatility are being priced out because of the cap. But guarantees, which are outside of the cap, can be used freely, regardless of their cost and value. This is potentially detrimental to the consumer because no attention is paid to the value of any guarantee; it also reduces competition by biasing provision against asset managers in favour of balance sheet entities that can write guarantees.</li><li><input type="checkbox"/> Certain asset classes are becoming too expensive to invest in e.g. direct property investment. Members are therefore missing out on potential benefits of this asset class with decision making being driven by costs rather than the economic fundamentals of the asset class.</li></ul> <p>We also do not support any cap on transaction costs on the investments inside a PEPP. Capping transaction costs will be to the detriment of the member since it will limit the manager's ability to trade on the member's behalf. Transaction costs are fundamentally different to product and service charges. The former are incurred in delivering a return, the latter are paid for the cost of a service.</p>	
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			<p>Regulators in the UK have recognised this and the workplace pensions charge cap does not include transaction costs.</p> <p>Although not in favour of a cap, we are clear that EIOPA should not allow distribution and advice costs to be embedded within a product charge. In the interests of transparency, these costs should be shown separately from any product charge because they are not part of the product.</p>	
1,003	Vanguard Asset Management, Limited	Question 19	<p>Vanguard is generally concerned, although not strongly opposed, to the imposition of absolute caps on total charges or caps on individual components of charges. Instead, we would favour clear and candid fee disclosure requirements for a standardised PEPP that would clearly explain the total cost of ownership to the investor. Our reluctance to fee caps may be somewhat surprising given that Vanguard has built a reputation over the past four decades as being one of the lowest cost providers of investment management services in the world.</p> <p>Our concerns with imposing absolute fee caps on products are primarily based on two reasons. First, in order for absolute fee caps to be effective, it is critically important to clearly define and accurately capture all of the fees that might be directly or indirectly associated with an investment in the product, lest some charges that are outside the technical fee definition be charged elsewhere to consumers. Second, absolute fee caps may ultimately work as a deterrent to innovation and improvement with respect to administrative and advisory services associated with the product, as providers may be reluctant to look for innovations and improvements that could lead to initial cost increases with a product.</p> <p>In lieu of absolute caps on charges, we would recommend that a standardised PEPP be subject to rules requiring the clear and candid disclosure of the all-in cost of ownership associated directly or</p>	Partially agreed, Please see resolution in row 960

			indirectly with the purchase of, and ongoing investment in, the product. This would include all direct and indirect ownership charges, such as expense ratio fees that are netted against the investment return of the product. This will ensure that consumers understand all of the fees that are associated with the product and that product providers will not be unduly deterred from continuing to look for ways to improve the product. In addition, standardised fee disclosure could lead to an EU registry or other centralised repository to facilitate easy comparisons of PEPP costs of ownership.	
1,004	VPB	Question 19	A cap on the level of costs and charges would suspend fundamental principles of the price mechanism, thus distorting supply and demand. Full disclosure of costs for services and comparability of product features are measures more suited to achieve the targets outlined by EIOPA.	Partially agreed, Please see resolution in row 960
1,005	VVO	Question 19	The VVO is of the view that costs and charges should not be capped at European level. PEPP providers should be free to compete in this area. Consumers have to be provided with clear and concise information as to the costs and charges of their PEPPs.	Partially agreed, Please see resolution in row 960
1,006	Vzbv	Question 19	Our experience in 14 years of Riester-Rente is that any attempt to create a cost efficient market by no other means than transparency, has clearly failed. What we need is numerus clausus of cost components and a cap of the sum of all charges and cost. Otherwise you will find evasion of single cost caps.	Partially agreed, please see resolution in row 960
1,007	WIT	Question 19	Intuitively this appeals to those advocating on behalf of consumers. EIOPA would need an evidence base to set such a ceiling. It might worth looking at benchmarks in other jurisdictions and across product categories.  Capital demands a return and will explore alternative product offerings in assessing whether to compete here. Public policy should recognise the nature of the economic game that is played. How will EIOPA know if the cap is observed and how will customers know if they are unable to compute the actual charges incurred over time in their contract?	Agreed, Please see resolution in row 960

1,008	Working Group on Shariah financial and insurance p	Question 19	To provide an overall cost control and the security of not overlapping the revenues a cap of costs is necessary especially for process costs of investment.	Partially agreed, Please see resolution in row 960
1,009	Zurich Insurance Group	Question 19	We would oppose a cap on cost as we believe an open market would provide a better mechanism when combined with transparency during the point of sale. There may also be a regulatory role to publish details of charging around all regulated products.  We do think it is desirable to restrict the upfront costs a consumer bears – for set-up and distribution – and require these to be spread over a number of years.	Partially agreed, please see resolution in row 960
A.	Insurance and Reinsurance Stakeholder Group (IRSG)	Question 20	PEPP providers should be allowed to design their PEPPs by including other flexible elements, in line with their national practice and demand.	Noted
1,010	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 20	This is again a question of detail. Yes, we believe that other flexible elements could be offered by PEPP providers. In our opinion a PEPP has to cover at least the (biometric) risk of longevity in the decumulation phase. Otherwise a PEPP would be a pure savings product. Offering additional biometric risk coverage, e. g. disability or death, should be supported.  In case of offering biometric risk coverage it must be considered that there are differences in benefit requirements between Member States. Thus, for example, the actuarial assumptions for biometric risks would most probably be very different.	Agreed, EIOPA does not advise to regulate the decumulation phase at EU level.
1,011	ACA	Question 20	Yes, we think that according to the purpose of the product, shareholder should have the possibility to offer flexible elements. We suggest to define more precisely the notion of “flexible elements”.	Agreed, please see p. 6 of the consultation paper on single

				market PPP of Feb 2016
1,012 .	Af2i Association française des investisseurs insti	Question 20	Af2i does think that other flexible elements might be offered by PEPP providers in the future, but the point we have to stress is that the launching of the PEPP market will be successful if it reaches a critical mass as soon as possible, and that in allowed through simplicity, quality, transparency and standardization for a first period of time.	Agreed
1,013 .	AFG	Question 20	Afg believes that it is crucial to standardize the product characteristics in the most comprehensive way to allow PEPP providers to sell the same product across Europe.	Partially agreed, the PEPP is highly standardised offering PEPP providers the possibility to add flexible elements
1,014 .	Allianz	Question 20	This should also be left to competition once the product is up and running.	Noted
1,015 .	Amundi	Question 20	Amundi agrees with the concept of a product passport. We would rather stress on the fact that this passport will give PEPP its first meaning.	Agreed
1,016 .	ANASF	Question 19	We believe that caps on the level of costs and charges represent a problem to effective harmonisation and should be avoided (both caps on the whole product and on individual components). Effective harmonisation and competition would be hindered by legal caps on costs and charges, as this would entail the risk of regulatory arbitrage among Member States. Furthermore, caps on costs and charges would: <ul style="list-style-type: none"> <li>- inhibit the distribution of PEPPs, leading to very limited penetration in the EU population;</li> <li>- hinder product personalisation, as they would not make it possible to offer highly personalised solutions, based on the individual characteristics (for each prospective holder, current age and income,</li> </ul>	Please see resolution in row 960

			expected retirement age, cf. our answer to Q16) and the general socio-demographic features (e.g. birth and mortality rates, life projections).	
1,017	Association for Financial Markets in Europe (AFME)	Question 20		
1,018	Association of British Insurers	Question 20	<p>We believe that PEPP providers should be able to offer PEPPs which have additional flexible elements in order to accommodate the specificities of the national market and corresponding consumer behaviour. However the ABI is unclear which other flexible elements of the PEPP could additionally be offered at this point in time.</p> <p>We believe there is a trade-off between the flexibility provided when switching between providers and securing a sufficient level of returns from the product for the consumer. If the intention of the PEPP is to be a long-term retirement income product (opposed to a short-term investment product), then we would argue that it would be sensible to limited 'flexibility' in some instances, such as for the investment period by putting in place a minimum investment period to allow for long-term investment choices to be made, which, in general, generate higher returns.</p>	<p>Agreed</p> <p>Agreed</p>
1,019	Assofondipensione , Assoprevidenza and Mefop	Question 20	Do stakeholder's believe that other flexible elements could be offered by PEPP providers?	
1,020	Assogestioni	Question 20	When defining the PEPP legislative framework, it is important to try to find a balance between flexibility and standardization elements: on the one hand, since the PEPP is a pension product, it has to be flexible enough to adapt to the national social security and labour law specificities, on the other hand if the PEPP has to be sold cross-border it has to be standardized and comparable.	Agreed

1,021	Better Finance	Question 20	Yes. Cf. our comment to Q1 : EIOPA as the competent European authority for the registration / certification of PEPPs.	Disagreed, the Home State supervisor will play a central role in the notification procedure.
1,022	Blackrock	Question 20	We reiterate the need for detailed quantitative analysis of the demand for the PEPP and the types of features it will need to contain to appeal to citizens. The more flexibility there is, the more difficult it will be to achieve comparability between products.	Agreed, please see ch. 1.1 and 1.2 of consultation paper on single market PPP of 1 Feb 2016 for analysis
1,023	Bund der Versicherten e.V. (BdV - German Associati	Question 20	Yes (cf. our comment to Q1 : EIOPA as the competent European authority for the registration / certification of PEPPs).	See resolution in row 1021
1,024	Cardano Risk Management	Question 20	The main weakness with the PEPPs are that they are intended only as an accumulation product which implies that it only solves half of the consumers retirement problem. Actually it solves less than half of the problem since it is not clear what goal/outcomes the consumer is trying to reach (see our General Comment and response to Question 4).  If the PEPP product targets a pension pot as the risk free investment and the consumer opts for buying an annuity at retirement then the consumer is faced with a large conversion risk. This problem was identified in the consultation paper, but the need to flexibly manage the conversion risk is just a consequence of bad design. The problem is that there is no overall design which means that the accumulation phase is not connected with the decumulation phase.	Partially agreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase



			Any solution should be able to cater for those people who have retired but, for a number of reasons, want to work part-time after the state retirement age.	
1,025 .	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 20	<p>Considering the main objectives of PEPP a life-long annuity should be the default option for the decumulation phase. It should, however, be the providers’ choice how to create the various features of this default option.</p> <p>Complementary biometrical components or complementary components for the decumulation phase should be possible - as long as they comply with the overarching objective of a standardised pension product which is easy to understand for the consumer and also suitable for online-distribution.</p>	Disagreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase
1,026 .	Deutsche Bank	Question 20	Forms of decumulation should be kept flexible. Traditional and variable annuity concepts, temporary payout plans should be foreseen as well as the option for one time redemption at the end of the saving phase.	Agreed
1,027 .	EFAMA	Question 20	<p>We understand EIOPA’s recommendation to leave some elements flexible to ease the integration of the PEPP into the various retirement systems in place across Europe. We agree in particular that the PEPP Regulation would not aim at standardizing national rules concerning the decumulation phase, in particular the retirement age and the choice of payout options (lump-sums, annuities, programmed withdrawals, etc.).</p> <p>However, as already explained, it is crucial to standardize the product characteristics in the most comprehensive way to allow PEPP providers to sell the same product across Europe. This is a necessary condition to open the door to scale economies and therefore to lower costs.</p>	<p>Agreed</p> <p>Agreed</p>

			<p>The experience with UCITS confirms that the flexibility given to Member States to apply national rules can seriously hamper the good functioning of the market. Indeed, although the UCITS products benefit from a passport, if a Member State imposes draconian marketing rules on certain UCITS products – what is allowed because the marketing rules have not been standardized by the UCITS Directive – they are de facto “banned” from sale in certain EU countries.</p> <p>We would also like to add that creating a highly standardized product does not necessarily require imposing a highly prescriptive regime of rules that would aim at regulating all product characteristics of the PEPP. A sufficient level of flexibility will need to be introduced in the Regulation to open up the possibility of product innovation. The experience with the UCITS Directive also confirms that it is possible to develop a regulatory regime that is sufficiently flexible while ensuring a high level of investor protection.</p>	<p>Agreed</p> <p>Agreed</p>
1,028	Fairr.de GmbH	Question 20	<p>Fairr.de takes the view that :</p> <ol style="list-style-type: none"> <li>1. Flexibility should be offered only where it enhances the performance of the core product, for instance to accommodate the good rules of different member states during the payout phase.</li> <li>2. Flexibility that translates into product bundles may obfuscate true cost structure and lead to misselling</li> </ol>	<p>Agreed</p>
1,029	Fédération Française des Sociétés d'Assurances (FFS)	Question 20	<p>We believe that PEPP providers should be allowed to design their PEPPs in line with their national practice and demand.</p>	<p>Agreed, the PEPP offers sufficient flexibility to accommodate different needs.</p>
1,030	Financial Services Consumer Panel	Question 20	<p>The notion of making the PEPP passportable from one Member State should be carefully considered in light of the functioning of the passporting regime for other products under existing Single Market legislation. Consumers should not be subjected to potential detriment</p>	<p>Partially agreed, EIOPA believes a "Product Passport" should</p>

			by providers who choose to base themselves deliberately in jurisdictions with supervisors who are less well-resourced. Product passporting should not be allowed if there are Member State regulators who are less well equipped to manage potential consumer detriment.	be based on a one-stop shop in the Home Member State incorporating a system of registration/notification and co-operation between competent authorities to allow for easy marketing in Host Member States.
1,031	FSUG	Question 20	Only to a limited extent as it might change the simple PEPP into a complex expensive low transparent product offering poor value-for-money.	Agreed
1,032	German Insurance Association (GDV)	Question 20	German insurers consider solutions for the decumulation phase as a necessary feature of PEPP and not as a voluntary flexible element. In our view, pay-out options should be addressed in any case. We believe that the default option of a PEPP should include a life-long annuity, while other options may include other pay-out structures. When considering options for retirement solutions, we would like to point to the fact that there are different types of annuities on the market. It is not the case that all annuities require consumers making a one-off investment or that pay-out is determined by such one-off investment and does not increase over time. There are annuity products with collective investment strategies and collective risk sharing that mitigate risks within the pool of PEPP holders and also over time. In such cases, the exact transaction time of buying the annuity does not play a role.	Noted, please see page 55 of the consultation paper on single market PPP of Feb 2016.

			<p>Including decumulation options would not only ensure that consumers benefit from steady income in retirement and that they do not risk running out of money when they get older than expected. The decumulation phase would also enable PEPP providers to invest in long-term assets and benefit from illiquidity premiums. The non-insurance PEPP providers would cooperate with insurers in order to be able to provide life-long annuities, as it is done now e. g. in Germany. Moreover, all providers can offer decumulation payments, while insurers are only needed to cover for the longevity risk.</p> <p>Regarding investment options where costs and charges are capped, it is unclear, why this should be explicitly included in the PEPP Regulation. In general, a sufficiently standardised PEPP, which is supposed to be sold cross border, will be competitive in costs and charges per construction. A pre-defined cost structure and cost cap would artificially narrow down and limit the supply and diversity of PEPPs.</p> <p>Considering the envisaged broad market for PEPP, German insurers find it necessary that the retirement date should be flexibly agreed between consumers and providers, respecting national provisions. In addition, offering biometric risk cover, e. g. for protection of dependants or protection against work incapability, is also an important element of many pension products.</p>	<p>Please see resolution in row 960</p> <p>Agreed</p>
1,033	Hristina Mitreva – member of OPSG, employees repre	Question 20	<input type="checkbox"/> More flexible elements related to the retirement age, different investment options where costs and charges are capped, flexible transition to decumulation in order to reduce the risk of buying an annuity in one transaction at an inopportune time and etc. would be offered by PEPP providers  <input type="checkbox"/>	<p>Agreed, but with regard to caps on costs please see resolution in row 960.</p>

1,035	Insurance Europe	Question 20	In principle, Insurance Europe believes that PEPP providers should be allowed to design their PEPPs by embedding other flexible elements, in line with their national practice/demand.	Partially agreed, EIOPA advises the PEPP should have the flexible elements mentioned on p. 6 of the consultation paper on single market PPP of Feb 2016
1,036	Intesa Sanpaolo Vita S.p.A.	Question 20	In order to encourage more EU citizens to save for retirement, providers should be allowed to underwrite agreement and partnership with companies, trade or other associations reducing costs and charges or giving them benefits.  In addition, there should be facilitation for young savers.	Noted, the PEPP regime does not prevent this.
1,037	KBC Asset Management NV	Question 20	The proposal at present prescribes that one of the five investment options should be a life-cycle option with de-risking as retirement approaches (unless there is minimum return alternative). It also prescribes that the PEPP should at least contain one investment option where the PEPP holder is not required to make any further investment decisions. The proposals also seems to equate this option with the lifecycle fund ("this effectively means that this investment option should include a lifecycle strategy and should therefore contain an element of de-risking). While one of the five options could be a 'plain' life-cycle fund, the possibility to introduce some flexible elements in the alternative options should be maintained.  I see that primarily in the post-accumulation retirement phase. At that there are some important actions and decisions to be taken, for instance (not exhaustive): the decision on lump sum versus regular payments (eventually keeping in mind average life expectancy = objective criterium) ; subjective criterium: the individual customer's wishes. Some people will see the PEPPs outcome as a bonus wrt. other	Partially agreed, instead of prescribing in detail the investment strategies that must be used in the default, EIOPA believes that, in order to be admissible, all investment options in PEPPs (the default option especially) must protect consumers from

			<p>savings &amp; investments. Others will see this as the penultimate (after the pension furnished by the home state) pension pot which means players have to act carefully with these essential holdings:</p> <p>1) If the individual PEPPs holder opts for life time payments (after retirement or starting at a predefined date), enough provisions have to be made (including a reserve for difficult unexpected market conditions).</p> <p>2) If the individual PEPPs holder opts for payments limited in time, he has to be (made) aware that a) his capital will be reduced to zero normally at the end of that period and b) that a serious chance of incurring a timely end to regular income exists.</p>	<p>inappropriate risk exposure through adequate and systematic re-balancing of asset allocation as they approach retirement or other appropriate means (i.e. guarantees).</p>
1,038	Legal & General Group plc	Question 20	We do not have anything further to add at this stage to the options presented.	Noted
1,039	Ministry of Finance of the Czech Republic	Question 20	Is the intention of the EIOPA to create a taxative list of flexible elements or to leave it up to the national regulators/institutions? We do not oppose the taxative list, however, it is worth mentioning the more flexible elements will be introduced the less comparable the product will be.	Agreed
1,040	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 20	<p>EIOPA should take account of the recent 'pensions freedom' reforms in the UK, introduced in April 2105, which give pension savers over age 55 complete freedom over how to use their pension pot.</p> <p>The requirement to turn the pension pot into an annuity has been removed, and we can now expect savers to use drawdown, to take some or all of the pot as cash, or simply to leave it invested.</p> <p>NAPF research indicates that, at present, only 24 per cent of savers expect to use some or all of their pot to buy an annuity, so EIOPA should avoid making policy based on the assumption that the annuity will be the principal method of 'decumulation'.</p>	Noted

1,041	Nationale-Nederlanden Group	Question 20	No This is the answer to the question on p.39: Q20 : Do stakeholder's believe that other flexible elements could be offered by PEPP providers? (as this is a different question than the one in Annex 3 on p.51)	Noted
1,042	PensionsEurope	Question 20	We believe that other flexible elements could be offered by PEPP providers. Offering additional biometric risk cover, e.g. disability or death should be allowed for insurers and IORPs.	Noted Agreed
1,043	Previnet outsourcing Solutions	Question 20	An opt-out before NRA option might be considered	Noted
1,045	The Association of International Offices (AILO)	Question 20	Provided that a flexible choice of benefit form at retirement is incorporated we cannot see need for (nor are able to identify) any other options that would add value for the client.	Agreed
1,046	The Danish Insurance Association	Question 20	It is extremely important to ensure that the regulatory framework for PEPPs does not hinder product innovation. The regulatory framework must be flexible enough to allow PEPP providers to offer – and to develop new – flexible elements. Consumers should be able to benefit from product innovation. Otherwise PEPPs risk becoming outdated quite soon as a result of market development.  Options for decumulation is one element that should be left to the provider to decide as national tax rules vary much, creating very different incentives. For example, in Denmark there is a tax deductible on contributions if you have a life annuity or a phased withdrawal pension (regular pension payments made for a fixed period of time, e.g. 10 years) but there is no tax deductible if you have a lump sum pension contract. Thus, it should be possible for the provider to design the PEPP so that advantage is taken of national tax incentives for the	Agreed  Agreed

			benefit of the policy holder.	
1,047	The investment association	Question 20	We have already outlined above the limits to standardisation of the PEPP and that this does not create problems, in our view, for the PEPP. On the contrary, individual PEPP providers should have some flexibility in product design – competition should be on product quality as well as price. To suggest otherwise implies that there is no value in a PEPP beyond any standardised approach. A better understanding of the target market in each country will illustrate which additional product features are desirable.	Agreed
1,048	Vanguard Asset Management, Limited	Question 20		
1,049	VOIG	Question 20	<p>We understand EIOPA’s recommendation to leave some elements flexible to ease the integration of the PEPP into the various retirement systems in place across Europe. We agree in particular that the PEPP Regulation would not aim at standardizing national rules concerning the decumulation phase, in particular the retirement age and the choice of payout options (lump-sums, annuities, programmed withdrawals, etc.).</p> <p>To our mind it is crucial to standardize the product characteristics in the most comprehensive way to allow PEPP providers to sell the same product across Europe. This is a necessary condition to open the door to scale economies and therefore to lower costs.</p> <p>The experience with UCITS confirms that the flexibility given to Member States to apply national rules can seriously hamper the good functioning of the market. Indeed, although the UCITS products benefit from a passport, if a Member State imposes draconian marketing rules on certain UCITS products – what is allowed because the marketing rules have not been standardized by the UCITS Directive – they are de facto “banned” from sale in certain EU countries.</p> <p>We would also like to add that creating a highly standardized product</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p>



			does not necessarily require imposing a highly prescriptive regime of rules that would aim at regulating all product characteristics of the PEPP. A sufficient level of flexibility will need to be introduced in the Regulation to open up the possibility of product innovation. The experience with the UCITS Directive also confirms that it is possible to develop a regulatory regime that is sufficiently flexible while ensuring a high level of investor protection.	
1,050 .	VVO	Question 20	In principle, PEPP providers should be allowed to design their PEPPs by embedding other flexible elements, in line with their national practice/demand.	Partially agreed, EIOPA advises the PEPP should have the flexible elements mentioned on p. 6 of the consultation paper on single market PPP of Feb 2016
1,051 .	Vzbv	Question 20	We need an open market option for the retirement phase, so consumers can choose who has the best offer to transform the accumulated capital in an – at least constant – payout. Of course the retirement phase has also to be created as a default. This must be a mandatory component when a continuous payout is requested under national law.	Noted  Disagreed, EIOPA believes the accumulation phase of the PEPP must be followed by a decumulation phase. EIOPA does not advise to regulate the decumulation phase at EU level.
1,052 .	WIT	Question 20	Some possibilities include	

			<p>(i) Increase, reduce, suspend &amp; resume contributions</p> <p>(ii) Portability across employments, self-employment and national borders</p> <p>(iii) Reckonability as security for credit (would need to consider carefully what this involve so this option perhaps could await further study and form part of a PEPP 2)</p> <p>(iv) Designation of some/all of decumulation for a spouse rather than for the contributor and thus postpone the commencement of the decumulation phase</p> <p>(v) Partition in the event of a divorce or comparable life event</p> <p>Further brainstorming is needed here. The initial product offering could be viewed as a beta version with customer experience and preferences shaping the product's evolution.</p>	<p>Agreed</p> <p>Agreed</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>
1,053	Working Group on Shariah financial and insurance p	Question 20	Accumulated money should be allowed to be used in other ways conform to Shariah, to produce long term income for pensioners. So it may be invested in trusts based on Solidarity in a Shariah compliant way. Also it may be used to be invested in Real Estate for personal use, in (Islam) building cooperatives, in leasehold lands or in life annuities with entry in the real estate registry.	Disagreed, EIOPA believes the accumulation phase of the PEPP should be followed by a decumulation phase. EIOPA does not propose to regulate the decumulation phase at EU level.
1,054	Zurich Insurance Group	Question 20	This would seem to make sense – but must not impose additional layers of costs on providers on top of the regulatory existing process for cross-border business i.e. it should be in place of existing cross-	Agreed

			<p>border notifications for life assurance providers. The important element is not the “passport” itself but the interaction between multiple regulators as a product is taken to market.</p> <p>Requiring a “product passport” does help ensure a level playing field with other competitors who may enter this market from outside the financial services sector.</p>	
A.	EIOPAs Occupational Pensions Stakeholders Group	Question 21	<p>The proposed concept of “product passport” comprising notification and registration of PEPPs is a positive step towards a Single Market for personal pension products.</p> <p>However, the “product passport” concept cannot be fully assessed, given that EIOPA does not address the following key issues:</p> <ul style="list-style-type: none"> <li>- Information to notify the host member state authority</li> <li>- Authorisation procedure, either based on the notification or on a subsequent authorisation from the host member state authority</li> </ul> <p>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.</p> <p>In order for passporting to work, it is essential that all member states have robust approaches to dealing with potential consumer detriment.</p>	<p>Partially agreed, please see p. 67 and onwards of consultation paper on single market PPP of 1 Feb 2016</p> <p>Disagreed, EIOPA believes further analysis is needed in this field but at the same time believes the introduction of one solvency regime does not seem feasible or proportionate</p>
B.	Insurance and Reinsurance Stakeholder	Question 21	<p>Do stakeholders agree with the concept of a “product passport” comprising notification/registration of PEPPs? If not what alternative would they suggest?</p>	

	Group (IRSG)		<p>The concept of an EU product passport, consisting of notification and registration of PEPPs is a step in the right direction towards a Single Market for PEPPs. However, EIOPA does not address the following key issues with this concept:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> A duty to notify the host member state authority</li> <li><input type="checkbox"/> Authorisation procedure, either based on the notification or on a subsequent authorisation from the host member state authority</li> <li><input type="checkbox"/> The language applicable to the procedure</li> </ul> <p>The product passport is appropriate if there is a level playing field between different types of PEPP providers. This means that the Solvency II framework should be applicable to all PEPP providers offering products with minimum return guarantees and/or biometric risk coverage. However, we note that Solvency II will need to be amended to better reflect insurers' ability to manage market volatility in the long-term, so that these products become viable.</p> <p>Moreover, with regard to the EU product passport, EIOPA should refrain from introducing procedures which would require authorisation at product level.</p>	Agreed, please see p. 67 and onwards of consultation paper on single market PPP of 1 Feb 2016
1,055	aba – Arbeitsgemeinschaft für betriebliche Altersv	Question 21	<p>This is again a question of detail.</p> <p>No. We do not agree with the concept of a „product passport“ because we cannot see the necessity nor the benefit. We think that the freedom of services should allow providers to offer pension products in other European countries, but we cannot see a consumer demand for a PEPP. We are convinced that a product passport would not enhance the demand. Moreover we see the language barrier as an important handicap for the EU-wide marketing and distribution and also believe that different currencies constrict the PEPP.</p>	Noted Disagreed, please see p. 67 and onwards of the consultation paper on single market PPP of 1 Feb 2016
1,056	ACA	Question 21	<p>Yes, we agree with the concept of a product passport and we suggest to base this concept on the existing rules governing the FOS regime of insurance companies.</p>	Partially agreed, please see p. 67 and onwards of the consultation

				paper on single market PPP of 1 Feb 2016
1,057	Af2i Association française des investisseurs insti	Question 21	Af2i agrees with EIOPA proposition. Nevertheless, product passport should be delivered outside European countries only if there is reciprocity in the third countries	Agreed, but please see p. 67 and onwards of the consultation paper on single market PPP of 1 Feb 2016
1,058	AFG	Question 21	AFG supports the concept of "product passport". If there are countries specifics for PEPPs, the host country has to make them transparent. EIOPA could play a role on information on country specifics.	Agreed
1,059	Allianz	Question 21	We totally disagree with any product passport or licensing (abolished in the EU as of July 1st, 1994). Instead, company authorizations (as discussed under Q1) should include the option to issue PEPPs.	Partially agreed, EIOPA advises not to design a stand-alone authorisation regime, but to respect the limits of the authorisation that are in place, which may or may not allow entities to issue PEPP
1,060	ANASF	Question 20	Yes, we agree with a notion of "product passport" encompassing the notification/registration of PEPPs. Indeed, we consider that this broad notion would foster supervision and contribute to an effective level playing field among providers.	Agreed

1,061	APFIPP – Associação Portuguesa de Fundos de Invest	Question 21	APFIPP agrees with EIOPA proposal for a «product passport» comprising notification/registration of PEPPs.	Agreed
1,062	Association for Financial Markets in Europe (AFME)	Question 21		
1,063	Association of British Insurers	Question 21	<p>The ABI would support for the PEPP to come with a high level of consumer protection, regardless of which provider offered the product, which can be achieved through current EU legislation (CRD IV, Solvency II, IORP Directive and MiFID). However, it is essential that these rules are also extended to non-regulated EU institutions to prevent consumer protection from being compromised.</p> <p>In addition to this, the ABI has some concerns regarding the potential risk of fraud and misselling, particularly if non-regulated EU institutions sold the PEPP. It would be helpful if EIOPA could elaborate on how they would avoid this happening.</p> <p>It would also be helpful if EIOPA could further expand on what would happen in instances of where there was a dispute (i.e. what the process to resolve this would be), as this has not been addressed.</p> <p>Finally, further clarity needs to be given as to what would happen to the taxation treatment of the PEPP if a consumer moved from one member state to another.</p>	<p>EIOPA advises that only EU regulated providers should be allowed to develop and market PEPPs</p> <p>Please see p. 25 of the consultation paper on single market PPP of 1 Feb 2016</p> <p>Noted</p>
1,064	Assofondipensione , Assoprevidenza and Mefop	Question 21	Do stakeholders agree with the concept of a “product passport” comprising notification/registration of PEPPs? If not, what alternative would they suggest?	Agreed

			<p>Generally we share EOPA proposal to make more easy the authorization process relating to cross-border activity, in order to facilitate worker mobility, but the possibility to operate cross-border only on the base of his national authorization, without any control possibility for member states where PEPP operate, propose again dumping problems already mentioned (see particularly answer to question 2).</p> <p>We stress again our preference for the other approach suggested in the Commission Call for Advice of July 2014: definition of a legal framework as uniform as possible for individual pension</p> <p>Plans (or, at least, the principal ones) actually sold and the issue of a specific authorization for cross-border activity for their providers. To improve efficiency of existing products seems the best solution to strengthen the multi-pillar approach and to facilitate supplementary pensions, in comparison to offer a new kind of product with characteristics uncertain under the aspect of consumer protection.</p>	Disagreed, please see annex I of consultation paper on single market PPP of 1 Feb 2016
1,065	Assogestioni	Question 21	<p>Do stakeholders agree with the concept of a “product passport” comprising notification/registration of PEPPs? If not what alternative would they suggest?</p> <p>We agree with the concept of a product passport, allowing PEPP providers to distribute the product in other Member States.</p>	Agreed
1,066	BIPAR	Question 21	The interaction of a product passport and the IDD passport should be further assessed.	Agreed
1,067	Blackrock	Question 21	As mentioned above we recommend taking into account the best practice characteristics of European passporting regimes. AIFMD is the most advanced model and simplest to operate. It is important that the passport is not undermined by a raft of domestic marketing rules, as otherwise the product will find it difficult to compete with national Pillar	Agreed

			2 products. .	
1,068 .	Cardano Risk Management	Question 21	We support the idea of a “product passport”. The concept of a European passport already exists for insurance companies and some IORP vehicles.	Agreed
1,069 .	Deutsche Aktuarvereinigung (DAV) – German Associat	Question 21	A “product passport” for PEPPs could be reasonable and encourage cross-border distribution. Costs and benefits should be taken into account.	Agreed
1,070 .	Deutsche Bank	Question 21	We agree with the concept of a “product passport” comprising notification/registration of PEPPs.	Agreed
1,071 .	EFAMA	Question 21	<p>The concept of a product passport</p> <p>Following the approach taken in the UCITS Directive, the PEPP Regulation should contain a product passport regime, under which the provider of a PEPP can market a PEPP to retail investors in Member States other than its home Member State, upon notification to its home regulator in accordance with the process set out in the regulation.</p> <p>Similar to an entry/exit stamp that is placed in a passport to validate travel, the product passport in the PEPP regulation would build on the “PEPP label”. Compliance with the labelling features would authorise the distribution of PEPPs across the EU to retail investors.</p> <p>The responsibility of Member States</p>	<p>Agreed</p> <p>Agreed</p>



		<p>Home Member State supervisors would be responsible for ensuring PEPPs meet all the requirements of the regulation at all times. Where a PEPP is marketed in other Member States, it would be the home Member State supervisor's responsibility to pass on all relevant information to the host Member State supervisors, at which point the PEPP could be distributed in that country. The duties of the host Member State should be limited to having systems in place to receive notification.</p> <p>The voluntary character of the EU passport</p> <p>The concept of an EU passport for a PEPP refers to the uniform rules that should apply to all PPPs that wish to market themselves as PEPPs. Personal Pension Products that do not wish to market themselves as PEPPs should not be bound by these rules.</p> <p>The PEPP regulation would provide for a PEPP passport for marketing to retail investors across the EU, based on the notification procedures for cross-border marketing PEPPs specified in this regulation.</p> <p>The intention behind the Regulation is to enable EU-authorized providers to market PEPPs to retail investors across the EU.</p> <p>The EU register</p> <p>EFAMA welcomes EIOPA's idea to create a centralised EU Register in order to facilitate the access to the host member states' markets. It is our understanding that the EU Register would exempt any requirement to the provider to notify the host member state.</p>	<p>Agreed</p> <p>Agreed, EIOPA believes however the introduction of one solvency regime does not seem feasible or proportionate.</p> <p>EIOPA endorses product notification in the case of cross-border marketing of PEPP. Nevertheless, a centralised EU register would be a useful tool in this process.</p>
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			<p>EFAMA sees the EU register as a database centralised at EIOPA where national authorities would register the PEPPs they have authorised. Perhaps more ambitiously, thought could be given to streamlining the method of product authorisation by making the/an ESA responsible for the authorisation of the product. Once authorisation is approved, the ESA could be admitted to the EU register and receive automatic registration in all Member States</p> <p>This database would be publicly accessible and could, at a later stage, serve as an information platform for consumers to consult and compare the PEPPs by consulting the pre-enrolment information document.</p>	
1,073	Fairr.de GmbH	Question 21	<p>Fairr.de agrees that :</p> <ol style="list-style-type: none"> <li>1. Passporting is the right means to enable EU market access for nationally regulated providers</li> <li>2. National supervisory authorities should grant passports to nationally regulated entities if these comply with the EU legislation.</li> <li>3. Registration of PEPP in a publicly accessible online registry enhances trust in the individual products.</li> </ol>	<p>Agreed, following this consultation EIOPA developed the view that only EU regulated providers should be allowed to develop and market PEPPs</p>
1,074	Fédération Française des Sociétés d'Assurances (FFS)	Question 21	<p>Product passport is relevant if there is a level play field between all (types of) PEPP providers. This means that the PEPP should enjoy an appropriate prudential treatment under the relevant framework (ie. Solvency II), taking account of the long-term nature of the product and the ability of insurers to manage market volatility in the long term.</p> <p>The same prudential standards should apply to all providers.</p>	<p>Disagreed, EIOPA believes the introduction of one solvency regime does not seem feasible or proportionate.</p>
1,075	Fidelity International	Question 21	<p>We agree with the concept which is understood and works well in the UCITS regime .</p>	<p>Agreed</p>

1,076	Financial Services Consumer Panel	Question 21	Yes, regulatory arbitrage should be avoided.	Agreed
1,077	FSUG	Question 21	Certainly, yes.	Agreed
1,078	German Insurance Association (GDV)	Question 21	Whether German insurers agree or disagree to such a concept would depend on the requirements and the process to receive a passport. The definition of this process should respect on the one hand safety needs for consumers, and limiting administrative burden and cost for providers on the other hand.	Noted Agreed
1,079	Hristina Mitreva – member of OPSG, employees repre	Question 21	<input type="checkbox"/> The introduction of a “product passport” is a very important solution to support cross border marketing of PEPPs and to facilitate the activity of the providers of PEPPs.	Agreed
1,081	Insurance Europe	Question 21	<p>The proposed concept of “product passport” comprising notification and registration of PEPPs is a positive step towards a Single Market for personal pension products.</p> <p>However, the “product passport” concept cannot be fully assessed, given that EIOPA does not address the following key issues:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Information to notify the host member state authority</li> <li><input type="checkbox"/> Authorisation procedure, either based on the notification or on a subsequent authorisation from the host member state authority</li> <li><input type="checkbox"/> Language applicable to the procedure</li> </ul> <p>Furthermore, the product passport is relevant if there is a level play field between all (types of) PEPP providers.</p>	Please see resolutions in row 1072

1,082	Intesa Sanpaolo Vita S.p.A.	Question 21	We agree with the concept of an EU « product passport » comprising notification/registration of PEPPs.	Agreed
1,083	KBC Asset Management NV	Question 21	We do agree	Agreed
1,084	Legal & General Group plc	Question 21	As we have already stated in our answer to question 1, we agree with the concept of a product passport allowing for free cross-border marketing of PEPPs.	Agreed
1,085	Mercer	Question 21	We would be supportive of the development of a passporting mechanism for the notification and registration of PEPPs. We think this would be supported by providers and others in the industry, and by multinational employers.	Agreed
1,086	Ministry of Finance of the Czech Republic	Question 21	We agree with the concept of a « product passport » provided that the product would be authorised (registered, licensed, fulfilling) and that the provider would be registered in a national evidence (for the supervisory purposes). All of the providers that have been registered by PEPP providers (see Q1) could apply to the supervisory authority to have their product authorized/licensed/registered as PEPP. Only a PEPP meeting these conditions could be provided cross-border.	Partially agreed, EIOPA does not advise on a stand-alone authorisation regime for providers
1,087	NATIONAL ASSOCIATION OF PENSION FUNDS (NAPF)	Question 21	<p>The NAPF would support the creation of a 'product passport'.</p> <p>One key issue that is not adequately explained is how the tax treatment of a PEPP would be handled. Would savers investing in a PEPP based in another Member State get tax relief based on the pensions tax regime of the scheme's home Member State or their own country? And what would happen if a PEPP saver moves from one Member State to another ?</p> <p>These are key considerations that require clarification at the next stage</p>	<p>Agreed</p> <p>Noted</p>

			of the policy-making process.	
1,088	PensionsEurope	Question 21	<p>Do stakeholders agree with the concept of a “product passport” comprising notification/registration of PEPPs? If not what alternative would they suggest?</p> <p>If there are country specifics for the PEPP, the host country has to make these specifications transparent. EIOPA could play a role in this regard.</p>	Agreed
1,089	Previnet outsourcing Solutions	Question 21	<p>The « product passport » is a good concept.</p> <p>It should come along with random (and real) supervision. Where supervision means – also – ask in a face to face interview to the PEPPs owner how they have been treated.</p>	Agreed
1,091	State Street Corporation	Question 21	<p>We agree that a standardised pension offering would benefit from an EU passport to ensure such products can be effectively marketed across different member states. Use of a passport system under other legislation has generally worked well, as evidenced by the UCITS regime.</p>	Agreed
1,092	The Association of International Offices (AILO)	Question 21	<p>In principle AILO would agree with the concept of a product passport. As we have stated, absent resolution of key non-harmonised issues we believe it would be of limited value in encouraging cross border business especially on a Freedom of Services basis.</p>	Noted
1,093	The investment association	Question 21	<p>As we have alluded to in some of our previous answers, we recommend taking into account the best practice characteristics of European passporting regimes.</p>	Agreed, please see p. 67 and onwards of consultation paper on single

			<p>As with the UCITS Directive, the PEPP Regulation should contain a product passport regime, under which the provider of a PEPP can market a PEPP to investors in Member States other than its home country, upon notification to its home regulator in accordance with the process set out in the regulation.</p> <p>The product passport in the PEPP regulation would build on the “PEPP label”, compliance with the features of which would authorise the distribution of PEPPs across the EU to investors.</p>	market PPP of 1 Feb 2016
1,094 .	Vanguard Asset Management, Limited	Question 21	<p>Do stakeholders agree with the concept of a “product passport” comprising notification/registration of PEPPs? If not what alternative would they suggest?</p> <p>Vanguard agrees with the concept of a “product passport” comprising notification and registration of PEPPs and PEPP providers. This should allow for PEPP providers to register and market PEPPs to retail investors in all Member States after having registered in any Member State.</p> <p>We also agree with the suggestion of creating a centralised register where PEPPs could be registered before being offered across Member States. Presumably, this register could be facilitated through a central, public database enabling central registration and a mechanism for consumers to effectively compare and contrast available PEPPs.</p>	Agreed, please see p. 67 and onwards of consultation paper on single market PPP of 1 Feb 2016
1,095 .	VPB	Question 21	We do support the introduction of a « product passport » in conjunction with the launch of PEPPs. Registration and « issuance » of this respective passport should be carried out by national authorities.	Agreed
1,096 .	Vzbv	Question 21	The product passport is not enough. A central authority is needed to supervise the fulfilment of the product requirements including capital	Partially agreed, Please see ch.

			requirements and information obligations.	4.3 of the consultation paper on single market PPP of 1 Feb 2016
1,097	WIT	Question 21	Yes and particularly if they are being sold online. The equivalent of a CE mark is required. In essence public policy is set to endorse this product and is disposed to facilitate the marketing of it to a significant section of the adult population in the EU and to provide a legal framework for the market on a pan European basis. A quid pro quo for this policy boost is the certification of the product's safety and trustworthiness.	Agreed
1,098	Working Group on Shariah financial and insurance p	Question 21	We definitely support the concept of a European register and a passport to enter other markets easier and to provide a European standard. This will also lead to a increasing confidence among consumers.	Agreed