PENSIONS EUROPE

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PensionsEurope comments to EIOPA Consultation Paper on ITS regarding the format of supervisory reporting and the cooperation and exchange of information between competent authorities for the PEPP

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PensionsEurope comments to EIOPA Consultation Paper on Implementing Technical Standards regarding the format of supervisory reporting and the cooperation and exchange of information between competent authorities for the Pan-European Personal Pension Product (PEPP)

General comments

Overall, the reporting obligations and templates under consultation seem in line with the current reporting obligations of some potentially-eligible PEPP providers in certain Member States, and much less with others.

PensionsEurope supports the aim of EIOPA to have comparable and relevant information on PEPPs and agrees that, for the purposes of facilitating the effective supervision of compliance with the PEPP Regulation, it is appropriate to establish the templates for the submission of quantitative information by the PEPP providers to the competent authorities. However, while we understand that an appropriate level of detail of the information is crucial for the implementation of a risk-based supervisory review process and product-level supervision, we also want highlight that reporting requirements always imply costs for pension providers.

In our opinion, the PEPP reporting requirements should be as close as possible to current supervisory reporting used for national personal pension products and occupational pension schemes to avoid useless additional workload and related costs for savers. In this perspective, the supervisory reporting should be sufficiently broad and granular to cover those data that must already be reported at the national level for personal pension products. Appropriate supervisory reporting standards would reduce the *ad-hoc* requests of information between competent authorities, thus avoiding to PEPP providers the further efforts required by the provision of additional information. Moreover, to ensure a comprehensive supervision of PEPP, we highlight the importance to put in place an adequate exchange of information between Home and Host Competent Authorities and EIOPA. Ideally, the provision of Art. 17(2) should become the “business as usual” for the supervisory reporting of PEPP and not an option to be agreed between competent authorities.

All in all, we believe that the consultation paper and the annexed impact assessment do not analyze and detail enough the impacts that these new reporting standards would have on the different eligible PEPP-providers. The PEPP Regulation requires that the reporting requirements reflect the nature, scale and complexity of the business of the PEPP provider concerned, and in particular the risks inherent in that business. This implies that EIOPA’s analysis should consider the differences between providers, investigating the current highly divergent national approaches to product supervision, and providing more details on the (different) administrative efforts and costs needed to comply with these standards. The European Commission, in the Impact Assessment accompanying the PEPP Regulation, recognized that the administrative burden would depend on the supervision of PEPP providers at national level, as the PEPP is a new product category added to the existing portfolio of products provided by pension funds, insurers, investment firms, asset managers and banks, all subject to regulatory oversight by national competent authorities under existing regulatory frameworks.

Therefore, the impact on providers would be different, depending on the current supervisory framework applicable to a given provider. Moreover, as the reporting of national personal pension products is not subject to harmonized EU rules, the efforts needed to adapt national reporting standards to these rules will be considerably different from one country to the other. In certain countries, the reporting requirements set in the template are very different from the current national requirements, thus leading to additional reporting requirements and information flows for pension funds.

EIOPA should also consider the potential consequent impacts on the PEPPs market uptake, as certain providers might have much higher costs than others and would therefore not enter the market because of the high costs implied by the adaptation of overlapping reporting obligations among PEPP and local products through which providers may instrument PEPPs. Such overlap may entail duplicating compliance efforts, thus increasing the costs of those entities wishing to enter into the PEPP market. Again, a proper assessment is missing from the analysis.

Specific comments:

a. Comments on article 17

We agree that the supervisory reporting should be made on an annual basis and we support the policy option taken by EIOPA.
We believe that this option avoids an excessive burden on PEPP providers and allows EIOPA to properly conduct its product supervision.

b. Comments on Annex I

PP.52.01.01 - In EIOPA's Impact Assessment (1.62) EIOPA proposes the reporting split between Basic PEPP and Alternative Investment Options. However, we note that the template does not specify what information on costs should be submitted for the Alternative Investment Options (PEPP variant “2”, as provided by the instructions in Annex II). EIOPA should clarify whether a PEPP provider offering e.g. 5 Alternative Investment Options is expected to complete this template including:

(i) An aggregate figure of costs for the available Alternative Investment Options; or
(ii) An individual figure of costs for each Alternative Investment Option (adding a row for each of them and detailing the costs related thereto).

Furthermore, as regards distribution costs (C0040 and C0050), both in the event of Basic PEPP and Alternative Investment Options, it should be clarified whether EIOPA expects the template to be completed with an aggregate figure considering all distributors/distribution strategies (either calculating an average or otherwise) or splitting figures for each of them.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes. PensionsEurope has **24 member associations** in 17 EU Member States and 4 other European countries[1].

PensionsEurope member organisations cover different types of workplace pensions for over **110 million people.** Through its Member Associations PensionsEurope represents more than **€ 4 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **26 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

What PensionsEurope stands for

- A regulatory environment encouraging workplace pension membership;
- Ensure that more and more Europeans can benefit from an adequate income in retirement;
- Policies which will enable sufficient contributions and good returns.

Our members offer

- Economies of scale in governance, administration and asset management;
- Risk pooling and often intergenerational risk-sharing;
- Often “not-for-profit” and some/all of the costs are borne by the employer;
- Members of workplace pension schemes often benefit from a contribution paid by the employer;
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment;
- Good governance and alignment of interest due to participation of the main stakeholders.

[1] EU Member States: Austria, Belgium, Bulgaria, Croatia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden. Non-EU Member States: Iceland, Norway, Switzerland, UK.

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