

PEPP outcome – final text at glance

1	Key issues	Final outcome
Basic PEPP (Art. 45)	<ul style="list-style-type: none"> • Safe product to be designed on the basis of a guarantee on the capital or a risk mitigation technique consistent with the objective to allow savers to recoup the capital 	
Fee cap (Art. 45)	<ul style="list-style-type: none"> • The costs and fees for the Basic PEPP shall not exceed the 1% of the accumulated capital per annum. • EIOPA to develop draft technical standards specifying the type of costs and fees to be included in the cap, taking into account the long term nature of the product • Commission to review the adequacy of the % value and potentially amend it with a view to allow appropriate market access for PEPP providers 	
Risk Mitigation Techniques (Art. 46)	<ul style="list-style-type: none"> • Designed to build up a stable and adequate individual future retirement income and ensure a fair treatment of all generations of PEPP savers • To be sound, robust and consistent with the risk profile of the corresponding investment option. • Techniques may include provisions: <ul style="list-style-type: none"> ▪ For gradually adapting the investment allocation to mitigate financial risks of investments for cohorts corresponding to the remaining duration (life-cycling); ▪ Establishing reserves from contributions or investment returns, which shall be allocated to PEPP savers in a fair and transparent manner to mitigate investment losses; ▪ For using appropriate guarantees to protect against investment losses • EIOPA to draft RTS (upon consultation with the other ESAs and industry testing) 	
Portability (Art. 18 – 21)	<ul style="list-style-type: none"> • Each PEPP to offer national sub-accounts <u>in at least two Member States</u> three years after the entry into application • Portability service can be ensured through partnership agreements • Switching free of charge and the possibility to contribute to the last sub-account opened need to be guaranteed by the PEPP provider if the sub-account is not available in the Member State of choice of the PEPP saver 	
Provision of advice (Art. 34)	<ul style="list-style-type: none"> • Mandatory advice for all PEPPs (on the basis of the definition of advice as per MiFID2) – including personalised pension benefit projections for the recommended product • Advice can be provide through an automated or semi-automated system 	
Distribution (Art. 23)	<ul style="list-style-type: none"> • <u>Sectorial legislation</u> applicable to different types of providers and distributors 	

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Forms of outpayments, modification and retirement planning (Art. 58- 60)	<ul style="list-style-type: none"> PEPP providers may make available a number of forms of outpayments (annuities, lump sum, drawdown payments) for PEPP savers to choose from Member States can however adopt measures to privilege particular forms of payout as well as quantitative limits to lump sum
Registration (Art. 5)	<ul style="list-style-type: none"> National Competent Authorities are responsible for the registration of a PEPP. The decision of registration should be communicated to EIOPA .
EIOPA product intervention powers (Art. 63)	<ul style="list-style-type: none"> EIOPA has product intervention powers in case of a PEPP having detrimental effects on the efficiency of financial markets or on savers
PRIIPs KID (Art. 26)	<ul style="list-style-type: none"> Stand-alone document, clearly separate from marketing materials – separate KID to be drawn up for the Basic PEPP Inclusion of past performance covering a minimum of 10 years EIOPA to work on Level 2 measures
PEPP Benefit Statement (Art. 36)	<ul style="list-style-type: none"> This includes information on contributions paid by the PEPP saver over the previous 12 months, including a breakdown of costs incurred directly and indirectly and information on past performance EIOPA to work on Level 2 measures
Inclusion of IORPs (Art. 6)	<ul style="list-style-type: none"> IORPs which are authorised and adequately supervised to provide personal pension products are included in the scope. All assets and liabilities corresponding to the PEPP provision business to be ring-fenced.
Switching (Art. 53 and 54)	<ul style="list-style-type: none"> Both domestic switching (to providers established in the same Member State) and cross-border switching (providers in different Member States) are allowed. The cost of switching from transferring PEPP provider to the PEPP saver for the closure of the PEPP account no more than 0,5 % of the corresponding amounts or monetary value of the assets-in-kind to be transferred.
ESG	<ul style="list-style-type: none"> PEPP providers are encouraged to consider ESG factors in investment decisions Information re ESG related factors should be disclosed in both the KID and Benefit Statement
Special rules for IORPs and AIFMs	<ul style="list-style-type: none"> IORPs and AIFMs to appoint a depository in relation to the safekeeping of the assets corresponding to the PEPP provision business following UCITS V rules (Rec. 57) There is also a special notification procedure for IORPs and AIFMs which intend to provide the PEPP within the territory of a Member State for the first time (Art. 15)

PEPP timeline - Level 1 & Level 2

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