



EUROPEAN
COMMISSION

Brussels, **XXX**
[...](2020) **XXX** draft

COMMISSION DELEGATED REGULATION (EU) .../...

of **XXX**

supplementing Regulation (EU) No 2019/1238 of the European Parliament and of the Council with regard to additional information for the purposes of the convergence of supervisory reporting

(Text with EEA relevance)

This draft has not been adopted or endorsed by the European Commission. Any views expressed are the preliminary views of the Commission services and may not in any circumstances be regarded as stating an official position of the Commission.

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

1.1. General background

Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) introduces an EU-wide complementary personal pension savings framework.

Europe's population is ageing. In 2060, for every retired person there will be on average only two people of working age, compared to four today. As a result, despite the important reforms carried out by many EU Member States, the sustainability and adequacy of pension systems in the Member States will be under increasing strain. In particular state-run pension systems are already under pressure.

More savings are necessary to complement retirement incomes from traditional state-run pension systems by supplementary pensions. To this end, the PEPP Regulation is an important milestone on the road to addressing the pension gap and achieving a pan-European market for personal pension products within the Capital Markets Union.

It provides consumers with an additional option to save for retirement. The PEPP Regulation lays down the foundations for a pan-European personal pension market, by providing standardised rules for the core product features, such as transparency requirements, advice, investment rules, switching right, type of investment options, and type of out-payments.

1.2. OBJECTIVES

In accordance with the PEPP Regulation, this delegated Regulation aims to achieve the following objective:

1. to supplement the PEPP Regulation by specifying the additional information referred to in Article 40, with a view to ensuring to the appropriate extent convergence of supervisory reporting.

1.3. LEGAL BACKGROUND

This act supplements Regulation (EU) No 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) following the legal basis for empowerment provided to the Commission in Article 40(9) thereof. The choice of one legal instrument reflects the substantial links between the legal bases.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

This Act is based on technical advice provided by EIOPA, in accordance with Article 10(1) of Regulation (EU) No 1094/2010. Before submitting the technical advice to the Commission, EIOPA conducted an open public consultation from 2 December 2019 to 2 March 2020. Before the public consultation and EIOPA received joint opinions by its two stakeholder groups, Insurance and Reinsurance Stakeholder Group (IRSG) and Occupational Pension Stakeholder Group (OPSG). Further, EIOPA set up a consultative group of Expert Practitioners for the PEPP to discuss practical aspects of the developed ideas as well as exchanged views with the OECD and outstanding pension academics. On 24 February 2020, EIOPA organised a public hearing in which it sought stakeholder input. EIOPA also performed a cost-benefit analysis, which was included in the final report together with the

outcome of the public consultation and EIOPA's responses to stakeholders. EIOPA sent the final report with technical advice to the Commission on 14 August 2020.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

This Delegated Regulation aims to specify supplementary elements the PEPP regime that do not imply strategic decisions or policy choices. They complement the policy framework laid down in Regulation (EU) 2019/1238 with more details and clarifications for those elements covered by the empowerment.

Article 1 specifies the additional information for the convergence of supervisory reporting that competent authorities must gather.

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP)¹ and in particular Article 40(9), first subparagraph thereof,

Whereas:

- (1) Pan-European Personal Pension Product (PEPP) providers are subject to several Union and national sectoral legislation within the financial services field, and the corresponding sectoral reporting requirements to their competent authorities, including the European Supervisory Authorities. It is necessary to take a standardised approach as regards the information that is necessary for the purposes of supervision in addition to the information provided under the relevant sectoral law in order to mitigate the possibility of national divergent substantial additional reporting requirements. The Commission invited the European Insurance and Occupational Pensions Authority to provide technical guidance.
- (2) A standardised set of information is necessary for improved comparability and greater efficiency and to avoid double reporting linked to sectoral information requirements,

HAS ADOPTED THIS REGULATION:

Article 1

The additional information referred to in Article 40(1) to (5) of Regulation (EU) 2019/1238 shall include the following information:

- (a) a description of the risk management system of the PEPP provider, including its governance, for managing the risks deriving from PEPP products;

¹ OJ L 198, 25.7.2019, p. 1.

- (b) a description of the business pursued by the PEPP provider relative to the sector in which the PEPP provider operates, including the type of investments made and their management, whether the investments are active or passive, whether guarantees are offered or not, the implementation of risk-mitigation techniques, the size in terms of contributions and asset values, and a list comprising the home Member State of the PEPP provider and any host Member States of the PEPP provider;
- (c) the information on which written policies PEPP providers are to have in place addressing relevant risks;
- (d) information on the valuation principles applied for solvency purposes, where applicable;
- (e) an overview of the relevant risks pertaining or linked to the provision of PEPP and how the PEPP provider intends to manage those risks, including but not limited to financial and liquidity risks, market risks, credit risks, reputational risks and risks related to environmental, social and governance factors;
- (f) the information with regard to the capital structure of the PEPP provider, including capital ratios and levels of leverage;
- (g) information on contracts held by a PEPP provider, or regarding contracts entered into with third parties, including the obligations towards PEPP savers during the decumulation phase, or for the provision of PEPP sub-accounts.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President
Ursula von der Leyen