

Comment template for EIOPA’s Consultation Paper on the proposed approaches and considerations for EIOPA’s Technical Advice, Implementing and Regulatory Technical Standards under Regulation (EU) 2019/1238 on a Pan-European Personal Pension Product (PEPP)

**EIOPA-19-628
29 November 2019**

Please indicate very clearly if you do not consent to the publication of your response.

Key

The “No” column refers to the ordering of comments received by EIOPA

In the “Name” column, respondents should indicate their affiliation and Member State, where appropriate.

In the “Reference” column, the topic, section and page number should be inserted.

In the “Comment” column, respondents should insert their comments.

The “Processing” column i.e. the response to the feedback will be filled out by EIOPA.

No	Name	Reference	Comment	Processing
1.	ANASF ASSOCIAZIONE NAZIONALE CONSULENTI FINANZIARI (FINANCIAL ADVISORS) ITALY	Q1. Do you have any comments on the presentation of the information documents? Do you find the preliminary, illustrative examples of the mock-up PEPP KID and PEPP Benefit Statements are translating well the outlined objectives?	The illustrated information documents are both clear and give effective information to the customer/potential customer. However it will be essential to ensure that the multi-layer approach, when printed on paper, does not create huge, unreadable documents. A remaining issue, not directly linked to the KID and Benefit Statement is that the PEPP remains built of separate national compartments, which is hard to justify or understand for customers and will be likely to prevent portability and to	

			slow adoption of the PEPP. understand, an aspect that will probably prevent portability and slow down the use of PEPP.	
2.	ANASF ASSOCIAZIONE NAZIONALE CONSULENTI FINANZIARI (FINANCIAL ADVISORS) ITALY	Q2. Do you agree to approach the areas of risk/ rewards, performance and risk mitigation for the PEPP in a holistic manner?	Yes, we appreciate that these aspects are treated in a holistic way, considering the ultimate purpose of the PEPP, which is to guarantee sufficient income for citizens in the retirement period. A general approach is preferable to an exclusive assessment of all the underlying elements of the PEPP. We believe it is essential that the guarantees offered to the investor are made explicit: <ul style="list-style-type: none"> • Guarantees offered by the provider • Guarantees offered by a compensation scheme in case of provider default 	
3.		Q3. Do you agree to measure the risk inherent in PEPP as the dispersion of pension outcomes and to link it to objective of reaching at least the long-term risk-free interest rate?		
4.	ANASF ASSOCIAZIONE NAZIONALE CONSULENTI FINANZIARI	Q4. To ensure consistency in the application and comparability of the information on past performance, performance scenarios, pension	It is necessary that the information is comparable. However, it would be much better for EIOPA to identify which inputs and assumptions are needed, but to let product providers make and justify their own assumptions, otherwise the	

	(FINANCIAL ADVISORS) ITALY	projections, summary risk indicator and to assess the effectiveness of the applied risk-mitigation techniques - do you agree for EIOPA to set the key assumptions and inputs used for the necessary stochastic modelling?	products risk being regulation-driven at the detriment of innovation. For guarantees, see answer to Q2 above.	
5.	ANASF ASSOCIAZIONE NAZIONALE CONSULENTI FINANZIARI (FINANCIAL ADVISORS) ITALY	Q5. Do you agree that PEPP's product supervision requires one set of relevant information to carry out the duties of home and host supervisors as well as of EIOPA?	From the perspective of financial advisors it is important to have as wide a range of offerings as possible available to give citizens more choices. From that perspective, getting a streamlined supervision of PEPP products is likely to improve comparability and make cross-border provision easier, both positive points.	
6.	ANASF ASSOCIAZIONE NAZIONALE CONSULENTI FINANZIARI (FINANCIAL ADVISORS) ITALY	Q6. Do you agree with the 'all inclusive' approach to the Basic PEPP's cost cap? Do you agree that the capital guarantee is a distinct feature, which costs should not be included?	Yes, product costs should be presented in an 'aggregate' basis. Providing the detail of the commissions and underlying fees and charges (such as those presented in the KID examples) is unnecessary and could be misleading or confusing for savers. We understand that capital guarantees as well as biometric risk are added features and need to be priced accordingly. While aware of the possibility that basic PEPPs can be offered through automated advice, we want to point out that these digital tools should only be used to provide information to citizens	

			<p>and generic advice, which can allow savers, especially those who are less experienced and informed, to understand the need to receive an effective personal recommendations for their own investments.</p> <p>That is to say, a distinction is necessary between financial advice as a complete professional service which effectively meets investors' needs, investment objectives and characteristics, and financial advice as a mere informative functionality. Automated tools may be helpful in the first stage of the advisory process, but in later stages they shall be complemented with a real personalised service and the interaction of a human advisor, especially considering the purpose of the PEPP. This form of semi-automation is more likely to shape the future and meets investors' needs (i.e. investors may input all of their relevant details by means of automated devices, and then they refer to a human advisor).</p> <p>It should also be considered that not only Basic PEPP will be available on the market, but also PEPP which will provide European citizens with additional quality elements with investment options and personalized content. In this case, the provision of the financial advice provided by a financial advisor, aimed at enhancing the quality of the service offered to the investor, will be essential and must be adequately remunerated.</p>	
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7.	ANASF ASSOCIAZIONE NAZIONALE CONSULENTI FINANZIARI (FINANCIAL ADVISORS) ITALY	Q7. Which criteria should be added to foster the application and development of superior risk-mitigation techniques? Which research and learnings should EIOPA consider in its further work?	Risk-mitigation techniques do evolve over time. They have evolved markedly over the past 40 years, and it is likely that they will be equally different in 40 years. Given the long-term perspective of PEPP saving (both investment and divestment) it is crucial that regulation does not fix the risk-mitigation techniques (which would soon be obsolete) but rather set a general framework (such as requiring explicit output-driven approach for example, for different exit scenarios)	
8.		Q8. Do you have any comments on the draft Impact Assessment? Do you have any evidence which could further enrich the draft Impact Assessment?		
9.		Q9. Do you have any other general comments to the proposed approaches?		
10.	ANASF ASSOCIAZIONE NAZIONALE CONSULENTI FINANZIARI (FINANCIAL ADVISORS) ITALY	Q10. Do you have any views on the opportunities for PEPP in a digital environment, for example regarding digital information provision and online distribution?	The Basic PEPP seems particularly well suited for digital distribution, given that the features are very constrained. However, the wider range of solutions expected to be offered by the market will require more individualised advice and service than is likely to be available online. The provision of the financial advice by a financial advisor, who can help the	

			<p>saver to understand his/her pension objectives and how to achieve them, will be essential.</p> <p>See question no. 5</p>	
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