

Pan-European Personal Pension Products (PEPP)

The [Regulation on a Pan-European Personal Pension Product](#) (“PEPP”) deals with the registration, manufacturing, distribution and supervision of PEPP. It was adopted and published in the Official Journal of the EU in July 2019. It is directly applicable and started to apply on 22 March 2022. BIPAR and its member associations have been very active on this file all along the legislative process.

The PEPP is an optional, 2nd regime instrument, complementary to the existing state-based (pillar 1), occupational (pillar 2) and national personal pensions (pillar 3) and has standardised key product features.

PEPP can be distributed by insurance intermediaries offering insurance under IDD and investment firms providing advice under MiFID II. Some specific PEPP rules also apply to all kinds of distributors. All PEPP providers have to offer “Basic PEPPs”, which are “simple and affordable default investment options” that have to provide capital protection and where costs and fees shall not exceed 1 % of the accumulated capital per year.

The Regulation foresees mandatory advice (with a suitability test) and a demand and needs test for PEPP providers and distributors, for all PEPPs, including Basic PEPPs.

■ Cost cap in Level II

The PEPP Level 2 rules (published on 22 March 2021 - the date from which the 1-year application deadline was triggered) specify, amongst others, the types of costs and fees that will be capped for the Basic PEPP. The institutions took an all-inclusive approach including (initial) advice costs in the costs and charges to be included within the 1% cap for the Basic PEPP. Costs incurred by providers for the initial advice can be amortised in the cost cap. BIPAR did not support such inclusion of advice costs in the cap - and does not support cost caps in general.

■ Application and Register

In the run-up to the application date of the PEPP Regulation, BIPAR organised an informative webinar for its members on 22 February 2022 with leading European representatives Didier Millerot (European Commission DG FISMA) and Fausto Parente (EIOPA).

EIOPA launched surveys to better understand the potential take-up of the PEPP by eligible providers and published FAQs on PEPP for [professionals](#) and for [consumers](#). EIOPA and the Commission also organised a launch event on 22 March 2022 in which BIPAR participated.

On the EIOPA website, EIOPA provides for a [central database](#) to get information on all PEPPs in Europe. Once registered, the providers can distribute their products in all European Union countries. At the moment of writing this annual report, no PEPP were listed in this register as yet.

■ EIOPA Guidelines

On 4 June 2021, EIOPA published [Guidelines](#) on supervisory reporting regarding PEPP. These Guidelines aim to ensure the common, uniform and consistent application of the PEPP Regulation’s reporting requirements regarding the details of the nature, scope and format of the information to be submitted by the PEPP providers to the competent authorities. The Guidelines became applicable on 22 March 2022.