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PROPOSAL

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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP)

Delegations will find attached document COM(2025) 840 final.

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2025/0363 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP)

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Ensuring that people across the EU can retire with dignity, security and adequate income lies at the heart of the EU's social and economic agenda. As EU citizens live longer, the challenge of maintaining decent living standards in retirement has become more pressing. Citizens expect that after a lifetime of work, they will have access to a stable income that is sufficient to support a decent quality of life. Yet, the sustainability of pension systems and the adequacy of retirement income across the EU are under increasing strain as a result of demographic ageing and new forms of work. The EU's population is living longer, while the working-age population is shrinking. This structural shift implies that fewer workers will be available to finance the pensions of an increasing number of retirees, creating fiscal and social pressures that, if left unaddressed, could erode living standards and intergenerational fairness.

The EU must therefore act to help citizens secure their retirement income and preserve their standard of living in the face of unfavourable demographic developments, subdued productivity growth, and broader transformative challenges linked to climate change, digitalisation, and geopolitical uncertainty. The capacity to address the pension challenge effectively will shape the EU's economic resilience and social cohesion in the decades ahead.

The pension challenge is therefore central to EU's economic and social future. It concerns how a growing share of the population can maintain an adequate standard of living after retirement, while ensuring that the burden on future generations remains sustainable. The European Pillar of Social Rights[1], particularly Principle 15 on "Old age income and pensions", enshrines the right of workers and the self-employed to a pension that is commensurate with their contributions and ensures an adequate income, with equal opportunities for women and men to acquire pension rights.

The promise of an adequate and sustainable pension remains under pressure, despite numerous reforms at national level. Many Member States have reduced public pension replacement rates, increased the statutory pension age, or shifted from defined benefit to defined contribution schemes. Individuals are therefore increasingly expected to complement statutory pensions with occupational or personal savings. This places a "double burden" for the working-age population, who must finance current retirees, while also saving for their own retirement income.

People need to be able to access safe, efficient, transparent and high-performing pension products in order to build up sufficient retirement savings. Reallocating household savings from low-yielding deposits to supplementary pension products that offer long-term investment opportunities can help individuals achieve a higher and more stable retirement income. At the same time, these savings, when channelled through well-governed and efficiently managed pension institutions, represent an important source of long-term capital for the European economy. The supplementary pension sector plays a double role: safeguarding individuals' financial security in retirement and contributing to EU's long-term economic sustainability.

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[1] The European Pillar of Social Rights

Recent high-level analyses have emphasised the importance of strengthening this channel between savings and investment. The reports by Mario Draghi[2] and Enrico Letta[3] highlighted that maintaining EU's living standards in the context of a shrinking workforce will require stronger productivity and increased investment. The Draghi report, in particular, called for a more efficient mobilisation of household savings through long-term saving products such as pensions. It thus reinforces the idea that improving people's access to effective, transparent, and affordable retirement saving options is not only a social goal but also an economic necessity. The EU should therefore promote retail participation through accessible, well-designed supplementary pension schemes, following successful national examples.

There is a strong need to strengthen supplementary pensions as part of the EU's broader social contract. The European Council's Conclusions of 17-18 April 2024[4] called for further work on developing pensions and long-term savings products, recognising their contribution to the green and digital transitions and to the growth of EU businesses. The European Council's Conclusions of 20 March 2025[5] reiterated the importance of increasing private capital participation to support investment and competitiveness, and invited the Commission to promote greater retail participation in capital markets, including through pension products.

In the Political Guidelines 2024–2029[6], President von der Leyen announced the creation of a European Savings and Investments Union, designed to make EU savings work more effectively for long-term growth and prosperity. In its Communication of 19 March 2025 on the Savings and Investments Union, the Commission recognised the potential of the supplementary pension sector to contribute to this goal by mobilising private savings for productive investment and ensuring that the benefits of such investment are channelled back to citizens in the form of higher and reliable retirement incomes. Furthermore, in the Mission Letter[7] addressed to the then Commissioner-designate for Financial Services and the Savings and Investments Union, President Von der Leyen emphasised the importance of harnessing the potential of private and occupational pensions to support EU citizens in securing their retirement and to facilitate the channelling of savings into the wider economy.

The European Court of Auditors concluded in 2024[8] that the EU had 'not been effective in strengthening occupational pensions and establishing a pan-European personal pension product'. It underscored the need for renewed efforts in this area in order to better serve citizens' retirement needs.

Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (the PEPP)[9] was adopted to address the fragmented and uneven development of personal pension markets across the EU. Individuals seeking to supplement their statutory and occupational pensions had only limited and unequal access to affordable and attractive personal pension products. Market fragmentation made it difficult for providers to realise economies of scale,

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2 Draghi, M. (2024), 'The future of European competitiveness'
3 Letta, E. (2024), 'Much More Than a Market'
4 Conclusions of the European Council of 17-18 April 2024
5 Conclusions of the European Council of 20 March 2025
6 Political guidelines for the next European Commission 2024 – 2029
7 Mission Letter
8 European Court of Auditors, 'Developing supplementary pensions in the EU', Special report 14/2025
9 Regulation (EU) 2019/1238 of the European Parliament and of the Council on a pan-European personal pension product (PEPP), establishing a voluntary, standardised personal pension framework across the EU (OJ L 198, 25.7.2019, p. 1)

diversifying risks, and fostering innovation. This in turn reduced consumer choice and increased costs for savers. The absence of a harmonised framework also constrained cross-border activity, with few providers or savers operating beyond national markets. This situation limited the depth and liquidity of EU capital markets compared with other jurisdictions, where pension funds play a greater role as institutional investors.

The review of the PEPP Regulation aims to ensure that the framework works better for EU citizens. The PEPP initially did not achieve the envisaged commercial success and this review seeks to enhance the PEPP's functionality and practical effectiveness, by establishing a solid and efficient basis for a personal pension scheme that complements statutory and occupational pension systems of the Member States. The revised framework aims to make the PEPP a more attractive and accessible option for savers across the Union considering the different retirement saving preferences and ensuring that there is a clear offer of a simple scheme designed to be transparent, and cost-effective, thereby keeping production and distribution costs low. The framework will not only simplify the development of a streamlined basic product, but also facilitate the development of a more sophisticated PEPP with additional investment and/or risk management options, thus enabling providers to offer more tailor-made solutions that reflect different risk preferences, market conditions, and national contexts. Depending on the exact design, PEPPs would in principle also be able to invest in more diversified asset classes, such as broader categories of equity investments. This would allow PEPPs to better finance EU businesses in accordance with the EU's priorities, including assets covered by the InvestEU program fostering the digital and green transition.

- **Consistency with existing policy provisions in the policy area**

The EU has implemented several key initiatives to strengthen the supplementary pension landscape:

- Directive 98/49/EC of 29 June 1998 on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community[10];
- Directive 2014/50/EU of 16 April 2014 on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights[11];
- Directive (EU) 2016/2341 of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs), known as IORP II, which strengthens governance, information disclosure, and cross-border requirements for IORPs[12];

[10] Directive (EU) 1998/49 of the European Parliament and of the Council on safeguarding the supplementary pension rights of employed and self-employed persons moving within the community (OJ L 209, 25.7.1998, p. 46)

[11] Directive (EU) 2014/50 of the European Parliament and of the Council on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights (OJ L 128, 30.4.2014, p. 1)

[12] Directive (EU) 2016/2341 of the European Parliament and of the Council on the activities and supervision of institutions for occupational retirement provision (IORPs) (OJ L 354, 23.12.2016, p. 37)

- Regulation (EU) 2019/1238 of 20 June 2019 on a pan-European personal pension product (the PEPP regulation), which established a voluntary, standardised personal pension framework across the EU[13].

This proposal builds on and strengthens the framework for a PEPP set out in the PEPP Regulation. This is explained in more detail in Section 3 below. It is part of a broader pension package that includes the review of Directive (EU) 2016/2341 (the IORP II Directive), the Commission Recommendations on Pension Dashboards, Pension Tracking Systems, and Auto-enrolment, as well as the Chapeau Communication accompanying the Supplementary Pensions Package. The pension package is one of the key deliverables under the Savings and Investments Union agenda. The proposed changes and recommendations have been drafted to ensure consistency across the various pieces of legislation and with the same general objective in mind.

- **Consistency with other EU policies**

Implementing the Savings and Investments Union will require a comprehensive range of policy measures that will affect various dimensions of the EU's financial system. These policy measures can be grouped under four distinct but inter-related headings: (a) citizens and Savings; (b) Investments and Financing; (c) Integration and Scale; and (d) Efficient Supervision in the Single Market. Each heading is discussed in the following sections.

The Pensions package falls under the 'Citizens and Savings' heading, the first pillar of the SIU strategy which highlights the importance of responding to peoples' needs and helping to foster their financial security. The package follows the publication of the Commission's Financial Literacy Strategy for the EU[14] and the Commission's Recommendation on the Savings and Investments Account (SIA)[15]. By proposing to strengthen the framework for the Pan-European Personal Pension Product (PEPP), the Commission continues to contribute to the SIU objective of empowering citizens to save and invest for their future through transparent, competitive, and accessible products. Enhancing the PEPP framework will promote competition between providers and ultimately offers retail investors and savers a wider range of products that better match their preferences regarding retirement savings, investment risk and insurance coverage. By facilitating greater participation of retail savers in capital markets, the Pensions Package also contributes to achieving the broader SIU objectives of mobilising household savings for productive investment. Increased participation in financial markets, and stronger pension funds will also contribute to enhancing funding opportunities for the EU economy and helping financial institutions to achieve scale and global competitiveness. It thus supports the EU's capacity to meet its long-term investment needs, notably in the context of the green, social and digital transitions, which are essential for job creation and higher productivity. The review of the PEPP Regulation is therefore also in line with the European Commission's broader strategy of rejuvenatinge the EU's economy, as outlined in the Competitiveness Compass[16].

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13 Regulation (EU) 2019/1238 of the European Parliament and of the Council on a pan-European personal pension product (PEPP), establishing a voluntary, standardised personal pension framework across the EU (OJ L 198, 25.7.2019, p. 1)

14 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions on a Financial Literacy Strategy for the EU, COM(2025) 681 final

15 Commission Recommendation on Increasing the Availability of Savings and Investment Accounts with Simplified and Advantageous Tax Treatment, C/2025/6800 final

16 Competitiveness Compass – European Commission

The review of the Pan-European Personal Pension Product (PEPP) Regulation is consistent with the implementation of Principle 15 of the European Pillar of Social Rights which affirms the "right to adequate old-age income" and "decent living standards" for retirees. As a voluntary personal pension product, PEPP is intended to supplement existing statutory and occupational pensions.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The legal basis for amending Regulation (EU) 2019/1238 (the PEPP Regulation) is Article 114 of the Treaty on the Functioning of the European Union (TFEU), which allows the adoption of measures for the approximation of national provisions that have as their object the establishment and functioning of the internal market. Providers' ability to use the freedom to provide services is still hampered by the lack of standardisation of existing personal pension products. The proposal improves a largely standardised pan-European product, available through passporting in all Member States, that will empower consumers to make full use of the internal market by offering them a greater choice of providers (including in other EU Member States). The proposal revises the core features of the PEPP, such as authorisation, registration, distribution and advice, investment policy, and supervision.

• Subsidiarity

According to the subsidiarity principle, EU action may only be taken if the envisaged aims cannot be achieved by Member States alone. The PEPP Regulation was established at EU level in 2019, because only the EU action can set a common regulatory framework for PEPP providers that benefit from passporting. In this regard, this proposal, like the Regulation it seeks to amend, is in full compliance with the subsidiarity principle.

• Proportionality

Under the proportionality principle, the content and form of EU action should not exceed what is necessary to achieve the objectives of the Treaties.

Personal pension products can in principle already be offered across all Member States, but they have not realised their full potential in terms of channelling enough savings towards capital markets and contributing to the Savings and Investments Union. This is particularly relevant given demographic pressures and the increasing need to ensure sustainable and adequate retirement income.

The framework established by the PEPP Regulation has not achieved sufficient commercial uptake, largely due to the strong competition from national products and certain constraining features laid down in the PEPP Regulation. The staff working document accompanying this proposal therefore examined several policy options.

The 'no EU action' scenario would fail to meet the EU's objectives. However, a full harmonisation of national personal pension regimes would be disproportionate, given the diversity of national markets and the varying levels of development of private pension systems.

In this context, a targeted revision of the PEPP framework is a proportionate response. The proposed approach complements existing national regimes, but also ensures a sufficient level of harmonisation to facilitate cross-border supply and enhance consumer choice. The key features – covering distribution, investment policy, provider switching and cross-border

portability – have been designed to ensure sufficient consumer protection and competitiveness without imposing unnecessary regulatory burdens.

The administrative burden of the proposal is expected to remain limited because it merely adjusts the features of an existing EU-wide product category. This makes it more attractive for long-term savings providers, such as insurers, pension funds, investment firms, asset managers and banks. These entities are already subject to regulatory oversight by national competent authorities under existing sectoral frameworks. Any new reporting obligations would be proportionate to the risks arising from cross-border activity and would support effective market monitoring and consumer protection.

- **Choice of the instrument**

This proposal is an amendment to the PEPP Regulation. The instrument chosen is an amending Regulation because no alternative means – legislative or operational – can be used to attain the objectives of this proposal.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

The Commission launched a targeted public consultation[17] from 13 June 2025 until 29 August 2025, seeking feedback on possible revisions to the PEPP Regulation. The consultation received a total of 112 submissions from a diverse group of stakeholders, that included business associations, companies, consumer organisations, NGOs, public authorities, and citizens, representing 11 EU Member States and two non-EU countries. The stakeholders indicated that some practical difficulties hindering the current PEPP framework's uptake and competitiveness. There was broad support for a review to simplify the framework and enhancing its ability to better contribute to accessible and sustainable pension provision in EU.

The Commission launched a Call for Evidence[18] on 23 June 2025, with a deadline of 21 July 2025, to collect general comments, opinions, and views on how to improve the existing framework for supplementary pensions and to share evidence on best practices. The Call for Evidence received a total of 47 submissions, amounting to 35 different responses, from various organisations, such as business and employer associations, NGOs, consumer organisations, and citizens (from twelve EU Member States and four non-EU countries). Overall, the vast majority of respondents agreed that improvements to supplementary pensions are necessary in order to unlock their full potential for the benefit of EU's citizens and economy.

- **Collection and use of expertise**

In a Staff Paper of 11 September 2024 on the future of the Pan European Personal Pension Product[19], the European Insurance and Occupational Pensions Authority (EIOPA) proposed a broad reform of the product to enhance its attractiveness, scalability and capacity to contribute to supplementary pension provision across the EU. The core elements of the approach include maintaining the PEPP's foundational features of simplicity, transparency, cost-efficiency,

17 Targeted consultation on supplementary pensions
18 Call for evidence
19 EIOPA Staff Paper on the future Pan-European Pension Product (PEPP),

mobility and flexibility, while also removing supply, demand and structure-related barriers to take-up (such as removing the 1 % cost cap and the mandatory national sub-accounts, while shifting from an absolute cost ceiling to a value-for-money framework).

On 16 June 2025, the Commission hosted a stakeholder forum[20] to explore emerging trends in retirement provision across the EU. This forum highlighted best practices in Member States and paves the way for sharing successful strategies across the EU. The reality check showcased success stories on second and third pillar pensions and explored how best practices can be used as guideposts for further reforms. Discussions obtained feedback from all stakeholders active in providing retirement products. The participants agreed that a review of the PEPP Regulation was necessary to improve the PEPP.

EIOPA submitted technical input requested by the Commission to support the development of supplementary pensions on 5 September 2025[21] and enhance the supplementary pension system. EIOPA advocated (i) the simplification of the PEPP's features to enhance members' outcomes by modifying the current 1% cost cap, (ii) the introduction of simplified advice, (iii) the deletion of the mandatory sub-account requirements, (iv) the allowance of employer contributions and the incorporation of a value for money approach.

- **Impact assessment**

The proposal is supported by a Staff Working Document that assessed the impact of the proposed amendments. The Staff Working Document examines four options for the amending Regulation:

Option 1 was to leave the PEPP Regulation unamended and relies on the assumption that more time is needed for the PEPP to gain commercial traction. The option was discarded.

Option 2 would leave the entire design feature and distribution modalities to the discretion of the PEPP provider. The only regulatory constraint would be that the emerging product would have to be sold within a modified fee cap, which would be calculated excluding VAT. This option was discarded because most stakeholders raised the point in the targeted consultation that the fee cap has inhibited wide spread uptake of the PEPP.

Option 3 was therefore based on the premise that the fee cap would be removed. This option would entail a Basic PEPP that is designed to remain affordable, accessible, and simple for subscribers, despite the lifting of the fee cap via an efficient Value for Money approach, with the aim of avoiding extra regulatory burden. It contains a simple lifecycle glidepath which would make it possible to gradually reduce risky assets as retirement approaches. Under this structure, it would also be possible to offer a small pocket of unlisted assets, of up to 5% of the total portfolio for additional diversification purposes in the initial stages of the lifecycle. This slightly riskier allocation would be is justified by the fact that savers invest into a PEPP for a multi-decade period. To ensure cost efficiency, the Basic PEPP may not provide any capital guarantees and must be suitable for sales without additional investment advice because it is suitable by design. Employers can use the Basic PEPP for auto-enrolment schemes as a cost-efficient default solution. PEPP providers may offer tailored PEPP only if they also offer

[20] Stakeholder forum & reality check on retirement savings

[21] Technical input for the reviews of the IORP II Directive and the PEPP Regulation in the context of the Savings and Investments Union, EIOPA

the Basic PEPP. Tailored PEPPs would present additional features and more sophisticated investment strategies, but like the Basic PEPP, they would also be subject to the value-for-money framework and included in EIOPA's register.

Option 4 is the same as Option 3, except that it would imply dropping the requirement for providers to combine the distribution of a tailored PEPP with a Basic PEPP. This option would provide a more tailor-made approach, but it would also be based on the assumption that this costlier retirement proposition is justified by the potential for higher returns. Option 4 acknowledges different preferences of savers and also provides commercial opportunities for different types of providers.

Option 4 is the selected option.

There are no changes to the pay-out phase in agreement with the client under national law.

- **Fundamental rights**

The proposal respects the fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union, in particular the right to the protection of personal data, the right to property, the freedom to conduct a business and the principle of equality between men and women. It contributes to the objectives of Article 38 of the Charter which provides for a high level of consumer protection.

4. BUDGETARY IMPLICATIONS

The proposal has no material implications for the EU's budget. EIOPA's tasks in relation to the registration process are already established. The workload associated with the targeted adjustments to the application process or to the scope of the existing register should remain limited and is expected to be spread over time as the number of PEPPs grows. EIOPA should be able to manage these additional tasks within its existing resources.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

After this Regulation has entered into force, the Commission will monitor key mid-term performance indicators for the objectives. These indicators will include:

– the total uptake of personal pension products in terms of assets under management and the geographical and sectorial distribution of PEPP providers and investments in and the respective split of the Basic versus the alternative PEPPs. This objective will show how the PEPP contributes to increasing g investment in the EU and to completing the SIU);

– the number of PEPP registrations and the relative share of personal pension products (including national products and the PEPP) as a percentage of households' financial assets (objective of improving the product features on the personal pension market); and

– the number of providers using a passport for cross-border activity. The data collected by the European Supervisory Authorities (ESAs) will be used for the Value for Money assessment. In addition, the Commission will assess the extent to which

Member States haven taken up preferential tax treatment for the PEPP through national legislation.

- **Detailed explanation of the specific provisions of the proposal**

This proposal for a Regulation amending Regulation (EU) 2019/1238 ('PEPP Regulation') illustrates the Commission's efforts to make the PEPP a more attractive and accessible personal pension product across the EU. The proposed changes should be viewed as a comprehensive package that addresses supply and demand challenges, strengthens consumer protection and transparency, and enhances the market appeal of PEPPs.

Definitions (Article 2 of PEPP Regulation)

Additional definitions are introduced for key concepts such as "advice on an independent basis" – which has the same meaning as under Directive 2014/65/EU[22] – and "life-cycle investment strategy," which are to be implemented in the context of the revised PEPP framework. These definitions clarify expectations for providers and support consistent implementation across Member States.

Tax treatment (Article 3 of PEPP Regulation)

To support PEPP uptake, the proposal requires Member States to ensure that the tax treatment of PEPPs is comparable to that of national personal pension products.

Process of registration (Article 6 of PEPP Regulation)

The amendments make it explicit that applicants must demonstrate their ability to provide value for money as part of the registration process. In case of an incomplete application, the applicant is granted 15 working days to provide the missing information.

Deregistration (Article 8 of PEPP Regulation)

The proposal requires that the PEPP provider immediately inform PEPP savers of a deregistration decision and of the options available to them, including the possibility to switch their accumulated capital to another PEPP provider or to transfer it to another personal pension product, in both cases without delay or cost.

Central public register (Article 13 of PEPP Regulation)

The amendments extend the scope of the central public register maintained by EIOPA to include historical data on costs, performance, and the summary risk indicator.

[22] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349, ELI: http://data.europa.eu/eli/dir/2014/65/oj)

Sub-accounts (Article 18 of PEPP Regulation)

The proposal removes the requirement to open at least two sub-accounts, thereby simplifying account management for PEPP providers.

Product oversight and governance (POG) requirements and Value for Money (Article 25 of PEPP Regulation)

The POG framework is revised to integrate value-for-money considerations, in line with the ongoing discussions on the Retail Investment Strategy. As negotiations on the Retail Investment Strategy (RIS) are still ongoing, the proposal makes a general cross-reference to Article 25 of Directive (EU) 2016/97[23] (IDD), which is likely to be amended by the RIS and should therefore apply *mutatis mutandis*.

Competent authorities will monitor compliance with value-for-money requirements. In cases of underperformance, PEPP providers must demonstrate that their costs and charges are justified and proportionate. If the provider fails to do so, supervisors shall require corrective measures. In the absence of such measures, the competent authority shall make use of its powers, including issuing a deregistration decision.

A Delegated Act will specify the methodology to develop supervisory benchmarks in relation to PEPPs.

Key Information Document (KID) (Article 28 of PEPP Regulation)

The content of the KID is expanded for auto-enrolment PEPPs and updated to reflect the revised Basic PEPP features. To ensure comparability, the proposal requires to disclose total aggregate costs expressed in monetary and percentage terms, to show the compound effects of the total costs on the investment over the previous 12 months and an estimation of the impact of the costs on the final capital accumulated. The proposal also requires that, where applicable, costs related to the capital guarantee be explicitly and separately disclosed.

Advice (Articles 34 and 43 of PEPP Regulation)

PEPP providers or distributors must provide prospective savers with personalised pension benefit projections for the recommended products. The advice must also indicate the existence of the central register where costs and performance can be compared.

The proposal clarifies that no advice is required for the Basic PEPP. Where advice is provided at the saver's request, it must be on an independent basis. Independent advice for the Basic PEPP does not require an assessment of the saver's knowledge or expertise, in line with the ongoing discussions under the Retail Investment Strategy.

[23] Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) (OJ L 26, 2.2.2016, p. 19, ELI: http://data.europa.eu/eli/dir/2016/97/oj)

PEPP Benefit Statement (Article 36 of PEPP Regulation)

The content of the PEPP Benefit Statement is enhanced to include all costs (both in monetary and percentage terms) for the previous 12 months and over the entire contract term. The proposal also requires that the Statement indicate the existence of the central register comparing costs and performance of PEPPs.

Pre-retirement and decumulation information (Articles 38 and 60 of the PEPP Regulation)

The scope of information required to be provided during the pre-retirement and decumulation phases are clarified and enhanced. The proposal also introduces a requirement for all providers of PEPPs – not only Basic PEPPs – to provide personal retirement planning support.

PEPP investment rules (Article 41 of the PEPP Regulation)

The prudent person rule is replaced by a prudent person principle, explicitly requiring consideration of ESG risks and the long-term impact of investment decisions. Assets must predominantly be invested not only on regulated markets but also on multilateral or organised trading facilities.

Basic and tailored PEPP features (Articles 4, 28, 42, and 46 of the PEPP Regulation)

Providers are no longer required to offer a Basic PEPP when offering more sophisticated PEPPs, and there are no limits on the number of PEPP variants.

The Basic PEPP must rely on a life-cycle investment strategy rather than a 'hard' guarantee. The main qualitative features of this strategy are defined in the proposal. Investments other than cash must be made at least 95% in financial instruments listed in Article 25(4)(a), points (i) to (iv), of Directive 2014/65/EU.

The proposal requires that tailored PEPPs, similarly to Basic PEPPs, ensure an appropriate level of protection for PEPP savers. Such protection may, however, be achieved through a wider range of risk-mitigation techniques, rather than being restricted to life-cycle investment strategies.

Several provisions of Delegated Regulation (EU) 2021/473 are repealed to align with the new framework.

Workplace PEPPs (Articles 33, 39a, 47, and 57 of the PEPP Regulation)

The proposal provides that Member States shall not prevent employer contributions to a PEPP, including for auto-enrolment schemes, subject to national social and labour law. In the case of auto-enrolment, where allowed under national, social and labour law, employers may define default decumulation pathways.

Employers must promptly transmit key information, including the KID, to employees in the case of auto-enrolment. PEPP Benefit Statements for workplace PEPPs must also include information on employer contributions and cumulative costs.

Pension tracking systems (Article 51a of the PEPP Regulation)

PEPP providers and distributors must transmit all necessary information to pension tracking systems in a standardised and interoperable format, enabling accurate aggregation of accumulated value, accrued rights, and projected benefits. PEPP providers remain fully responsible for data accuracy.

Switching rights and transfers (Articles 56a and 56b of the PEPP Regulation)

The amendments ensure that PEPP savers have the right to transfer their savings to another PEPP or to a national personal pension product without delay or cost if their PEPP is deregistered. Member States must prevent discriminatory obstacles to such transfers.

Supervisory powers (Articles 63–65 of the PEPP Regulation)

Competent authorities may prohibit or restrict PEPP distribution in cases of consistent failure to provide value for money. EIOPA may intervene directly in certain cases. EIOPA may also set up collaboration platforms, settle disagreements, or request joint inspections in the interest of PEPP savers.

2025/0363 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

After consulting the European Data Protection Supervisor,

Acting in accordance with the ordinary legislative procedure[2],

Whereas:

(1) In view of the Union's ageing population and the rising dependency ratio, strengthening complementary sources of retirement income has become indispensable to preserve intergenerational solidarity, social cohesion and the long-term stability of multi-layered pension systems across the Union.

(2) While the organisation of pension systems remains a national competence, the adequacy and financial sustainability of pensions are of common concern for the stability and cohesion of the Union. Ensuring that citizens have access to well-designed personal pension products contributes both to individual financial security and to the resilience of the Union's economy.

(3) Despite being among the world's highest savers, Union households still hold a large share of their financial wealth in short-term bank deposits with limited returns. Developing attractive occupational and personal pension products can help mobilise part of these savings for long-term investment, generating higher returns for savers, which would correspond to their retirement needs.

(4) Personal pensions are a key link between long-term savers and long-term investment opportunities, helping to deepen capital markets and expand the supply of stable funding for the real economy. Pensions funds are an important category of institutional investors that can help financing productive investments, supporting growth, innovation and the green and digital transitions, which will create better job opportunities and higher productivity.

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1 OJ C , , p. .

2 Position of the European Parliament of ..... and decision of the Council of .....

(5) The Savings and Investments Union (SIU) announced by the Commission in its Communication of 19 March 2015[3] aims to enable citizens to save and invest for their future, channel investments towards the priorities of the Union, deepen integration and scale in Union's capital markets, and ensure effective supervision across the single market. Among those four strands, helping citizens save and invest for their future is at the heart of the SIU's ambition. Ensuring that Union citizens can build adequate retirement income is one of the most concrete ways in which the Union can make a difference in people's lives. The work on supplementary pensions, and in particular on personal pensions, embodies that citizen-centred approach. The pan-European Personal Pension Product (PEPP) is designed to give Union citizens access to a simple, transparent, and portable product that they can trust, helping them to save with confidence and to plan for their retirement wherever they live or work in the Union. By revitalising the PEPP framework, the Union seeks not only to strengthen citizens' financial security but also to channel long-term savings towards productive investments that support the growth, resilience, and green and digital transitions of the Union.

(6) Experience with the pan-European Personal Pension Product (PEPP) established by Regulation (EU) 2019/1238 of the European Parliament and of the Council[4] has shown very limited take-up, with only two providers active across the Union at the end of 2025.

(7) In its conclusions of 20 March 2025[5], the European Council called 'on the Commission to swiftly propose, in 2025, improvements to the existing pan-European personal pension product'.

(8) To revive the initial objectives of Regulation (EU) 2019/1238, including the improvement of a level playing field for personal pension providers and the integration of the internal market for personal pensions, and to support the development of viable retirement savings options, it is necessary to create a more flexible and innovation-friendly framework. Such a framework should enable PEPP providers to offer diversified and cost-effective products that deliver value for money and serve citizens' long-term retirement interests and should enhance peoples' options for long-term savings in line with their financing needs in retirement.

(9) Tax incentives play an important role in encouraging the take-up of personal pension products in several Member States. Tax incentives for personal pension products can take different forms. In many Member States, the contributions paid for personal pension products qualify for some form of tax relief. Similarly, in many Member States, the investment results of the personal pension products are not subject to tax, either on the basis of an explicit exemption or de facto exemption, if the provider is subject to tax but can deduct the dotations to the pension reserve from the tax base. Tax incentives may also be granted in the decumulation phase, by applying a favourable tax rate to the out-payment of the personal pension. The national treatment principle applies to PEPP savers. Therefore, it should be possible for a PEPP that is

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3 Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions of 19 March 2025, COM(2025) 124 final.

4 Regulation (EU) 2019/1238 of the European Parliament and of the Council on a pan-European personal pension product (PEPP), establishing a voluntary, standardised personal pension framework across the EU (PEPP) (OJ L 198, 25.7.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/1238/oj)

5 European Council Meeting (20 March 2025) – Conclusions.

objectively comparable to a personal pension product marketed in a given Member State to benefit from the same tax relief granted to the personal pension product in that Member State. That should also apply where the PEPP is provided by a provider from another Member State. The same no less favourable treatment should also apply to measures under national law relating to other incentives for personal pension products or measures having an equivalent purpose or effect.

(10) To foster the uptake of PEPPs, it is essential that a PEPP provides value for money to savers and is therefore attractive and competitive. To ensure that potential PEPP providers design products in line with those objectives, the application for registration of a PEPP should demonstrate capacity to comply with the product oversight and governance requirements and show how the product is designed to provide value for money to PEPP savers.

(11) To ensure that the most cost-efficient products attract a growing share of savings, thereby contributing to the consolidation and development of the personal pension sector**,** competition in the PEPP market should be fostered. To support that objective and help prospective savers make informed choices, the central public register maintained by EIOPA should be extended to include information on the past costs and performance of PEPP products. That extension should be done without creating undue reporting burdens for PEPP providers, as the relevant information will be available in the Key Information Document. To ensure accuracy and comparability, the information in the register should be updated at least annually.

(12) Effective supervision of cross-border PEPPs is essential to maintain trust in PEPPs and to protect savers. To ensure consistent application of Union rules and address cases where the competent authority of the home Member State fails to take appropriate measures, it is necessary to grant EIOPA powers to directly intervene in problematic cross-border cases. Such powers should include the possibility to settle disagreements in accordance with Article 19 of Regulation (EU) No 1094/2010 of the European Parliament and of the Council, thereby ensuring coherent and effective supervision across the Union, or to require the home authority to organise a joint onsite inspection with host authorities and EIOPA, to swiftly address risks to PEPP savers.

(13) Article 18(3) of Regulation (EU) 2019/1238 requires each PEPP provider to offer national sub-accounts for at least two Member States. That requirement adds operational complexity and hinders the development and manufacturing of PEPPs. It also makes PEPPs effectively a niche product, targeting only a small portion of the Union's working-age population that may need a cross-border pension product, and thereby limiting the potential for economies of scale. For those reasons, the requirement to offer at least two sub-accounts should be removed.

(14) The level of costs and charges associated with personal pension products can have a significant impact on the final pension outcome for savers, which may not always be transparent or easily comparable. The absence of clear and harmonised criteria to assess whether costs are justified and proportionate to the returns offered risks undermining trust in PEPPs and discouraging participation. It is therefore necessary to establish a structured value-for-money framework, ensuring that PEPPs deliver fair outcomes to savers and that their costs and performance are proportionate to their characteristics, objectives and risk–return profile, thus offering good value for money.

(15) To ensure that PEPPs are designed and distributed in the best interests of savers, the value-for-money assessment should be embedded within the broader product oversight and governance framework. The product approval process should identify the target

market, objectives and needs of savers, and demonstrate, before the product is approved for distribution, that the total costs and charges are justified and proportionate in view of the expected benefits and performance. To build consumers' trust in PEPPs, a PEPP that does not meet these criteria should not be approved, manufactured or distributed.

(16) To ensure a high level of protection for PEPP savers and to promote regulatory coherence, the product oversight and governance requirements applicable to PEPP providers should be strengthened. This warrants aligning with those set out under Directive (EU) 2016/97[6] as amended in the context of the Retail Investment Strategy, and accounting for specificities of PEPP as a long-term savings product.

(17) Since the registration of a PEPP takes place before it is possible to ascertain whether the product effectively delivers value for money to savers in practice, some PEPPs may in practice offer lower value for money than initially indicated. Competent authorities should have the powers to monitor developments and should be able to require corrective measures, where necessary.

(18) Article 42 of Regulation (EU) 2019/1238 requires that PEPP providers distribute the Basic PEPP if they also want to distribute alternative variants. That requirement constraints some providers' ability and interest in distributing PEPPs, as the Basic PEPP may not fit with their business model or strategy. In addition, the current limitation to a maximum of five alternative options restricts providers' ability to design products that reflect the preferences, circumstances and risk profiles of savers. Allowing providers to determine the number and nature of investment options would enable them to offer more tailored solutions, including personalised PEPPs suited to workplace arrangements or auto-enrolment. It is therefore necessary to provide for greater flexibility to PEPP providers while ensuring that transparency, comparability and consumer protection remain safeguarded through appropriate disclosure and product governance requirements.

(19) Article 45(2) of Regulation (EU) 2019/1238 requires that the Basic PEPP is subject to a cap on costs and fees of 1 %, while Article 34(2) of that Regulation obliges a PEPP provider or PEPP distributor to provide advice prior to the conclusion of a Basic PEPP contract. Those requirements have raised concerns among potential providers and distributors, as those requirements are deemed to limit the commercial viability of offering PEPPs, including through digital channels. Furthermore, the fixed 1 % cap on fees is not necessarily the most effective way to protect savers and beneficiaries, and does not reflect a proportional relationship between the benefits and returns offers to savers, the expenses borne by providers, and the fees charged. Providers often incur losses in the early years of a contract, when acquisition and setup costs are high, while savers may be disadvantaged by a fee cap in later years as their accumulated capital gros and the absolute costs charged increase, even though less management effort is required. The 1% fee cap may also lead to an unlevel playing field due to differences in VAT treatment across Member States. Therefore, to promote the uptake of the PEPP, and ensure a sustainable, high-quality product, it is necessary to remove those requirements. To preserve consumer protection and ensure that the Basic PEPP remains a simple product suitable for retirement purposes, it should be designed with an embedded life-cycle investment strategy, providing a suitable balance between

[6] Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) (OJ L 26, 2.2.2016, p. 19, ELI: http://data.europa.eu/eli/dir/2016/97/oj)

growth and risk mitigation. For the same reason, the assets of the Basic PEPP should be invested predominantly in listed and non-complex assets within the meaning of Article 25(4), first subparagraph, of Directive 2014/65/EU of the European Parliament and of the Council[7]. To promote diversification while maintaining simplicity, providers of the Basic PEPP should be allowed to allocate a small portion of assets, not exceeding 5 %, to other financial instruments, including alternative assets.

(20) To ensure the quality of advice and to safeguard the interests of prospective PEPP savers, any advice provided in relation to the Basic PEPP should be given on an independent basis and only upon the request of the client. Considering both the non-complex nature of the Basic PEPP and the independent character of the advice, it is appropriate to provide that, where such advice is given, the PEPP distributor is under no obligation to obtain information on the prospective PEPP saver's knowledge and experience. That approach ensures that the advice remains objective, proportionate and efficient for distributors, while maintaining a high standard of investor protection and promoting the accessibility of the Basic PEPP across the Union through a variety of distribution channels. For the tailored, more sophisticated PEPPs, advice remains essential to provide the most suitable and tailor-made offer to prospective savers, taking into account their knowledge, financial situation, and risk appetite.

(21) Article 41(1) of Regulation (EU) 2019/1238 currently refers to the prudent person rule, which has traditionally been associated with a prescriptive approach, specifying in detail the types of assets in which investments may be made. To promote flexibility, innovation and efficient portfolio management while maintaining a high standard of protection for savers, that rule should be replaced with the prudent person principle, which reflects a principle-based approach focused on the proper identification, measurement, monitoring and management of risks. Under that principle, all types of assets can be considered for investment, provided that the PEPP provider applies appropriate risk management practices and ensures that the overall portfolio remains aligned with the objectives, risk profile and best interests of the PEPP savers.

(22) Employers' contributions, including through auto-enrolment arrangements, have proven effective in overcoming behavioural barriers to savings, including inertia or lack of financial literacy, while fostering trust, engagement, and participation in supplementary pensions. Explicitly recognising that employers are allowed to make voluntary contributions to a PEPP could significantly enhance the visibility, relevance, and uptake of PEPPs, particularly among underserved groups, including low-income and part-time workers and young workers early in their careers. Similarly, allowing employers to select the PEPP in the context of a workplace arrangement using auto-enrolment could further strengthen the uptake of the PEPP and offer employees, especially in Member States with less developed occupational pension systems, the possibility to invest their savings for retirement in well-regulated and cost-effective products. Member States should therefore not prevent employers from contributing to PEPPs and should ensure that such contributions are supported by clear rules on the provision of information to employees. Without prejudice to the personal nature of the PEPP, Member Stats should also be able to allow PEPPs to be provided as part of a workplace arrangement using auto-enrolment, where this is in line with national social and labour laws, compatible with the organisation of pension systems and with

[7] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), (OJ L 173 12.6.2014, p. 349, ELI: http://data.europa.eu/eli/dir/2014/65/oj)

collective agreements, and does not interfere with the existing occupational pension schemes. To facilitate the use of the PEPP in a workplace context, several amendments to Regulation (EU) 2019/1238 are necessary to ensure that no undue obstacles hinder employers' contributions and to adapt the relevant framework to the specificities of workplace arrangements.

(23) Savings accumulated in personal pension products are by nature long-term. However, to facilitate the take-up of PEPPs, it is important that Member States do not hinder the transfer of other retirement savings to PEPPs. To make such transfers attractive, Member States should ensure that PEPPs are not subject to discriminatory or disproportionate financial or administrative obstacles that would make a transfer to a PEPP more costly than transfers between other personal pension products. For the same reason, PEPPs should also benefit from the same tax treatment as comparable national personal pension products.

(24) In addition, where a PEPP has been deregistered from the register referred to in Article 8(1) of Regulation (EU) 2019/1238, savers and beneficiaries should benefit from enhanced protection, including the right to switch to another PEPP provider or to transfer their accumulated capital to another personal pension product without delay and free of charge.

(25) Article 60 of Regulation (EU) 2019/1238 requires that PEPP providers offer PEPP savers who invest in a Basic PEPP personal retirement planning on the sustainable use of the capital accumulated in the PEPP. However, all PEPP savers should have a clear understanding of their financial situation and of the options available to them as they approach retirement. Access to timely and comprehensive pre-retirement advice is essential to enable savers to make informed decisions regarding the management of their retirement income. Therefore, the provision of pre-retirement advice should apply to all PEPP savers, and not only to those investing in the Basic PEPP.

(26) Where a PEPP is distributed across borders, effective supervision of PEPP providers and distributors requires close cooperation and consistent approaches among competent authorities across the Union. Divergences in supervisory actions may create uncertainty for market participants and lead to unequal levels of consumer protection. To strengthen supervisory coordination and ensure proportionate and consistent action in cases where the interests of PEPP savers or beneficiaries may be at risk, it is necessary to formalise the role of the European Insurance and Occupational Pensions Authority (EIOPA) as a facilitator in finding appropriate solutions. To that end, EIOPA should be empowered to set up and coordinate collaboration platforms bringing together the relevant competent authorities, to promote the exchange of information, support convergence of supervisory practices, and, where appropriate, assist in resolving disagreements between authorities in accordance with its powers under Regulation (EU) No 1094/2010.

(27) The provisions set out in Regulation (EU) 2019/1238 ensure a high level of protection for PEPP savers and PEPP beneficiaries. This Regulation removes the fee cap for PEPP. Accordingly, national provisions should not reintroduce such caps or similar limitations applicable to PEPP that would affect the uniform application of this Regulation.

(28) Regulation (EU) 2019/1238 should therefore be amended accordingly.

(29) Regulation (EU) 2016/679 of the European Parliament and of the Council[8] applies to the processing of personal data for the purposes of this Regulation. Member States should ensure that processing of data carried out in application of this Regulation fully respects Directive 2002/58/EC of the European Parliament and of the Council[9] where that Directive is applicable.

(30) Since the objectives of this Regulation, namely to enhance PEPP saver protection and improve PEPP saver confidence in PEPPs, including where those products are distributed cross-border, cannot be sufficiently achieved by the Member States but can rather, by reason of its effects, be better achieved at Union level the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

(31) In order to allow competent authorities, PEPP providers and PEPP distributors sufficient time to adapt to the requirements of this Regulation, it is appropriate to allow for one year for the application of this Regulation to ensure effective implementation and compliance.

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2019/1238

Regulation (EU) 2019/1238 is amended as follows:

(1) in Article 2(1), the following points are added:

‘(34) ‘advice on an independent basis’ means advice in relation to which the PEPP provider or PEPP distributor:

(a) assesses a sufficiently large number of personal pension products available on the market which are sufficiently diversified with regard to their type and product providers to ensure that the prospective PEPP saver’s objectives can be suitably met and shall not be limited to personal pension products issued or provided by entities having close links with the PEPP provider or PEPP distributor;

(b) does not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of the service to prospective PEPP savers;

(35) ‘life-cycle investment strategy’ means an investment strategy that adjusts the level of risk attached to investments according to a predetermined glide path directed at mitigating investment risk and providing a reasonable degree of long-term

[8] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), (OJ L 119 4.5.2016, p. 1, ELI: http://data.europa.eu/eli/reg/2016/679/oj).

[9] Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector, (OJ L 201 31.7.2002, p. 37, ELI: http://data.europa.eu/eli/dir/2002/58/oj).

appreciation, taking into account the individual's age or retirement date, and where relevant, the pay-out profile of the product, to minimise the risk of large losses.';

(2) in Article 3, the following subparagraph is added:

'Member States shall ensure that PEPPs receive a tax treatment that is not less favourable than that granted to other personal pension products. Where a Member State applies different types or levels of tax relief with regard to such other personal pension products, PEPP shall be eligible for the most favourable treatment available under the law of that Member State.';

(3) in Article 4(2), point (a) is replaced by the following:

'(a) where the Basic PEPP referred to in Article 45 is offered, a description of the Basic PEPP, including information on the life-cycle investment strategy;';

(4) Article 6 is amended as follows:

(a) in paragraph 2, the following point (fa) is inserted:

'(fa) documentation that demonstrates compliance with product oversight and governance requirements referred to in Article 25, including information on how the PEPP is designed to provide value for money to PEPP savers;';

(b) in paragraph 3, second subparagraph, the first sentence is replaced by the following:

'The competent authorities shall set a time limit, not exceeding 15 working days, by which the applicant is to provide additional information, if the application is not complete.';

(c) in paragraph 5, the first subparagraph is replaced by the following:

'Within five working days of taking a decision for registration of the PEPP, competent authorities shall communicate to EIOPA the decision, as well as the information and documents referred to paragraph 2, points (a), (b), (d), (f), (fa) and (g), and shall inform the applicant PEPP provider accordingly.';

(5) in Article 8(4) the following subparagraph is added:

'The PEPP provider shall, immediately upon being notified of the deregistration referred to in the first subparagraph, inform all PEPP savers thereof in a clear, accurate and comprehensible manner. Such information shall include:

(a) the fact of deregistration and the date on which it takes effect;

(b) the options available to the PEPP saver, including the right to request, without delay and free of charge, a switch of his or her accumulated capital to another PEPP provider or a transfer to another personal pension product;

(c) any other relevant information necessary for the PEPP saver to exercise his or her rights effectively.';

(6) in Article 13, paragraph 1 is replaced by the following:

'1. EIOPA shall keep a central public register identifying each PEPP registered under this Regulation, the registration number of the PEPP, the PEPP provider of this PEPP, the competent authorities of the PEPP provider, the date of the registration of the PEPP, whether the PEPP is a Basic PEPP or a tailored PEPP, a complete list of Member States in which this PEPP is offered and a complete list of Member States for which the PEPP provider offers a sub-account. The register shall also indicate, for

each PEPP registered, the total annual costs and the average past performance over the previous one, three, five and ten years, and summary risk indicators, all as disclosed in the key information document referred to in Article 26 The register shall be publicly available in electronic format and shall be kept up to date.';

(7) Article 18 is amended as follows:

(a) paragraph 2 is replaced by the following:

'2. When proposing a PEPP, the PEPP provider or PEPP distributor shall provide prospective PEPP savers with information on the portability service and on which sub-accounts, if any, are immediately available.';

(b) paragraph 3 is deleted;

(8) in Article 23, the following paragraph 3 is added:

'3. Employers in the cases referred to in Article 47(3) and (4) shall not be considered acting as PEPP distributors.';

(9) Article 25 is replaced by the following:

'Article 25

Product oversight and governance requirements

1. PEPP providers shall establish, maintain, operate and review a process for the approval of each PEPP, or significant adaptations of an existing PEPP, before that PEPP is marketed or distributed to PEPP customers.

The product approval process shall be proportionate and appropriate to the nature of the PEPP, and shall contain a value-for-money assessment which at the initial stage of the product design and approval process is based on reasonable projections and assumptions reflecting plausible expectations.

Article 25 of Directive (EU) 2016/97 of the European Parliament and of the Council*, together with any delegated acts adopted pursuant to that Article, shall apply *mutatis mutandis*.

2. Competent authorities shall monitor the PEPPs offered on their market and evaluate them against relevant supervisory benchmarks used for the value for money assessment. Competent authorities that identify PEPPs that deviate from the applicable benchmark or where they decide to carry out a control for any other reason, they shall require the PEPP provider concerned to provide evidence that, as a result of the value-for-money assessment carried out in accordance with paragraph 1, the costs and charges of the PEPP are justified and proportionate and the PEPP meets the objectives and needs of the target market.

Competent authorities that conclude that the evidence has not been provided or that the costs and charges of the PEPP are not justified and proportionate or that the PEPP does not meet the objectives of the target market, shall require the PEPP provider to take measures to ensure compliance with the product oversight and governance requirements. In the absence of such measures, the competent authorities shall use their powers under Articles 8, 62 and 63.

3. The Commission shall be empowered to supplement this Regulation by adopting delegated acts in accordance with Article 72 to further specify the principles set out in this Article, including,

(a) the adjustments to the methodology applicable to value for money benchmarks for insurance-based investment products under Article 25 of Directive (EU) 2016/97, that are necessary for the development of relevant supervisory benchmarks referred to in paragraph 2, first subparagraph, of this Article. The adjustments shall reflect the longer-term nature of the PEPP with limited redeemability, and shall ensure that PEPPs are compared with groups of comparable personal pension products manufactured and distributed in one or more Member States.

(b) the criteria to determine whether the costs and charges of a PEPP are justified and proportionate within the meaning of paragraph 2, first subparagraph.

Those delegated acts shall take into account in a proportionate way the activities performed, the nature of the PEPPs sold and the nature of the distributor.

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* Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (OJ L 26, 2.2.2016, p. 19, ELI: http://data.europa.eu/eli/dir/2016/97/oj).';

(10) Article 28(3) is amended as follows:

(a) point (c) is amended as follows:

(i) point (iii) is replaced by the following:

'(iii) the following indication:

– for the Basic PEPP, that the Basic PEPP product applies a life cycle investment strategy;

– for a tailored PEPP, that the PEPP applies a risk-mitigation technique which shall be described;';

(ii) the following points (xv) to (xviii) are added:

'(xv) where the PEPP is provided to an employee as part of a workplace arrangement using auto-enrolment , the following information:

– the opt out rights agreed at the time of enrolment;

– applicable vesting rules;

– where applicable, the default decumulation pathways or the other different decumulation options;

(xvi) where a PEPP provider offers several investment options, a description of the range of investment options offered by that provider;

(xvii) an indication that under Union law a PEPP may be either Basic or tailored, and the main differences between the two types of PEPPs;

(xviii) information that all registered PEPPs are available in the central public register referred to in Article 13, including the internet link to that register.';

(b) in point (f), the first subparagraph is replaced by the following:

'under a section titled 'What are the costs?', the costs associated with an investment in the PEPP, comprising both direct and indirect costs to be borne by the PEPP saver, including one-off and recurring costs, presented by means of summary indicators of those costs and, to ensure comparability, total aggregate costs expressed in monetary

and percentage terms, to show the compound effects of the total costs on the investment over the previous 12 months and an estimation of the impact of the costs on the final capital accumulated. Where applicable, the costs charged for the capital guarantee shall be explicitly and separately disclosed.';

(11) in Article 33, the following paragraph 2a is inserted:

'2a. Where the PEPP is provided to an employee as part of a workplace arrangement using auto-enrolment, the information referred to in paragraph 1 shall be provided to the employee promptly after the enrolment in the arrangement concerned.';

(12) Article 34 is amended as follows:

(a) in paragraph 2, the following subparagraph is added:

'The PEPP provider or PEPP distributor shall also clearly inform the prospective PEPP saver that comparative information on the costs and performance of all PEPPs is publicly available through the register referred to in Article 13(1), and shall indicate in a clear and prominent manner the internet link to that register.';

(b) paragraph 3 is replaced by the following:

'3. The requirement to provide advice to a prospective PEPP saver in accordance with paragraph 2, first subparagraph, shall not apply in relation to the distribution of the Basic PEPP.

In case advice is provided in relation to the distribution of the Basic PEPP, advice shall be provided only upon request of the PEPP saver. The PEPP provider or the PEPP distributor shall provide advice on an independent basis.';

(c) the following paragraph 4a is inserted:

'4a. By way of derogation from paragraph 4, where advice is provided in relation to distribution of the Basic PEPP, the PEPP provider or PEPP distributor shall be under no obligation to obtain information on the prospective PEPP saver's knowledge and experience.';

(13) Article 36(1) is amended as follows:

(a) the second sentence in point (d) is replaced by the following:

'If the pension benefit projections are based on economic scenarios, that information shall also include a best estimate scenario, a favourable scenario and an unfavourable scenario, taking into consideration the specific nature of the PEPP contract;';

(b) point (f) is replaced by the following:

'(f) a breakdown of all costs incurred, directly and indirectly, by the PEPP saver over the previous 12 months and on a compounded basis since the start of the contract term, expressed both in monetary terms and as a percentage of contributions on a compounded basis over the previous 12 months and since the start of the contract term, indicating:

(i) the costs of administration;

(ii) the costs of safekeeping of assets;

(iii) the costs related to portfolio transactions:

(iv) the costs for any capital guarantee and other costs;

(v) an estimation of the impact of the costs on the final PEPP benefits.';

(c) the following point (m) is added:

'(m) an indication that EIOPA maintains a register of all PEPPs, allowing for a comparison of cost and performance, and the internet link to the register referred to in Article 13(1).';

(14) Article 38 is replaced by the following:

'Article 38

Information to be given to PEPP savers during the pre-retirement phase and to PEPP beneficiaries during the decumulation phase

1. In addition to the PEPP Benefit Statement, PEPP providers shall provide each PEPP saver two months before the dates referred to in Article 59(1), points (a) and (b), or at the request of the PEPP saver, with information about the upcoming start of the decumulation phase, the possible forms of out-payments, including the costs and charges associated with each form of out-payment and the applicable tax treatment, and the possibility for the PEPP saver to modify the form of out-payments in accordance with Article 59(1).

The information shall be accompanied by a concise explanatory guide setting out:

(a) the main features, implications and potential effects of each form of out-payment on the PEPP saver and, where applicable, on the PEPP beneficiaries;

(b) the risks and factors that could adversely affect the level, stability or duration of retirement income;

(c) the circumstances and criteria that PEPP savers should take into account when assessing the suitability of the different forms of out-payment for their individual situation.

Where one of the forms of out-payment offered by the PEPP provider is a variable annuity, the PEPP provider shall provide each PEPP saver two months before the dates referred to in Article 59(1), points (a) and (b), with projections to illustrate the potential variation in the amount of the out-payment over time.

2. During the decumulation phase, PEPP providers shall annually provide PEPP beneficiaries with information about the PEPP benefits due and the corresponding form of out-payments.

The information shall describe the main factors that could affect the level or duration of retirement income, including investment and life-expectancy risks, and shall indicate, where applicable, the right to change the form of out-payment.

Where the PEPP saver continues to make contributions or to bear investment risk during the decumulation phase, the PEPP provider shall continue providing the PEPP Benefit Statement.';

(15) the following Article 39a is inserted:

'Article 39a

Information during the term of contract to be provided in case employers contribute to a PEPP

In addition to the information referred to in Articles 36 to 39, where an employer contributes to a PEPP in accordance with Article 47, paragraphs 3 or 4, the PEPP Benefit Statement shall contain information about the contributions paid by the employer and the PEPP saver into the PEPP, at least over the last 12 months, and on an accumulated basis since the beginning of the investment in both the local currency and as percentage of cumulated contributions over the given period.';

(16) Article 41(1) is amended as follows:

(a) the introductory wording is replaced by the following:

'PEPP providers shall invest the assets corresponding to the PEPP in accordance with the 'prudent person principle' and in particular in accordance with the following principles:';

(b) point (b) is replaced by the following:

'(b) within the prudent person principle, PEPP providers shall take into account risks related to and the potential long-term impact of investment decisions on ESG factors;';

(c) point (d) is replaced by the following:

'(d) the assets shall be predominantly invested on regulated markets as defined in Article 4(1), point (21) of Directive 2014/65/EU, multilateral trading facilities (MTFs) as defined in Article 4(1), point (22), of that Directive and organised trading facilities (OTFs) as defined in point (23) of that Directive;';

(17) in Article 42, paragraphs 1, 2 and 3 are replaced by the following:

'1. PEPP providers may offer different investment options to PEPP savers.

2. The investment options shall include at least one of the following:

(a) the Basic PEPP referred to in Article 45;

(b) a tailored PEPP with investment options different from the one referred to in Article 45.

3. PEPP providers shall design investment options on the basis of a risk-mitigation technique within the meaning of Article 46.';

(18) in Article 43, the wording 'Having received the relevant information and advice,' is replaced by the wording 'Having received the relevant information and advice, where requested or required,';

(19) Article 45 is replaced by the following:

'Article 45

The Basic PEPP

1. PEPP providers shall design the Basic PEPP investment option on the basis of a life cycle investment strategy.

2. Without prejudice to the investment rules laid down in Article 41, at least 95 % of the assets of the Basic PEPP other than cash shall be invested into any of the

financial instruments referred to in Article 25(4)(a), points (i) to (iv), of Directive 2014/65/EU.';

(20) Article 46 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. The use of risk-mitigation techniques shall ensure that the investment strategies for the PEPP are designed to build up a stable and adequate individual future retirement income from the PEPP and to ensure a fair treatment of all generations of PEPP savers. Those risk-mitigation techniques shall take into consideration the expected remaining duration of the PEPP saver's or group of PEPP savers' individual accumulation phase and the PEPP saver's chosen decumulation option. All risk-mitigation techniques shall be sound, robust and consistent with the risk profile of the corresponding investment option.';

(b) in paragraph 2, point (a) is replaced by the following:

'(a) the application of a lifecycle investment strategy;'

(c) the following paragraph 2a is inserted:

'2a. The PEPP provider shall design the life-cycle investment strategy referred to in paragraph 2, point (a), in such a way as to ensure that the PEPP savers furthest away from the expected end of the accumulation phase invest, to a contractually specified extent, in long-term investments which benefit from higher investment returns due to their specific higher risks and rewards characteristics, including illiquid or equity-type characteristics. For the PEPP savers closest to the expected end of the accumulation phase, the PEPP provider shall ensure that the investments are predominantly liquid, of high quality and exhibiting fixed investment returns.

The PEPP provider shall specify average exposures to equity and debt instruments whilst ensuring compliance with Article 41 for all potential sub-portfolios corresponding to the phases of the life-cycling.';

(d) in paragraph 3, the first two subparagraphs are replaced by the following:

'In order to ensure the consistent application of this Article, EIOPA shall, after consulting the other ESAs, develop draft regulatory technical standards specifying the minimum qualitative criteria that the risk-mitigation techniques have to satisfy, taking into account the various types of PEPPs and their specific features, as well as the various types of PEPP providers and the differences between their prudential regime. The criteria shall not impose maximum probabilities of losses or stochastic modelling.

EIOPA shall submit those draft regulatory technical standards to the Commission by [PO= please insert 6 months after entry into force of this Regulation].';

(21) in Article 47, the following paragraphs 3, 4 and 5 are added:

'3. Without prejudice to national social and labour law on the organisation of pension systems and the autonomy of social partners, including compulsory membership and the outcomes of collective bargaining agreements, and insofar as it does not interfere with the existing occupational pension schemes, Member States shall not prevent employers from voluntarily contributing to a PEPP for their employees that are PEPP savers and who agree to this.

4. Without prejudice to national social and labour law regarding the organisation of pension systems and the autonomy of social partners, including compulsory membership and the outcomes of collective bargaining agreements, and insofar as it does not interfere with the existing occupational pension schemes, Member States may allow the PEPP to be provided to an employee as part of a workplace arrangement using auto-enrolment.

In the case the PEPP is provided to an employee as part of a workplace arrangement using auto-enrolment, the PEPP saver shall have the right to opt out and rejoin in accordance with the national framework governing auto-enrolment, including relevant social and labour law on the organisation of pension systems, compulsory membership and the outcomes of collective bargaining agreements.

(22) the following Article 51a is inserted before Chapter VII:

'Article 51a

Pension tracking systems

1. Member States shall ensure that, where pension tracking systems are in place, they cover the PEPP accrued retirement entitlements.

2. For the purposes of paragraph 1, PEPP providers and PEPP distributors shall transmit to pension tracking systems, where pension tracking systems are in place in the Member State where the PEPP is distributed,, all information necessary to provide customers with a comprehensive, reliable and up-to-date overview of their entitlements.

3. The information referred to in paragraph 2 shall be transmitted in standardised and interoperable format enabling pension tracking systems to aggregate data on accumulated value, accrued rights and projected benefits in a coherent and comparable manner.

4. PEPP providers shall remain fully responsible for the completeness and accuracy of the data transmitted and for the fulfilment of all communication obligations provided for in this Article.

5. Competent authorities shall monitor and enforce compliance with this Article and take corrective measures where PEPP providers fail to provide complete, accurate or timely information.

6. The format and structure of the information to be transmitted to pension tracking systems shall be consistent with the format and structure laid down in the Delegated Regulation adopted pursuant to Article 37.';

(23) Chapter VII is amended as follows:

(a) the heading of the Chapter is replaced by the following:

'SWITCHING OF PEPP PROVIDERS AND TRANSFER FROM AND TO OTHER PERSONAL PENSION PRODUCTS';

(b) the following Articles 56a and 56b are inserted:

'Article 56a

Switching and transfer rights in case of deregistration

Without prejudice to any additional remedies that may be available under national law, where a PEPP is deregistered in accordance with Article 8, paragraphs 1, the PEPP savers and beneficiaries shall have the right to switch to another PEPP provider or to transfer the accumulated capital to another personal pension product without delay and free of charge.

Article 56b

Transfers from other personal pension products

1. Member States shall allow transfers from other personal pension products to a PEPP.

2. Member States shall ensure that the transfers referred to in paragraph 1 are not subject to penalties, fees or any other administrative requirement by the provider of the personal pension product that would make the transfer more costly than transfers between two personal pension products that are not PEPPs.';

(24) in Article 57, the following paragraph 3 is added:

'3. In the case of PEPPs provided to an employee as part of a workplace arrangement using auto-enrolment, the provisions referred to in this Chapter shall be without prejudice to the right of an employer to determine default decumulation pathways where this is provided for under the law of the Member State concerned.';

(25) in Article 60(1), the introductory wording is replaced by the following:

'1. At the start of the decumulation phase, the PEPP provider shall offer the PEPP saver personal retirement planning on the sustainable use of the capital accumulated in the PEPP sub-accounts, taking into account at least;';

(26) in Article 63(1), point (a) is replaced by the following:

'(a) the competent authorities are satisfied that there are reasonable grounds to believe that the PEPP gives rise to significant or reiterated saver's protection concerns, consistently fails to offer value for money or poses a risk to the orderly functioning and integrity of financial markets or the stability of whole or part of the financial system within at least one Member State;';

(27) in Article 64(1), the first sentence is replaced by the following:

'EIOPA shall perform a facilitation and coordination role, including by setting up a collaboration platform in accordance with Article 65a in relation to action taken by competent authorities in accordance with Article 63.';

(28) in Article 65(3), first subparagraph, point (a), the following text is added:

'or the consistent failure to offer value for money;';

(29) the following Article 65a is inserted:

'Article 65a

Collaboration platforms

1. EIOPA shall perform a facilitation and coordination role, including in the case of justified concerns about potential harm to the interests of PEPP savers and PEPP

beneficiaries. It shall, on its own initiative or at the request of one or more of the PEPP competent authorities, set up and coordinate a collaboration platform, to strengthen the exchange of information and to enhance collaboration between competent authorities.

2. Paragraph 1 shall be without prejudice to the right of the relevant competent authorities to set up a collaboration platform where they all agree to do so.

3. The setting up of a collaboration platform pursuant to paragraphs 1 and 2 is without prejudice to the mandate of the supervisory authorities of the home Member State and host Member State provided for in this Regulation.

4. Without prejudice to Article 35 of Regulation (EU) No 1094/2010, at the request of EIOPA, the relevant competent authorities shall provide all necessary information in a timely manner.

5. Where two or more competent authorities of a collaboration platform disagree about the procedure or content of an action to be taken, or inaction, EIOPA may, at the request of any relevant competent authority or on its own initiative, assist the competent authorities in reaching an agreement in accordance with Article 19(1) of Regulation (EU) No 1094/2010.

6. Where EIOPA identifies a need to investigate possible detriment to the interests of PEPP savers or beneficiaries EIOPA may call for the home PEPP competent authority to carry out an on-site inspection. The competent authority of the home Member State shall launch the on-site inspection without delay and shall invite EIOPA and other competent authorities concerned to participate in it.';

(30) in Article 73(1), the first sentence is replaced by the following:

'By [PO = please insert the date corresponding to five years after the application date of this Regulation], and every five years thereafter, the Commission shall carry out an evaluation of this Regulation, and after consulting EIOPA and the other ESAs where appropriate, present a report on the main findings to the European Parliament and the Council.'.

Article 2

Repeal

In the Commission Delegated Regulation (EU) 2021/473, Article 13, Article 14, paragraphs 2 and 3, and Article 15 are repealed.

Article 3

Entry into force and date of application

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 apply from [PO = please insert 1 year after entry into force of this Regulation].

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

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for an amending Regulation (EU) 2019/1238 on a pan European Personal Pension Product (PEPP)

1.2. Policy area(s) concerned

Capital Markets Union, Savings and Investments Union, Pension Package, Supplementary Pensions

1.3. Objective(s)

1.3.1. General objective(s)

The general objectives pursued by this legislative proposal amending Regulation (EU) 2019/1238 are to increase citizens participation in supplementary pensions, to ensure their adequate income in retirement and to enhance the capacity of pension providers to direct households' savings into productive and innovative investments.

By reducing administrative burden of rules set out in Regulation (EU) 2019/1238 associated with the initial design of PEPPs, competition can emerge, and transparency can contribute to improved commercial appetite.

1.3.2. Specific objective(s)

The specific objectives of the proposed amendments to Regulation (EU) 2019/1238 are the following:

- Ensuring that cost efficient pension products can emerge by deleting restrictive design features of the PEPP, thereby allowing for more market competition, while allowing long term investments in private markets.

- Ensuring higher transparency on fees and costs in order to create the conditions to deliver better returns and increase citizens' perceptions of supplementary pensions as a valuable long-term investment for retirement.

- Reducing regulatory burden and easing commercial strain by removing the requirement to offer compartments in two Member States at minimum, by deleting the requirement to offer the PEPP at or under the fixed fee threshold of 1% and by deleting the requirement to offer a Basic PEPP.

- Reducing regulatory fragmentation to encourage a larger offer of third pillar pension products subject to aligned European rules.

1.3.3. Expected result(s) and impact

- More offering of cost effective personal pension products and more retirement savings by citizens.

- More efficient management of retirement savings and supervision thereof.

- Promotion of scale and competition forces

- Streamlining explicit investment barriers for all private pension providers

1.3.4. Indicators of performance

While the PEPP Regulation has been in force since 2019, so far only two providers have offered a PEPP. The targeted consultation revealed that market participants stay away from offering the product because the current 1 % fee cap is perceived as too limiting compared to national products that are in place and that requirements such as the obligation to offer the PEPP in more than one Member State hinder its commercial launch.

Through this proposal, the Commission aims to enable – and will monitor – the following:

- an increase in number of registered PEPP as well as in the number of passported PEPPs;

- an increase in the total number of PEPP savers, both private and occupational;

- strong value for money provided by PEPPs as per supervisory evaluation;

- higher long term retail savings channelled into capital markets.

1.4. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project / preparatory action[33]

☑ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

With this proposal, the Commission proposes a Regulation amending Regulation (EU) 2019/1238. This amending Regulation will start applying 12 months after its entry into force.

As specified in Art 73 of Regulation (EU) 2019/1238, the Commission shall, five years after the application date of this amending Regulation, and every five years thereafter, carry out an evaluation of Regulation (EU) 2019/1238, and after consulting EIOPA and the other ESAs where appropriate, present a report including the main findings to the European Parliament and the Council.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

The Regulation of the pan-European personal pension product (PEPP) is established at EU level since 2019, because only Union action can set a common regulatory framework for PEPP providers that benefit from passporting. Amending the features of the PEPP can only be achieved at EU level, through an amending Regulation.

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1.5.3. Lessons learned from similar experiences in the past

Not applicable

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instrument

Not applicable

1.5.5. Assessment of the different available financing options, including scope for redeployment

The tasks of the European Insurance and Occupational Pensions Authority (EIOPA) in relation to the registration process are already established. The workload associated with the targeted adjustments to the application process or to the scope of the existing register should remain limited and is expected to be spread over time as the number of PEPPs grows. EIOPA should be able to manage these additional tasks within its existing resources.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Not applicable

1.6. Duration of the proposal/initiative and of its financial impact

☐ **limited duration**

– ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☐ **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned

☐ **Direct management** by the Commission

– ☐ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated

– ☐ international organisations and their agencies (to be specified)

– ☐ the European Investment Bank and the European Investment Fund

– ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation

– ☐ public law bodies

– ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees

– ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act

– ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

Not applicable

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Not applicable

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

Not applicable

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

Not applicable

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

Not applicable.

2.3. Measures to prevent fraud and irregularities

Not applicable

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[1]	from EFTA countries[2]	from candidate countries and potential candidates[3]	From other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

[1] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
[2] EFTA: European Free Trade Association.
[3] Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☐ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	

DG: <…….>			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**

	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING <….> of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	Number	

DG: <…….>			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**

	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b +3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b +3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**

TOTAL appropriations under HEADING <….> of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	**7**	‘Administrative expenditure’

DG: <…….>		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources	0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**

TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

EUR million (to three decimal places)

		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	

DG: <…….>			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

for DG <…….>	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING <….> of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	Number	

DG: <…….>	Year	Year	Year	Year	**TOTAL MFF**

			2024	2025	2026	2027	2021-2027
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations					
Budget line — Commitments (1a)					**0.000**
Budget line — Payments (2a)					**0.000**
Budget line — Commitments (1b)					**0.000**
Budget line — Payments (2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes					
Budget line (3)					**0.000**
TOTAL appropriations for DG <…….> — Commitments =1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL appropriations for DG <…….> — Payments =2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**

TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING <….> of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	**0.000**
	Payments	(5)	0.000	0.000	0.000	0.000	**0.000**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under Headings 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Heading of multiannual financial framework	**7**	'Administrative expenditure'

EUR million (to three decimal places)

DG: <…….>		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

EUR million (to three decimal places)

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
of the multiannual financial framework	Payments	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **2024**		Year **2025**		Year **2026**		Year **2027**		Enter as many years as necessary to show the duration of the impact (see Section1.6)						**TOTAL**	
	OUTPUTS																	
	Type[37]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost

[37] Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

SPECIFIC OBJECTIVE No 1[38]…																				
- Output																				
- Output																				
- Output																				
Subtotal for specific objective No 1																				
SPECIFIC OBJECTIVE No 2 ...																				
- Output																				
Subtotal for specific objective No 2																				
TOTALS																				

[38] As described in Section 1.3.2. 'Specific objective(s)'

3.2.3. Summary of estimated impact on administrative appropriations

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.3.2. Appropriations from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.3.3. Total appropriations

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**

Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources

– ☐ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)

VOTED APPROPRIATIONS		Year **2024**	Year **2025**	Year **2026**	Year **2027**
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (inFTEs)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

3.2.4.2. Financed from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year **2024**	Year **2025**	Year **2026**	Year **2027**
• Establishment plan posts (officials and temporary staff)				
20 01 02 01 (Headquarters and Commission's Representation Offices)	0	0	0	0
20 01 02 03 (EU Delegations)	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0

Other budget lines (specify)		0	0	0	0
• External staff (in full time equivalent units)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

3.2.4.3. Total requirements of human resources

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES		Year **2024**	Year **2025**	Year **2026**	Year **2027**
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (in full time equivalent units)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	**Exceptional additional staff***		
		To be financed under Heading 7 or Research	**To be financed from BA line**	**To be financed from fees**
Establishment plan posts			N/A	

External staff
(CA, SNEs, INT)

Description of tasks to be carried out by:

Officials and temporary staff	
External staff	

3.2.5. Overview of estimated impact on digital technology-related investments

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as "Policy IT expenditure on operational programmes". This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 "Digital dimensions".

TOTAL Digital and IT appropriations	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021 - 2027**
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

– ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

– ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

– ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

– ☐ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2024**	Year **2025**	Year **2026**	Year **2027**	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. Estimated impact on revenue

– ☐ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

– ☐ on own resources

– ☐ on other revenue

– ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[39]			
		Year **2024**	Year **2025**	Year **2026**	Year **2027**
Article …….					

For assigned revenue, specify the budget expenditure line(s) affected.

Note applicable

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[39] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

4. DIGITAL DIMENSIONS

4.1. Requirements of digital relevance

Reference to the requirement	Requirement description	Actor affected or concerned by the requirement	High level processes	Category
Article 6	Registration information to be made available- in the existing register. PEPP providers have to demonstrate their ability to provide value for money as part of the registration process	NCAs, EIOPA, PEPP provider	Transmission of information Manage registry	Data Digital solution Digital Public service
Article 13	The scope of the existing central public register maintained by EIOPA is extended to include historical data on costs, performance, and the summary risk indicator.	EIOPA, NCA, PEPP providers	Transmission of information Manage registry Publish Monitor	Data Digital solution Digital Public service
Article 51a	PEPP providers and distributors could transmit to pension tracking systems, in a standardised and interoperable format, all information necessary to provide customers with a comprehensive, reliable and up-to-date overview of their entitlements.	PEPP providers, pension tracking system providers, NCAs	Transmission of information	Data Digital solution Digital Public service
Article 65	EIOPA can, under certain conditions, set up collaborative platforms to strengthen the exchange of information and to enhance collaboration between the relevant competent authorities – similar to the collaborative platform set-up in the Directive (EU)	EIOPA, NCAs	Establish a Digital Public Service; Monitor	Data Digital solution Digital Public service

	2016/2341			

4.2. Data

High-level description of the data in scope and any related standards/specifications

Type of data	Reference(s) to the requirement	Standard and/or specification (if applicable)
Registration information on capacity to provide value for money	Article 6	As defined by EIOPA
Registration of data on cost, performance, risk indicators	Article 13	As defined by EIOPA
Up-to-date information on savers' entitlements to be made available in the pension tracking system, where this exists.	Article 51a	As defined by the NCAs
Exchange of relevant supervisory information between authorities	Article 65	As defined by the NCAs/ EIOPA

Data flows

Type of data	Reference(s) to the requirement(s)	Actor who provides the data	Actor who receives the data	Trigger for the data exchange	Frequency (if applicable)
Registration information	Article 6	PEPP provider	NCA	Request for registration	//
Registration information	Article 6	NCA	EIOPA	Decision for registration	//
Registration of data on cost, performance, risk indicators	Article 13	PEPP provider	NCA	As established by EIOPA	//

Registration of data on cost, performance, risk indicators	Article 13	NCA	EIOPA	As established by EIOPA	//
Up-to-date information on savers' entitlements	Article 51	PEPP provider/distributor	pension tracking system provider	at defined by the NCAs	//
Supervisory information	Article 65	NCAs	EIOPA	As established by NCAs/EIOPA	//

4.3. Digital solutions

Digital solution	Reference(s) to the requirement (s)	Main mandated functionalities	Responsible body	How is accessibility catered for?	How is reusability considered?	Use of AI technologies (if applicable)
Central public registry	Article 6; Article 13	Registration data, cost, performance, risk indicators to be incorporated in the Central public register maintained by EIOPA – already existing	EIOPA	Publicly available	To be defined by EIOPA	//
Updating of existing pension tracking system	Article 51a	PEPP providers and distributors could transmit to pension tracking systems, in a standardised and interoperable format, all	NCAs	To be defined by NCAs	To be defined by NCAs	//

		information necessary to provide customers with a comprehensive, reliable and up-to-date overview of their entitlements.				
Collaborative platforms	Article 65	EIOPA can, under certain conditions, set up collaborative platforms to strengthen the exchange of information and to enhance collaboration between the relevant competent authorities – similar to the collaborative platform set-up in the Directive (EU) 2016/2341	EIOPA	To be defined by EIOPA	To be defined by EIOPA	//

Central public registry

Digital and/or sectorial policy (when these are applicable)	Explanation on how it aligns
AI Act	Not applicable
EU Cybersecurity framework	Without prejudice to Regulation (EU) 2016/679, Member States shall ensure the security, integrity, authenticity and confidentiality of the data collected and

	stored for the purpose of this Directive. To be further detailed by EIOPA
eIDAS	To be further detailed by EIOPA
Others	//

Pension tracking systems

Digital and/or sectorial policy (when these are applicable)	Explanation on how it aligns
AI Act	Not applicable
EU Cybersecurity framework	Without prejudice to Regulation (EU) 2016/679, Member States shall ensure the security, integrity, authenticity and confidentiality of the data collected and stored for the purpose of this Directive. To be further detailed by NCAs
eIDAS	//
Others	//

Collaborative platforms

Digital and/or sectorial policy (when these are applicable)	Explanation on how it aligns
AI Act	Not applicable
EU Cybersecurity framework	Without prejudice to Regulation (EU) 2016/679, Member States shall ensure the security, integrity, authenticity and confidentiality of the data collected and stored for the purpose of this Directive. To be further detailed by EIOPA
eIDAS	To be further detailed by EIOPA
Others	//

4.4. Interoperability assessment

Digital public service or category of digital public services	Description	Reference(s) to the requirement(s)	Other interoperability solution(s)
Central public register	Registration of value for money delivery capacity; data on costs, performance, and the summary risk indicator.	Articles 6, 13	//
Pension tracking system	Up-to-date information on savers' entitlements	Article 51a	//
Collaborative platforms	To be created, maintained and updated regularly, as well as made publicly available	Article 65	//

4.5. Measures to support digital implementation

Not applicable