



Council of the European Union
General Secretariat

**Interinstitutional files:
2025/0363 (COD)**

Brussels, 21 January 2026

WK 979/2026 INIT

LIMITE

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WORKING DOCUMENT

From: Presidency
To: Working Party on Financial Services and the Banking Union (PEPP)
Financial Services Attachés

Subject: Working Party on Financial Services and the Banking Union (PEPP) - 29.01.2026
- Presidency discussion paper on amendments to PEPP Regulation

PUBLIC



29th of January 2026

**Presidency discussion paper on amendments
to PEPP Regulation**

29 January 2026 10:00

Introduction

On 20 November 2025, as part of a package of measures to help citizens secure adequate income in retirement by improving access to better and more effective supplementary pensions, the European Commission proposed the review of Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP) - the PEPP Regulation – (WK 16419/2025 INIT) with the aim to turn the PEPP into a genuinely European, cost-effective and flexible long-term savings product.

The amending Regulation was presented to Member States (MS) by the Commission on 1 December along with the Staff Working Document that assessed the impact of the proposed amendments. MS were invited to provide the Presidency (PCY) with written comments by the 19th of December in preparation for Council Working Party (CWP) examination of the text from January onwards.

Topics of discussion on the PEPP proposal

This note serves to structure the debate at the CWP meeting of 29 January which will focus on:

- Framework
- Basic and tailored PEPP features
- PEPP Treatment under National Personal Pension Frameworks
- Interaction with Pillar II
- EIOPA role

1. Framework

Purpose of the discussion

This item aims to present the general framework and overall direction of the proposal for amending the PEPP Regulation. The objective of the discussion is to enable an initial exchange of views on the proposed approach, before engaging in more detailed discussions on specific policy elements in the subsequent sections of this paper.

1. Content of the revised proposal

The proposal seeks to build on and strengthen the existing PEPP framework in order to enhance its market appeal, accessibility and commercial viability across the Union. It aims to provide greater flexibility to PEPP providers, while ensuring that transparency, comparability and

consumer protection continue to be safeguarded through appropriate disclosure, product governance and supervisory requirements.

To this end, the proposal introduces targeted adjustments to a number of core features of the current PEPP framework, including registration, investment policy and supervision. The main elements of the amended proposal include, inter alia:

- the simplification of the development and distribution of a Basic PEPP, which should remain transparent and cost-effective by keeping production and distribution costs low;
- the introduction of more flexible and sophisticated PEPPs with additional management options, enabling PEPP providers to offer more tailor-made solutions reflecting different risk preferences, market conditions and national contexts;
- the lifting of the current 1% cost cap, the deletion of the requirement to offer sub-accounts for at least two Member States, and the removal of the limitation on the number of PEPP options that may be offered;
- the introduction of a simplified advice option for the Basic PEPP,
- the clarification that PEPPs should be allowed to be offered to employees in a workplace context and the possibility, where available, in the context of auto-enrolment,
- the incorporation of a value-for-money approach,
- the clarification that the treatment of PEPPs under national frameworks should be comparable to that of national personal pension products.

2. Member States' views

Based on the feedback PCY received from MS, there is broad recognition by MS on the need to build on and strengthen the framework for PEPPs set out in the PEPP Regulation in order to improve the overall attractiveness and commercial viability of the PEPP framework while ensuring that transparency, comparability and consumer protection remain safeguarded through appropriate disclosure and product governance requirements. MS views on specific features of the proposal are reflected throughout the present paper, as well as in the forthcoming Presidency papers.

3. Question:

Q1: Do MS agree that the revision of the PEPP Regulation should primarily focus on relaunching PEPP as a viable and attractive EU personal pension product, notably by simplifying the existing

framework, increasing flexibility for providers and reducing administrative and compliance burdens, while maintaining appropriate levels of transparency and consumer protection?

1. Basic and tailored PEPP features – Recital 19 of the Proposal and articles 4, 28, 42, 45 and 46

1. Purpose of the discussion

This item intends to present the amendments introduced in the revised proposal concerning the general features of Basic and Tailored PEPPs, and to take note of MS initial reactions and concerns.

It is further divided in subitems to focus the discussion of specific features of the Commission proposal, also based on the feedback PCY has already received from MS. For each subitem Members are invited to express their initial views.

2. Content of the revised proposal

The Commission's proposal further differentiates between two variants of the PEPP, the Basic and tailored PEPPs. The Commission proposal seeks to recalibrate the existing architecture in light of the limited market uptake of PEPPs since the entry into force of the Regulation. According to the explanatory memorandum, the Commission identifies overly prescriptive product requirements, high compliance costs and insufficient commercial incentives for providers as key obstacles. The revised Article 45 designs the Basic PEPP as a simple, cost-effective pension product, suitable for distribution on a non-advised basis, including through digital channels. The Basic PEPP aims to be product designed to cater to the needs of a broad base of retirement savers. It is intended to provide a simple, accessible and cost-effective long-term retirement savings option, particularly for individuals at the beginning of their careers with a higher capacity to bear investment risk. By offering standardised features and safeguards, the Basic PEPP seeks to enhance trust and participation in voluntary retirement saving across the EU. On the other side, the tailored PEPP is designed to incorporate a broader range of product features, such as guarantees or risk-mitigation techniques and remain subject to mandatory advice. Considering that the Basic PEPP may not fit the business model or strategy of certain PEPP providers or adequately reflect the preferences and risk profiles of all PEPP savers, tailored PEPPs can be offered alongside the Basic PEPP. For instance, certain PEPP savers may prefer to invest in products that provide minimum levels of guarantees or that are invested into riskier (volatile) assets.

3. Member States' views

There is broad recognition by MS of the need to improve the overall attractiveness and commercial viability of the PEPP framework. Many MS acknowledged the potential value of a

simplified PEPP product alongside more tailored options, in order to cater for different saver preferences and provider business models. Some MS questioned whether the distinction between Basic and tailored PEPPs is sufficiently clear and balanced, in particular as regards the level of protection offered by the Basic PEPP. Concerns were expressed that an overly simplified Basic PEPP could be perceived as offering insufficient safeguards for certain categories of savers. Few MS asked for clarification about the interaction between the Basic PEPP and tailored PEPPs, especially in terms of minimum consumer protection standards.

4. Questions

Q2: Do MS agree with the overall architecture proposed by the Commission, which distinguishes a Basic PEPP designed as a simple, cost-efficient, life-cycle investment approach, not subject to further L2 product specifications from more tailored PEPP variants (with broader risk management and mitigation options)?

Q3: If not, do MS have concrete suggestions for alternative structural approaches?

2.1. Obligation to offer a Basic PEPP (Article 42(2))

1. Content of the revised proposal

Article 42(2) of the PEPP Regulation currently requires that any provider offering PEPPs must also make available a Basic PEPP. In its proposal, the Commission removes this obligation arguing that mandatory product offerings may discourage potential providers from entering the PEPP market altogether. The Commission considers that certain providers' business models or distribution strategies may not be compatible with the Basic PEPP requirements, and that forcing such providers to offer a Basic PEPP could ultimately reduce overall PEPP availability rather than enhance it.

2. Member States' views

Several MS acknowledged that mandatory product offerings may limit providers' willingness to enter the PEPP market. A few other stressed the importance of ensuring access to a simple and comparable PEPP for consumers in all MS and are concerned that removing the obligation could reduce the availability of Basic PEPPs in practice.

3. Questions

Q4: Do MS agree with the suggested modification in Article 42(2) removing the obligation to offer a Basic PEPP when offering tailored PEPPs?

Q5: If not, what would the MS propose instead?

2.2. Removal of the fee cap for the Basic PEPP – Art 45 (2)

1. Content of the revised proposal

For the Basic PEPP, the Commission proposal removes the 1 % fee cap from Article 45, citing evidence gathered since the adoption of the Regulation that the cap has significantly constrained providers' ability to design and distribute a commercially viable Basic PEPP. The explanatory memorandum argues that rigid fee caps may not sufficiently reflect differences in national markets, distribution channels or cost structures, and may deter providers from offering PEPPs at all.

2. Member States' views

Several MS welcomed the deletion of the fee cap. Many MS recognised that cost efficiency remains a key objective for the Basic PEPP. Few MS were concerned that removing the fee cap could weaken consumer protection and reduce comparability. Some questioned whether alternative safeguards would be sufficient to prevent excessive costs.

3. Questions

Q6: Do MS agree with the removal of the fee cap for the Basic PEPP as set out in Article 45(2)?

Q7: If not, do MS see merit in alternative mechanisms to ensure cost efficiency for savers?

2.3. Removal of mandatory advice for the Basic PEPP - Articles 2 (34), 34 (3) and (4), 43 and 45

1. Content of the revised proposal

The Commission's proposal removes the mandatory advice requirement for the Basic PEPP. The rationale, as stated in the Commission's proposal, is that PEPP is a simple product which can be distributed without advice on its features, while product-specific advice remains necessary for other more complex personal pension products available in the market, such as tailored PEPPs. In the Commission's view, the lifting of the mandatory product advice addresses also cost efficiency and the potential consumer detriment linked to higher costs of distribution. This change is closely linked to other elements of the proposal, in particular the simplification of the Basic PEPP's investment rules and the introduction of a mandatory life-cycle investment strategy. The Commission considers that, taken together, these product features sufficiently mitigate risks for savers and justify the use of execution-only distribution channels. This approach is aligned with MiFID II concepts for non-complex financial instruments and reflects a policy objective to reduce distribution costs, increase accessibility (including through digital channels) and avoid consumer detriment linked to high advisory fees for simple products. At the same time, the proposal does not exclude the possibility of advice altogether. According to the proposed Article 34(3), where advice is provided in relation to the distribution of a Basic

PEPP, such advice would be offered only upon request of the PEPP saver and must be provided on an independent basis by the PEPP provider or distributor.

In this respect, the proposal introduces a definition of “advice on an independent basis”. The definition aims to clarify the conditions under which advice related to PEPPs may be considered independent. The notion of ‘independent advice’ is considered by the Commission consistent with the approach followed in Article 24(7) of MiFID II and the Commission’s proposal for the Insurance Distribution Directive in the Retail Investment Strategy. In line with Article 24(7) of MiFID II, the proposed definition states that advice shall be both unrestricted and unbiased. This requires the PEPP provider or distributor to assess a sufficiently large number of personal pension products (whether PEPP or other personal pension products) available in the market, which are sufficiently diverse as to their type and providers. This assessment may not be limited to the own products of the PEPP provider or distributor or to the products of entities having close links with the PEPP provider or distributor. Additionally, the PEPP provider or distributor may not accept or retain any fees or commissions, whether monetary or non-monetary, from third parties (i.e. from a product provider) in connection to the provision of the service.

The Commission aim is to preserve access to advice for savers who explicitly seek it, while avoiding a general obligation that could undermine the cost-efficiency and simplicity of the Basic PEPP.

2. Member States’ views

Many MS acknowledged that advice requirements can increase distribution costs. There is general support for exploring simpler distribution models for straightforward products. However, several MS expressed concerns about consumer protection in the absence of advice and did not support the deletion. Few MS suggested to link the removal of advice to an adequate level of financial literacy by the potential PEPP saver.

MS expressed diverging views on the necessity, clarity, and practical application of the new definition. Some MS could accept the definition in principle, while calling for alignment with existing EU frameworks (notably MiFID/RIS). Other MS questioned the need for introducing the definition. Several MS raised conceptual concerns regarding the possibility for PEPP providers, as product manufacturers, to provide advice on an independent basis, pointing to potential conflicts of interest and concerns about consumer protection and how would the provision of independent advice, where required, would work in practice.

3. Questions

Q8: Do MS agree that the Basic PEPP should be offered without a mandatory advice requirement, enabling execution-only distribution where appropriate?

Q9: If not, would MS see merit in a more limited or optional form of guidance, and under which conditions?

Q10: Do MS agree with the definition of “advice on an independent basis” as proposed by the Commission?

Q11: Do MS consider the proposed definition sufficiently clear and consistent with existing EU financial services legislation? If not please elaborate/justify your position.

2.4. Life-cycle investment strategy and risk mitigation - Articles 2 (35), 4, 28 and 46

1. Content of the revised proposal

The Commission proposal strengthens the role of life-cycle investment strategies within the PEPP framework. In the current PEPP Regulation, risk mitigation for the Basic PEPP relied on capital protection mechanisms and quantitative safeguards, which were further specified in level 2 measures developed by EIOPA. These regulatory technical standards were widely criticised by stakeholders as overly rigid and difficult to operationalise, in particular due to prescriptive quantitative requirements and modelling assumptions. According to the proposal’s explanatory memorandum, these elements contributed to limited take-up of the Basic PEPP and informed the decision to move towards a more principles-based and flexible approach. In light of this, the Commission proposes life-cycle strategies as a default risk-mitigation mechanism for the Basic PEPP, while allowing tailored PEPPs to rely on a wider range of techniques, including guarantees.

The proposal also introduces a definition of “life-cycle investment strategy” as an investment strategy that adjusts the level of risk attached to investments according to a predetermined glide path. The strategy is directed at mitigating investment risk while providing a reasonable degree of long-term appreciation. According to the proposed definition, the glide path takes into account: the individual’s age or retirement date; and where relevant, the pay-out profile of the product, with the objective of minimising the risk of large losses. The definition aims to capture the core characteristics of life-cycling as a risk-mitigation mechanism over the accumulation phase of a personal pension product.

The Commission’s proposal is not prescriptive regarding the way in which the risk mitigation must be structured, leaving the task to each PEPP provider to define the key elements of the strategy, such as the glidepath. To ensure a minimum level of harmonisation and consumer protection, the proposal mandates EIOPA to develop regulatory technical standards specifying

qualitative criteria for risk-mitigation techniques. At the same time, the Commission proposal explicitly limits the scope of these standards, excluding quantitative caps or stochastic modelling, in order to preserve flexibility for providers.

2. Member States' views

There was broad agreement on the importance of appropriate long-term risk management for pension savers. MS broadly supported the concept of life-cycle investment strategies as a recognised and widely used approach to risk management in long-term retirement savings. However, MS raised several concerns. Some MS preferred guarantee-based approaches or questioned the suitability of life-cycle strategies as a default. Few MS considered the definition of life-cycle strategies too broad or insufficiently clear. Some MS suggested that the proposed definition should be broadened to explicitly reflect additional relevant factors, such as the saver's risk appetite, and to clarify whether life-cycling is applied strictly at the individual level or by reference to cohorts of savers with a similar remaining investment horizon. Other MS highlighted that life-cycling is already a well-established practice in national pension systems and many raised concerns about the scope and role of level 2 measures.

Few issues were identified as requiring clarification or adjustments: the clarity and calibration of the definition of life-cycle investment strategies (i.e. regarding what constitutes a "large loss"); the interaction between life-cycle strategies (as these may differ substantially across providers and MS), alternative risk-mitigation techniques and the prudent person principle.

3. Questions

Q12: Do MS agree with the Commission's approach of introducing a mandatory life-cycle investment strategy as the default for the Basic PEPP? Please elaborate/justify your position.

Q13: Do MS consider that the risk-mitigation techniques for tailored PEPPs, offer sufficient flexibility while ensuring an adequate level of protection for savers? If not, which alternative default investment or risk-mitigation mechanisms could be envisaged?

Q14: Do MS agree with the proposed definition of "life-cycle investment strategy"?

Q15: Do MS consider that the definition, as currently framed, provides sufficient clarity and consistency, or should it be further refined (e.g. regarding cohort-based approaches, the notion of "large losses", or the degree of flexibility in glide-path design)?

Q16: Do MS agree with entrusting EIOPA with the task of developing minimum qualitative criteria for risk-mitigation techniques under Article 46(3)? If not, what alternative approach would MS suggest?

2.5. PEPP investment rules and prudent person principle – Articles 41 and 45

1. Content of the revised proposal

Articles 41 and 45 set out the investment rules applicable to PEPP assets. The proposal replaces the existing prudent person rule in Article 41 with a prudent person principle, thereby shifting from a more prescriptive set of investment requirements to a principles-based framework. Under this approach, PEPP providers are expected to act in the best long-term interests of PEPP savers, taking into account factors such as security, quality, liquidity and profitability of the portfolio as a whole. The Commission proposal maintains the reference to ESG risks and to the long-term impact of investment decisions as an integral element of prudent long-term investment behaviour. According to the Commission, the prudent person principle is intended to operate as a key counterbalance to the increased investment flexibility introduced by the proposal, including for the Basic PEPP. The assets shall be predominantly invested on regulated markets, multilateral trading facilities or organised trading facilities. The Commission's intention is to combine it with a limited degree of flexibility to allow diversification into other asset classes. For the Basic PEPP, however, the proposal retains a more constrained investment universe. Article 45(2) of the Commission proposal restricts the range of financial instruments in which Basic PEPP savers' assets may be invested to a list aligned with Article 25(4)(a) points (i) to (iv) of Directive 2014/65/EU (MiFID II). Under MiFID II, when providing execution or reception and transmission of client orders in relation to such instruments, investment firms are exempted from the requirement to obtain information regarding the client's knowledge and experience (so called: appropriateness test). The instruments referred in Article 25(4) of MiFID II are considered simple and non-complex. For Basic PEPP, the Commission proposal leaves the door open to a small percentage (maximum 5%) of other assets in which Basic PEPP savers' assets may be invested.

2. Member States' views

Many MS supported increased investment flexibility, reflecting the long-term nature of PEPPs. There is general recognition of the prudent person principle as a cornerstone of pension investment. However, some MS questioned whether the prudent person principle alone provides sufficient guidance, especially for the Basic PEPP. Concerns were raised about specific quantitative limits and about the treatment of ESG considerations. In this context, some MS have questioned whether this balance is appropriate for a long-term pension product, noting that long-term savers may benefit from exposure to less liquid assets, provided that adequate safeguards are in place.

3. Questions

Q17: Do MS agree with the Commission's approach to increasing investment flexibility (e.g. broader asset classes, prudent person principle) for both Basic and tailored PEPPs? Please elaborate/justify your position.

Q18: Do MS consider that the requirement for PEPP assets to be predominantly invested on regulated markets, multilateral trading facilities or organised trading facilities is appropriate in light of the long-term nature of PEPP investments? Please elaborate/justify your position.

Q19: Is the proposed alignment with Article 25(4) MiFID II sufficient to ensure simplicity and consumer protection for the Basic PEPP, or should the list of eligible instruments be adjusted? If so, in which direction?

3. PEPP Treatment under National Personal Pension Frameworks

Purpose of the discussion

The item under this note intends to present the amendments introduced in the revised proposal concerning the treatment of PEPPs in MS where personal pension products benefit from national incentive frameworks, the transfers from other personal pension products to PEPPs and to take note of MS initial reactions and concerns.

3.1. Treatment of PEPPs in Member States where personal pension products benefit from national incentive frameworks - Recital 9 and Article 3

1. Content of the revised proposal

The revised proposal introduces clarifications regarding the treatment of PEPPs in MS where personal pension products benefit from national incentive frameworks.

a) Recital 9 explains that, in many MS the take-up of personal pension products is supported through a range of national incentives applied at different stages of the product lifecycle. In line with the national treatment principle, it states that PEPPs which are objectively comparable to national personal pension products should be able to benefit from the same treatment under those national frameworks, including where PEPPs are provided on a cross-border basis. The recital also clarifies that such treatment may concern not only taxation, but also other national measures having an equivalent purpose or effect.

b) The revised proposal adds the following provision to Article 3:

“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.”

This provision is intended to operationalise the principle described in Recital 9.

In the Commission's working paper it is stressed that the tax treatment has been considered by several stakeholders as one of the main causes explaining the low take-up of the PEPP.

In its Q&A the Commission outlines that in order to ensure a level playing field between the PEPP and national personal pension products, the proposal includes, as an ancillary measure, a requirement for MS to ensure that PEPPs receive comparable tax treatment and are subject to the same incentives as those granted to national personal pension products.

2. Member States' views

On the basis of the views expressed so far, MS have raised a number of legal, policy and practical considerations. Several MS underlined that decisions on taxation and incentives fall within national competence, and questioned whether binding provisions in this area can be included in a non-tax legislative act. A number of MS requested further clarifications regarding the phrase of measures having an equivalent purpose or effect and others requested a written opinion from the Council Legal Service. Also, several MS expressed reservations about the concept of “most favourable treatment”, noting potential difficulties of interpretation and application. Some MS highlighted potential budgetary implications and questioned the practical feasibility of applying such a provision, particularly in markets with a limited number of providers. Issues related to data reporting obligations and alignment with existing national tax administration requirements were also raised.

At the same time, several MS acknowledged that national incentive frameworks play an important role in the take-up of personal pension products. Some MS indicated that, at national level, PEPPs already benefit from treatment equivalent to national products, while stressing that such choices should remain fully within MS discretion.

3. Presidency approach for the first exchange

For the purposes of this initial discussion, the Presidency proposes to first hear the views of the Council Legal Service, followed by an invitation to the Commission to present and explain the rationale underpinning the relevant amendments in the revised proposal. Finally, on the basis of the exploratory set of questions addressed to Member States, their views will be heard with a view to gaining a better understanding of their positions and concerns.

4. Questions:

Q20: Do MS agree that meaningful uptake of the PEPP will only be achieved if it is, in practice, broadly comparable to existing national personal pension products available to citizens? Please elaborate/justify your position.

Q21: If MS agree with previous question, which elements of the proposal do they consider most critical for ensuring that the PEPP becomes a competitive and attractive option for citizens in practice?

Q22: Do MS consider that the treatment of personal pension products under national frameworks, including tax treatment, is among the key factors influencing citizens' decisions when choosing such products, including the PEPP? Please elaborate/justify your position.

No conclusions are envisaged at this stage.

3.1. Transfers from other Personal Pension Products – recital 23 and Article 56b

1. Content of the revised proposal

The revised proposal mandates MS to allow transfers from other personal pension products to a PEPP and ensure that the transfers 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.

2. Member States' views

MS expressed some support in principle for facilitating transfers between PEPPs and other personal pension products, with one MS explicitly supporting two-way transfers to ensure a level playing field and enhance market competitiveness. Other MS acknowledged that the proposal could be workable provided it is clearly framed within national legal and tax systems, including clarification that transfers to PEPPs are subject to the same conditions, penalties or administrative requirements as transfers between national personal pension products, and that cross-border transfers are allowed only where the receiving PEPP is governed by and recognised under the law of the receiving MS. At the same time, MS raised a number of technical and policy concerns. Several called for clarification on the preferential and one-way nature of the transfer obligation, noting the absence of a general right to transfer from PEPPs back to national personal pension products and questioning whether such asymmetry is justified. Concerns were also expressed regarding tax implications, where PEPPs do not benefit

from national tax incentives, and the need to ensure that national rules on minimum holding periods, penalties and fees continue to apply. MS further highlighted practical difficulties arising from the heterogeneity of national personal pension products, including differences between providers and challenges in cross-border situations, as well as uncertainty over the application of a “free of charge” transfer requirement considering existing contractual cost structures. Finally, some MS are concerned that mandatory transfer rights to PEPPs could significantly affect and potentially destabilise national supplementary pension systems and stressed that MS should retain the freedom to decide, on an opt-in basis, whether to allow transfers from national personal pension products to PEPPs.

3. Questions

Q23: Do MS agree with the Commission’s approach that mandates MS to allow transfers from other personal pension products to a PEPP? If not please elaborate/justify your position.

Q24: How could the requirement that transfers to PEPPs should not be more costly than transfers between national products be clarified so as to remain workable and respectful of national frameworks?

4. Interaction with Pillar II – Recital 22 and article 47

1. Content of the revised proposal

The new paragraphs (3) – (5) introduced in Article 47, describe the interaction of the PEPP with workplace arrangements while respecting national, social and labour law and existing occupational pension schemes as follows:

- Voluntary employer contributions (para. 3): MS must not prevent employers from voluntarily contributing to a PEPP on behalf of their employees, provided the employees are PEPP savers and agree to the contributions, and provided this does not interfere with existing occupational pension schemes.
- Auto-enrolment in the workplace (para. 4): MS may allow PEPPs to be offered to employees through workplace arrangements using auto-enrolment, again subject to national social and labour law and without undermining existing occupational pension schemes.
- Employee rights under auto-enrolment (para. 5): Where a PEPP is offered via workplace auto-enrolment, employees must have the right to opt out and later rejoin, in accordance with the national rules governing auto-enrolment and relevant social and labour law.

The proposal aims to clarify that employers should be allowed to contribute to PEPP and that MS may allow PEPP to be used as eligible scheme for auto-enrolment where this is in line national social and labour law and does not interfere with the existing occupational pension schemes. Recital 22 explains that employers' contributions, including through auto-enrolment arrangements, can play an important role in increasing participation in supplementary pensions and overcoming behavioural barriers to saving. It clarifies that employers should be allowed to make voluntary contributions to PEPPs and, where permitted under national law, to use PEPPs in workplace arrangements with auto-enrolment. The recital also stresses that this should take place without affecting the personal nature of the PEPP, existing occupational pension schemes, or national social and labour law,

2. Member States' views

Some MS expressed reservations about extending the PEPP into workplace settings, noting the importance of maintaining a clear distinction between occupational and personal pensions and flagging potential risks of added complexity, reduced transparency and interaction with existing second-pillar arrangements, particularly as regards tax treatment and regulatory frameworks. Other MS take a cautiously supportive approach, recognising the potential benefits of voluntary employer contributions and auto-enrolment, provided these remain fully optional for MS, strictly subject to national social and labour law, and do not interfere with established pension systems. Within this group, the availability of an opt-out for savers is considered essential and must operate solely within national auto-enrolment frameworks.

Overall, there is broad agreement that any workplace use of the PEPP should remain firmly at MS discretion.

3. Questions

Voluntary employer contributions

Q25: Do MS agree with the Commission's approach of introducing a provision clarifying that MS must not prevent employers from voluntarily contributing to a PEPP on behalf of their employees, provided the employees are PEPP savers and agree to the contributions? If not please elaborate/justify your position.

Workplace auto-enrolment

Q26: Do MS agree with the Commission's approach to introducing a MS discretion for PEPPs to be offered to employees through workplace arrangements using auto-enrolment? If not please elaborate/justify your answer.

Opt-out and employee choice

Q27: Do MS agree with the Commission's approach to introduce a provision where a PEPP is offered via workplace auto-enrolment, employees must have the right to opt out and later rejoin? If not please elaborate/justify your answer.

5. EIOPA ROLE

Purpose of the discussion

The item under this note intends to present the amendments introduced in the revised proposal regarding the EIOPA Central Public Register, the enhanced EIOPA powers and Collaboration Platforms. It also takes note of MS initial reactions and concerns.

5.1 CENTRAL PUBLIC REGISTER – recital 13 and Art. 13(1)

1. Content of the revised proposal

Article 1(6) of the proposal amends Article 13(1) on the Central Public Register, extending the information to be included in it. More specifically, the additional requested elements are the following: an indication as to whether the PEPP is a basic or a tailored one, the total annual cost for each registered PEPP, the average past performance over the previous one, three, five and ten years and a summary of the risk indicators. It is pointed out that all above information must be disclosed the same way as in the key information document (KID), referred to in Article 26.

Recital 11 explains and elaborates in the reasoning and the objective behind the amendment, which is, to ensure that the most cost-efficient products attract a growing share of savings and thereby contributing to the consolidation and development of the personal pension sector. This objective will be achieved if prospective savers have more information on past costs, performance and risk indicators, in order to make informed decisions. Based on this, the Commission proposes expansion of the central public register maintained by EIOPA to include the above information on past costs, performance and risk indicators. It is pointed out by the Commission that the extension is not expected to create undue reporting burdens for PEPP providers, because the relevant information will be available in the Key Information Document. The information in the register should be updated at least annually, in order to ensure accuracy and comparability.

2. Member States' views

Two Member States welcomed the promotion of competition and transparency. However, a number of Member States expressed concerns regarding increased administrative and compliance costs without proportionate expected added value, as well as potential duplication,

noting that the same information would also be included in PEPP KIDs and ESAP, once the latter is fully operational. Concerns were also raised on implementation issues, in particular regarding the availability and reliability of the information. One Member State pointed out that information on past performance is not available at the registration phase, while another questioned the usefulness of providing information on costs and performance for the first year only, given the long-term nature of the products. Another Member State suggested removing the three-year information and instead, providing data for the first year, five years and ten years. Furthermore, another Member State, welcomed the increased transparency, but cautioned that comparing products solely on the basis of costs and performance may not adequately reflect other relevant features of insurance products, such as guarantees and biometric elements.

3. Questions:

Q28: Do MS agree, in principle, with the Commission's assessment that an extension of the scope and content of EIOPA's in central public register can contribute to steering savings towards more cost-efficient PEPPs and strengthening competition in the PEPP market? Please elaborate/justify your position.

Q29: Do MS support the proposed extensions in the central public register, namely specification on the type of PEPP (basic or tailored), inclusion of costs, performance and risk indicators? If not, what are MS' main concerns.

Q30: How could the functioning of the central public register be streamlined or clarified to avoid overlapping disclosures while preserving its usefulness for prospective PEPP savers?

5.2 EIOPA POWERS AND COLLABORATION PLATFORMS - recital 14, 16 and art. 16, 65a)

1. Content of the revised proposal

Article 1(29) introduces a new Article 65a, on the set up and coordination of collaboration platforms by EIOPA. Recital 26, explains the rationale behind this new establishment, by pointing out on the need for effective supervision of PEPP providers and distributors in cases where a PEPP is distributed across borders. In order to strengthen supervisory coordination and protect PEPP savers and beneficiaries from possible risks, EIOPA is empowered to step in, by setting up and coordinating collaboration platforms, in order to bring together relevant competent authorities, to exchange information, and assist in solving disagreements between relevant authorities. Under this article EIOPA is empowered to step in, either at its own initiative or at the request of one or more of the PEPP competent authorities. Based on the above, it can therefore be pointed out that the Commission's target on the introduction of this new article

is to enhance protection of PEPP savers and beneficiaries from possible risks, in cases of across borders activities.

2. Member States' views

A number of MS expressed concerns on the extension of EIOPA's intervention powers, pointing out that the increased EIOPA power should be strictly formed in order to achieve balance and proportionality between EU level supervision and national competence. Members States seemed to be more concerned about the provision of EIOPA's own initiative on the set up of collaboration platforms, and pointed out that such platforms should only be established on justified serious cases. One MS called for caution on the power given to EIOPA to call a home competent authority to carry out an on-site inspection. The need for coherence with Solvency II and RIS was also pointed out and one MS expressed the opinion that Article 65a (6) is constructed in legally vague manner and terms used (e.g possible detriment) are not defined. Few MS provided drafting suggestions on some parts of the article.

3. Questions:

Q31: Do MS agree, in principle, with the Commission's assessment that the establishment of collaboration platforms and the extra powers granted to EIOPA enhances the protection of PEPP savers and beneficiaries from possible risks, in cases of across borders activities?

Q32: If not, what are MS' main concerns regarding the provisions of the new article? Please elaborate/justify your position.

Q33: Do MS have any suggestions, modifications, alternative proposals on substance, presentation or drafting on this section?