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From: Mr Gabriel BERNARDINO, Chairman of the European Insurance and Occupational Pensions Authority (EIOPA)

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To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

Subject: Pan-European Personal Pension Regulation: submission of draft regulatory and implementing technical standards, as well as technical advice on delegated acts

ANNEX IV: Definitions of the CIC Table

First two positions - Assets listed in		Definition
Country	ISO 3166-1-alpha-2 country code	Identify the ISO 3166-1-alpha-2 country code where the asset is listed in. An asset is considered as being listed if it is negotiated on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/EC. If the asset is listed in more than one country or the undertaking uses for valuation purposes a price provider which is one of the regulated markets or multilateral trading facility where the asset is listed in, the country shall be the one of that regulated market or multilateral trading facility used as the reference for valuation purposes.
XV	Assets listed in one or more than one country	Identify assets that are listed in one or more countries but when the undertaking uses for valuation purposes a price provider which is not one of the regulated markets or multilateral trading facility where the asset is listed in.
XL	Assets that are not listed in a stock exchange	Identify assets that are not negotiated on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/EC.
XT	Assets that are not exchange tradable	Identify assets that by their nature are not subject to negotiation on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/CE.
Third and fourth position - Category		Definition
1	Government bonds	Bonds issued by public authorities, whether by central governments supra-national government institutions, regional governments or local authorities, and bonds that are fully, unconditionally and irrevocably guaranteed by the European Central Bank, Member States' central government and central banks, denominated and funded in the domestic currency of that central government and the central bank, multilateral development banks referred to in paragraph 2 of Article 117 of Regulation (EU) No 575/2013 or international organisations referred to in Article 118 of Regulation (EU) No 575/2013, where the guarantee meets the requirements set out in Article 215 of The Commission Delegated Regulation 2015/35. Regarding bonds with a qualifying guarantee, the third and fourth position shall be attributed by reference to the entity providing the guarantee.
11	Central Government bonds	Bonds issued by central governments.
12	Supra-national bonds	Bonds issued by public institutions established by a commitment between national states, e.g. issued by a multilateral development bank as referred to in paragraph 2 of Article 117 of Regulation (EU) No 575/2013 or issued by the international organisations referred to in Article 118 of Regulation (EU) No 575/2013.
13	Regional government bonds	Regional government or autonomous communities debt instruments offered to the public in a public offering on the capital market.
14	Local authorities bonds	Bonds issued by local authorities, including cities, provinces, districts and other municipal authorities
15	Treasury bonds	Short term government bonds, issued by central governments (issued with a maturity term up to 1 year).

16	Covered bonds	Government bonds which have a pool of assets that secures or "covers" the bond. Those assets remain on the issuer balance sheet.
17	National Central banks	Bonds issued by national central banks.
19	Other	Other government bonds, not classified under the above categories.
2	Corporate bonds	Bonds issued by corporations
21	Corporate bonds	Bonds issued by corporations, with simple characteristics, usually covering the ones referred to as "plain vanilla", and that don't have any special feature described in the categories 22 to 28.
22	Convertible bonds	Corporate bonds that the holder can convert into shares of common stock in the issuing company or cash of equal value, having debt and equity-like features.
23	Commercial paper	Unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities, usually with original maturity lesser than 270 days.
24	Money market instruments	Very short term debt securities (usually with maturities ranging from 1 day up to 1 year), consisting mainly of negotiable certificates of deposit (CDs), bankers acceptances and other highly liquid instruments. Commercial Paper is excluded from this category.
25	Hybrid bonds	Corporate bonds that have debt and equity-like features, but are not convertible.
26	Common covered bonds	Corporate bonds which have a pool of assets that secures or "covers" the bond. Those assets remain on the issuer balance sheet. Covered bonds subject to specific law are excluded from this category.
27	Covered bonds to subject specific law	Corporate bonds which have a pool of assets that secures or "covers" the bond if the originator becomes insolvent and are subject by law to special public supervision designed to protect bond-holders, as defined in Article 22(4) of Directive 2009/65/CE. An example of this category is Pfandbrief: "Covered bonds which are issued on the basis of the Pfandbrief Act. They are used to refinance loans for which collateral is furnished in the form of loans secured by real estate liens (Mortgage Pfandbriefe), public-sector loans (Public Pfandbriefe), ship mortgages (Ship Pfandbriefe) or aircraft mortgages (Aircraft Pfandbriefe). Thus, the distinction made between these Pfandbrief types refers to the cover pool created for each type of Pfandbrief."
28	Subordinated bonds	Corporate bonds which have a lower priority than other bonds of the issuer in case of liquidation.
29	Other	Other corporate bonds, with other characteristics than the ones identified in the above categories.
3	Equity	Shares and other securities equivalent to shares representing corporations' capital, i.e., representing ownership in a corporation.
31	Common equity	Equity that represents basic property rights on corporations.
32	Equity of real estate related corporation	Equity representing capital from real estate related corporations.
33	Equity rights	Rights to subscribe to additional shares of equity at a set price.
34	Preferred equity	Equity security that is senior to common equity, having a higher claim on the assets and earnings than common equity, but is subordinate to bonds.
39	Other	Other equity, not classified under the above categories.

4	Collective Investment Undertakings	Collective investment undertaking' means an undertaking for collective investment in transferable securities (UCITS) as defined in Article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council or an alternative investment fund (AIF) as defined in Article 4(1)(a) of Directive 2011/61/EU of the European Parliament and of the Council.
41	Equity funds	Collective investment undertakings mainly invested in equity.
42	Debt funds	Collective investment undertakings mainly invested in bonds.
43	Money market funds	Collective investment undertakings under the definition provided by ESMA (CESR/10-049).
44	Asset allocation funds	Collective investment undertakings which invests its assets pursuing a specific asset allocation objective, e.g. primarily investing in the securities of companies in countries with nascent stock markets or small economies, specific sectors or group of sectors, specific countries or other specific investment objective.
45	Real estate funds	Collective investment undertakings mainly invested in real estate.
46	Alternative funds	Collective investment undertakings whose investment strategies include such as hedging, event driven, fixed income directional and relative value, managed futures, commodities etc.
47	Private equity funds	Collective investment undertakings used for making investments in equity securities following strategies associated with private equity.
48	Infrastructure funds	Collective investment undertakings that invest in utilities such as toll roads, bridges, tunnels, ports and airports, oil and gas distribution, electricity distribution and social infrastructure such as healthcare and educational facilities.
49	Other	Other Collective investment undertakings, not classified under the above categories
5	Structured notes	Hybrid securities, combining a fixed income (return in the form of fixed payments) instrument with a series of derivative components. Excluded from this category are fixed income securities that are issued by sovereign governments. Concerns securities that have embedded one or a combination of categories of derivatives, including Credit Default Swaps (CDS), Constant Maturity Swaps (CMS), Credit Default Options (CDOp). Assets under this category are not subject to unbundling.
51	Equity risk	Structured notes mainly exposed to equity risk.
52	Interest rate risk	Structured notes mainly exposed to interest rate risk.
53	Currency risk	Structured notes mainly exposed to currency risk.
54	Credit risk	Structured notes mainly exposed to credit risk.
55	Real estate risk	Structured notes mainly exposed to real estate risk.
56	Commodity risk	Structured notes mainly exposed to commodity risk.
57	Catastrophe and Weather risk	Structured notes mainly exposed to catastrophe or weather risk.
58	Mortality risk	Structured notes mainly exposed to mortality risk.
59	Other	Other structured notes, not classified under the above categories.

6	Collateralised securities	Securities whose value and payments are derived from a portfolio of underlying assets. Includes Asset Backed Securities (ABS), Mortgage Backed securities (MBS), Commercial Mortgage Backed securities (CMBS), Collateralised Debt Obligations (CDO), Collateralised Loan Obligations (CLO), Collateralised Mortgage Obligations (CMO). Assets under this category are not subject to unbundling.
61	Equity risk	Collateralised securities mainly exposed to equity risk.
62	Interest rate risk	Collateralised securities mainly exposed to interest rate risk.
63	Currency risk	Collateralised securities mainly exposed to currency risk.
64	Credit risk	Collateralised securities mainly exposed to credit risk.
65	Real estate risk	Collateralised securities mainly exposed to real estate risk.
66	Commodity risk	Collateralised securities mainly exposed to commodity risk.
67	Catastrophe and Weather risk	Collateralised securities mainly exposed to catastrophe or weather risk.
68	Mortality risk	Collateralised securities mainly exposed to mortality risk.
69	Other	Other collateralised securities, not classified under the above categories.
7	Cash and deposits	Money in the physical form, cash equivalent, bank deposits and other money deposits.
71	Cash	Notes and coins in circulation that are commonly used to make payments.
72	Transferable deposits (cash equivalents)	Deposits exchangeable for currency on demand at par and which are directly usable for making payments by cheque, draft, giro order, direct debit/credit, or other direct payment facility, without penalty or restriction.
73	Other deposits short term (less than or equal to one year)	Deposits other than transferable deposits, with remaining maturity inferior or equal to 1 year that cannot be used to make payments at any time and that are not exchangeable for currency or transferable deposits without any kind of significant restriction or penalty.
74	Other deposits with term longer than one year	Deposits other than transferable deposits, with remaining maturity superior to 1 year that cannot be used to make payments at any time and that are not exchangeable for currency or transferable deposits without any kind of significant restriction or penalty.
75	Deposits to cedants	Deposits relating to reinsurance accepted.
79	Other	Other cash and deposits, not classified under the above categories
8	Mortgages and loans	Financial assets created when creditors lend funds to debtors, with collateral or not, including cash pools.
81	Uncollateralized loans made	Loans made without collateral.
82	Loans made collateralized with securities	Loans made with collateral in the form of financial securities.
84	Mortgages	Loans made with collateral in the form of real estate.
85	Other collateralized loans made	Loans made with collateral in any other form.
86	Loans on policies	Loans made with insurance policies as collateral.
89	Other	Other mortgages and loans, not classified under the above categories.
9	Property	Buildings, land, other constructions that are immovable and equipment.
91	Property (office and commercial)	Office and commercial building used for investment.
92	Property (residential)	Residential buildings used for investment.
93	Property (for own use)	Real estate for the own use of the undertaking.

94	Property (under construction for investment)	Real estate that is under construction, for future usage as investment.
95	Plant and equipment (for own use)	Plant and equipment for the own use of the undertaking.
96	Property (under construction for own use)	Real estate that is under construction, for future own usage.
99	Other	Other real estate, not classified under the above categories.
0	Other investments	Other assets reported in "Other investments".
A	Futures	Standardised contract between two parties to buy or sell a specified asset of standardised quantity and quality at a specified future date at a price agreed today.
A1	Equity and index futures	Futures with equity or stock exchange indices as underlying.
A2	Interest rate futures	Futures with bonds or other interest rate dependent security as underlying.
A3	Currency futures	Futures with currencies or other currencies dependent security as underlying.
A5	Commodity futures	Futures with commodities or other commodities dependent security as underlying.
A7	Catastrophe and Weather risk	Futures mainly exposed to catastrophe or weather risk.
A8	Mortality risk	Futures mainly exposed to mortality risk.
A9	Other	Other futures, not classified under the above categories.
B	Call Options	Contract between two parties concerning the buying of an asset at a reference price during a specified time frame, where the buyer of the call option gains the right, but not the obligation, to buy the underlying asset.
B1	Equity and index options	Call options with equity or stock exchange indices as underlying.
B2	Bond options	Call options with bonds or other interest rate dependent security as underlying.
B3	Currency options	Call options with currencies or other currencies dependent security as underlying.
B4	Warrants	Call options that entitles the holder to buy stock of the issuing company at a specified price.
B5	Commodity options	Call options with commodities or other commodities dependent security as underlying.
B6	Swaptions	Call options granting its owner the right but not the obligation to enter into a long position in an underlying swap, i.e., enter into a swap where the owner pays the fixed leg and receive the floating leg.
B7	Catastrophe and Weather risk	Call options mainly exposed to catastrophe or weather risk.
B8	Mortality risk	Call options mainly exposed to mortality risk.
B9	Other	Other call options, not classified under the above categories.
C	Put Options	Contract between two parties concerning the selling of an asset at a reference price during a specified time frame, where the buyer of the put option gains the right, but not the obligation, to sell the underlying asset.
C1	Equity and index options	Put options with equity or stock exchange indices as underlying.
C2	Bond options	Put options with bonds or other interest rate dependent security as underlying.
C3	Currency options	Put options with currencies or other currencies dependent security as underlying.
C4	Warrants	Put options that entitles the holder to sell stock of the issuing company at a specified price.
C5	Commodity options	Put options with commodities or other commodities dependent security as underlying.

C6	Swaptions	Put options granting its owner the right but not the obligation to enter into a short position in an underlying swap, i.e., enter into a swap in which the owner will receive the fixed leg, and pay the floating leg.
C7	Catastrophe and Weather risk	Put options mainly exposed to catastrophe or weather risk.
C8	Mortality risk	Put options mainly exposed to mortality risk.
C9	Other	Other put options, not classified under the above categories.
D	Swaps	Contract in which counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument, and the benefits in question depend on the type of financial instruments involved.
D1	Interest rate swaps	Swap that exchange interest flows.
D2	Currency swaps	Swap that exchange currency.
D3	Interest rate and currency swaps	Swap that exchange interest and currency flows.
D4	Total return swap	A swap in which the non-floating rate side is based on the total return of an equity or fixed income instrument with the life longer than the swap.
D5	Security swaps	Swap that exchange securities.
D7	Catastrophe and Weather risk	Swaps mainly exposed to catastrophe or weather risk.
D8	Mortality risk	Swaps mainly exposed to mortality risk.
D9	Other	Other swaps, not classified under the above categories.
E	Forwards	Non-standardised contract between two parties to buy or sell an asset at a specified future time at a price agreed today.
E1	Forward interest rate agreement	Forward contract in which typically one party pays a fixed interest rate, and receives a variable interest rate usually based on an underlying index rate, at the predefined forward date.
E2	Forward exchange rate agreement	Forward contract in which one party pays an amount in one currency, and receives an equivalent amount in a different currency resulting from the conversion using the contractual exchange rate, at the predefined forward date.
E7	Catastrophe and Weather risk	Forwards mainly exposed to catastrophe or weather risk.
E8	Mortality risk	Forwards mainly exposed to mortality risk.
E9	Other	Other forwards, not classified under the above categories.
F	Credit derivatives	Derivative whose value is derived from the credit risk on an underlying bond, loan or any other financial asset.
F1	Credit default swap	Credit derivative transaction in which two parties enter into an agreement whereby one party pays the other a fixed periodic coupon for the specified life on the agreement and the other party makes no payments unless a credit event relating to a predetermined reference asset occurs.
F2	Credit spread option	Credit derivative that will generate cash flows if a given credit spread between two specific assets or benchmarks changes from its current level.
F3	Credit spread swap	A swap in which one party makes a fixed payment to the other on the swap's settlement date and the second party pays the first an amount based on the actual credit spread.
F4	Total return swap	A swap in which the non-floating rate side is based on the total return of an equity or fixed income instrument with the life longer than the swap.
F9	Other	Other credit derivatives, not classified under the above categories.

- Notification to EIOPA pursuant to Article 63 of Regulation (EU) 2019/1238;
- Notification to a competent authority pursuant to Article 65 of Regulation (EU) 2019/1238;
- Notification to a competent authority pursuant to Article 67 of Regulation (EU) 2019/1238;
- Notification to EIOPA pursuant to Article 67 of Regulation (EU) 2019/1238;
- Product number of the PEPP;
- Country(ies) where the infringement took place;
- Type of infringement:
 - Nature;
 - Materiality;
 - Duration;
- Suggested actions:
 - Type of action;
 - Planned implementation/effect of action;
 - Country(ies) where the actions will have effect;
- Evidence to justify the decision;
- Urgency;
- References;
- Intended publication.

Annex XIV: Template for information regarding national provisions

- Date of the completion of the national provisions;
- Member State;
- The name of the competent authority;
- Designated contact point (name/tel/email);
- Type of application (first application/change to previous application);
- Link to the information relevant for the competent authority.

Technical Advice on delegated acts supplementing Regulation (EU) 2019/1238 (the PEPP Regulation) by specifying additional information regarding supervisory reporting

Extract from the Call for Advice

3.1 Specification of additional information, with a view to ensuring, to the appropriate extent, convergence of supervisory reporting (as laid down in the empowerment of Article 40(9) 1st subparagraph of the PEPP Regulation)

The Commission seeks EIOPA's technical advice with regard to the adoption of delegated acts pursuant to Article 40(9), 1st subparagraph of the PEPP Regulation.

EIOPA is asked to specify the additional information, including if applicable templates and means of communication, taking into account existing sectorial legislation, to be submitted by PEPP providers to national competent authorities, and subsequently to EIOPA, with a view to ensure efficient and effective supervisory review processes and to support taking appropriate supervisory actions. EIOPA's technical advice should ensure, to the appropriate extent, convergence of supervisory reporting on such additional information to be requested from PEPP providers by their respective national competent authorities.

In particular, EIOPA is asked to specify the additional information, depending on the type of PEPP provider, required to enable national competent authorities to assess the system of governance applied by the PEPP providers, the business they are pursuing, the valuation principles applied for solvency purposes (where applicable), the risks faced and the risk-management systems, and their capital structure, needs and management.

This additional information, which should be tailored to PEPP providers activities relating to PEPP, should include but not be limited to the following items, supplementing sectoral legislation:

- a description of the risk management system (including its governance) put in place by the PEPP provider in order to manage the risks deriving from PEPP products;
- a description of the business pursued by the PEPP provider relative to the sector in which the PEPP provider operates, including the type of investments made and how those investments are managed (eg active/passive, whether guarantees are offered or not), the

implementation of risk-mitigation techniques, the size in terms of contributions and asset values, and in which countries the PEPP provider operates and/or offers a PEPP;

- the determination of which written policies PEPP providers should have in place addressing relevant risks;
- information on the valuation principles applied for solvency purposes, where applicable;
- an overview of the relevant risks pertaining/linked to the provision of PEPP and how the PEPP provider intends to manage those risks, including but not limited to financial and liquidity risks, market risks, credit risks, reputational risks and ESG risks;
- determination of the appropriate reporting needs on the capital structure for each of the different PEPP providers, capital ratios and / or level of leverage;
- information on contracts held by PEPP providers or regarding contractual relationships with third parties, for example with a view to the obligations towards PEPP savers during the decumulation phase or for the provision of PEPP sub-accounts.

In its assessment of the required additional information, EIOPA should take into account whether and how the additional information could be presented in a comprehensive and comparable manner across PEPP providers. It should also take into account the historic, current or prospective elements of the additional information. EIOPA should also advise on the periodicity of the submission of the additional information and/or the events that should trigger the submission of such additional information and specify when and which additional information can be required from external experts, such as auditors or actuaries.

For all items, the advice should determine which information should be reported in a quantitative format and which in a qualitative manner or in a combination thereof. In case of qualitative information, the advice should indicate the qualitative parameters on which information should be provided. In addition and where appropriate, the advice should ensure that the requirements on reporting of additional information is proportionate to the nature, size and complexity of the reporting undertaking's business providing PEPPs.

Previous advice – not applicable

Relevant legal provisions

1. The legal provisions in place to take into account for this Advice are:

- Article 40 of the PEPP Regulation.;
- in particular, first subparagraph of Article 40(9) of the PEPP Regulation setting out that the Commission shall adopt delegated acts by specifying the additional information referred to in paragraphs 1 to 5 of that Article, with a view to ensuring to the appropriate extent convergence of supervisory reporting;

Other regulatory background

2. With regard to the other relevant regulatory framework, in particular the following needs to be considered: an assessment and comparison with Solvency II reporting requirements, pensions data requests (IORPs reporting to EIOPA) and close involvement of EBA and ESMA regarding current reporting requirements.

Elements of the supervisory reporting

Background

3. The PEPP Regulation sets out that competent authorities should receive appropriate information from PEPP providers to regularly supervise the PEPP business and its effects on the provider.
4. This Advice follows from an analysis of supervisory actions, measures and responsibilities and the corresponding information needs for the supervisory review process regarding PEPP for all competent authorities supervising PEPPs.
5. EIOPA provides technical advice to the European Commission pursuant to first subparagraph of Article 40(9) of the PEPP Regulation, relating to the additional information referred to in Article 40 (1) to (5) of that Regulation.

Based on Article 40(9) of the PEPP Regulation, EIOPA has also developed draft implementing technical standards regarding the format of the supervisory reporting, and based on Article 66(5) of the PEPP Regulation, EIOPA has developed draft implementing technical standards specifying the details of cooperation and exchange of information. Further specifications of the technical means (a PEPP XBRL taxonomy), will be developed and published by EIOPA to promote the European data standardization for the technical transmission and validation of the required information.

Objectives of supervisory reporting

6. The objective is that each competent authority should receive one harmonised set of information on PEPP business, which is capable of building relevant indicators that support effective and efficient supervisory review processes. A standardised approach mitigates the use of substantial additional reporting requirements at national level, yet does not prevent national-specific reporting requirements.
7. Such harmonised set of information has the following benefits:
 - improved comparability;
 - greater efficiency;
 - ensuring consistent and harmonised application of the PEPP regulation and thereby avoiding regulatory arbitrage between Member States;
 - promoting data driven market monitoring to support risk-based supervision.

8. EIOPA acknowledges that PEPP providers are subject to different sectoral legislation and corresponding sectoral reporting requirements. In that respect, the reporting requirements for the PEPP complement the sectoral reporting requirements to address the specificities of, and to enable, the supervision of PEPP.
9. In the implementation, any double-reporting linked to sectoral information requirements should be avoided. As PEPP is a product that promotes the internal market and cross-border activities, close cooperation and exchange of information amongst competent authorities and between home and host competent authorities and EIOPA is of utmost importance for the different authorities to carry out their duties.

Reporting requirements at pre-defined intervals

10. For the purposes of regular supervisory reporting it is appropriate and justified by the required supervisory duties and by home/host responsibilities to cover the following areas in EIOPA's technical advice:
 - PEPP information documents: PEPP KID (new or revised) and a generic example of a PEPP Benefit Statement;
 - information on assets and liabilities relating to the PEPP provider's PEPP business, underlying investments should be reported separately for the basic PEPP and alternative investment options;
 - information on contracts/PEPP savers per investment option, for example number, contributions, benefit payments;
 - information on costs and charges, complaints and on distribution channels.
11. The delegated acts should set out that the information is to be submitted on a regular basis to the competent authorities. This information should contain all quantitative information necessary on a regular basis for the purposes of supervision. EIOPA should assess on a regular basis if the requirements concerning regular reporting are proportionate and sufficient to fit the supervisory processes.
12. Furthermore, in order to assess compliance and support the supervisory tasks that cannot be performed with quantitative data alone, competent authorities should receive a PEPP Supervisory Report (with both additional quantitative data and qualitative information).
13. It should be highlighted that this supervisory information will also form the basis for EIOPA's market monitoring duties, which may eventually trigger product intervention measures.
14. Point 35 of Annex I of this technical advice specify the information which should be contained in the PEPP Supervisory Report.

Reporting requirements upon occurrence of pre-defined events

15. The delegated acts should also set out the requirements regarding 'ad-hoc' supervisory reporting following pre-defined events or supervisory enquiries. The delegated acts should define the principles and processes for when a pre-defined event or supervisory enquiry arise and the principles and processes on how the PEPP providers should fulfil their reporting obligations in that respect, including which additional information can be required from external experts, such as auditors or actuaries.

Pre-defined events

16. PEPP providers should report to competent authorities any material changes to the supervisory reporting information submitted after the occurrence of an event that could affect the protection of the PEPP savers. These are events that can lead to, for example, material changes in PEPP's business and performance, governance and risk management, general extrinsic events and legal changes as well as PEPP savers' switching behaviour, lapses or changes to investment options etc, to the extent this is not already reported as part of other information processes. This information should be reported as soon as possible after the occurrence of an event and depending on the nature of the event, competent authorities may ask the PEPP provider to report information on a regular basis over a period of months or years to monitor the situation. In case of doubt, PEPP providers should consult the competent authorities to establish whether a certain event would classify as a pre-defined event.

Supervisory enquiries

17. Besides regular supervisory reporting and reporting after pre-defined events, competent authorities have the power to request ad hoc information during enquiries concerning the situation of the PEPP business. EIOPA interprets 'enquiries' as meaning any assessment of the PEPP business made by the competent authority either during off-site analysis or on-site inspections. Enquiries do not have to be part of a formal assessment. They could be designed for one specific PEPP provider's PEPP business, for a specific segment of the PEPP market or for all PEPP providers' PEPP businesses and may address specific information to be received by competent authorities regarding particular topics. Information from the PEPP provider should be reported to the competent authority in a clear and understandable manner.

Information on contracts and from third parties

18. The information to be obtained from PEPP providers, regarding their PEPP business, on contracts held by PEPP providers or regarding contracts entered into with third parties, should be requested where it is considered necessary and important for the purposes of supervision. The PEPP provider should have, keep copies of or have immediate access to, contracts held by third parties. Contracts requested by the competent authority from the PEPP provider should be received on a timely manner and include full details of the contract.

Information from external experts

19. Competent authorities expect that the PEPP provider either has or has immediate access to the information from external experts, such as auditors and actuaries, as part of its recorded management procedures. The request for this information should therefore be made to the PEPP provider and not the external expert unless the competent authority deems it appropriate to obtain the information directly from the external expert.
20. Information requested by the competent authority from the PEPP provider, either during on-site inspections or off-site analysis, should be received in a timely manner and include full details of the scope and findings of the work performed.

Principles to be applied on requirements for reporting of information to the competent authorities

Proportionality

21. The content and structure of reporting should take into account the nature and complexity of the PEPP as a product. The frequency of reporting should follow a proportionate approach. EIOPA should evaluate on a regular basis whether the supervisory reporting requirements are needed and cost-effective.

Materiality

22. Some of the information (in the PEPP Supervisory Report) should not be reported if it has not changed materially. The information submitted to competent authorities is defined as material where its omission or misstatement could influence the decision-making or judgement of the competent authorities.

Reporting standardisation

23. The information to be provided by PEPP providers should be as far as possible harmonised with the requirements applied to different kinds of providers, partially or fully covered by sectoral legislation, in particular:
 - reusing existing definitions of business concepts (dictionaries) and structures (templates); facilitating data preparation and data comparability;
 - reusing existing reporting methodologies and standards, for example DPM and XBRL used under the Solvency II Directive, IORP II Directive and Capital requirements Directive IV;
 - promoting the single reporting; providing the means for single submission of information (like EIOPA+ECB add-on for insurance) and reusing information already reported in other obligations (like look-through).

Cooperation between competent authorities and EIOPA and supervisory convergence

24. To avoid duplications in reporting and promote cooperation between competent authorities, EIOPA believes that the reported information should feed into the regular exchange of information between competent authorities and EIOPA, promoting the idea of sharing standardised information centrally to facilitate the effective exercise of competent authorities' and EIOPA's duties.
25. This would contribute to a more efficient and effective supervision not only across Member States but also across sectors.

Frequency of the regular supervisory reporting

26. Considering the proportionality principle, EIOPA proposes that the PEPP quantitative regular reporting templates are submitted on an annual basis.
27. The PEPP Supervisory Report should be finalised in the reporting year in which the PEPP provider is registered. In subsequent years, only material changes should be reported with the full report submitted every three years.
28. Competent authorities should have the possibility to request more frequent submissions of the quantitative regular reporting templates and/or the PEPP Supervisory Report, subject to a risk-based, proportionate approach.

Deadlines of the regular supervisory reporting

29. Delegated acts should define the regular reporting timelines . EIOPA proposes the following timelines:
 - PEPP providers should report to competent authorities the annual quantitative information according to sectoral rules for annual reporting, but no later than 16 weeks after the PEPP provider's financial year in question ends; in EIOPA's view 16 weeks for quantitative reporting and 18 week for the narrative PEPP Supervisory Report, in line with current discussions for Solvency II 2020 Review, would also fit the supervisory needs;
 - competent authorities should report to EIOPA the annual quantitative information no later than 4 weeks after the deadlines described above.

Format of the regular supervisory reporting

30. The delegated acts should include a provision requiring that the regular reporting information is submitted by electronic means from the PEPP providers to the competent authority NCA, and a provision requiring that the regular reporting information is submitted by standardized electronic means

from the competent authorities to EIOPA in line with the agreed standards on data exchange formats.

31. To implement the agreed data exchange formats, EIOPA will publish and update the relevant PEPP XBRL taxonomy means for the standardized data exchange between the competent authority and EIOPA, and will promote its voluntary adoption by the competent authorities for the pan-European standardization of the technical means from PEPP providers to the competent authorities. The same approach is currently followed for the Solvency II and IORPs regular information reporting.
32. At least some parts of the PEPP KID are planned to be structured in a way to be machine-readable with the support of the XBRL taxonomy and on top of the more visual and content representation of it (e.g. iXBRL, pdf or similar). As well, the quantitative parts of the PEPP Supervisory Report should be requested to be submitted via digital format to EIOPA (e.g. iXBRL, pdf or similar) and may be requested to have text searchable capabilities (not simple scanned images but with codified text).

Content of the regular supervisory reporting

Quantitative reporting

33. The regular reporting package will contain all the regularly reported information necessary for the purposes of PEPP supervision both from a home and host perspective and therewith promoting the collaboration between competent authorities and PEPP providers as well as between competent authorities and EIOPA. The regular reporting package needs to be sent by the PEPP provider to the home competent authority. The draft implementing technical standards regarding the format of supervisory reporting and the cooperation and exchange of information between competent authorities is specifying the annual reporting templates. In line with the factors and criteria outlined, this information should support EIOPA and the competent authorities in monitoring the PEPP market and may provide evidence to determine when there is a significant PEPP saver protection concern, for the purpose of EIOPA's intervention powers.

PEPP Supervisory Report

34. The PEPP Regulation includes supervisory information that cannot be assessed by quantitative information alone. EIOPA understands that some of that information can and will be verified by peer comparisons and on- and off-site analysis. The PEPP Supervisory Report should therefore refer to the information needed for supervisory analyses that require a more regular monitoring mainly focused on material changes. The regular supervisory report shall include all of the qualitative information that is needed for competent authorities to assess compliance of the PEPP regulatory

requirements, in line with the PEPP's registration file and to identify and monitor potential detriment to PEPP savers. EIOPA's aim is to keep the qualitative reporting principle-based and not to set out detailed requirements, thereby providing a degree of flexibility in how to meet these requirements.

35. The proposed content of the PEPP supervisory report is specified in Annex I.

Based on the above technical advice EIOPA proposes the following text for the delegated acts to be adopted pursuant to Article 40(9) of the PEPP Regulation

<p style="text-align: center;">Article x Elements of the regular supervisory reporting</p> <p>1. The information, which competent authorities require PEPP providers to submit at predefined periods in accordance with Article 40 of Regulation (EU) 2019/1238, shall comprise the following: (a) annual quantitative templates specifying in greater detail and supplementing the information presented the PEPP Supervisory Report; and (b) the PEPP Supervisory Report comprising the information referred to in Annex x.</p> <p>2. Paragraph 1 shall be without prejudice to the power of competent authorities to require PEPP providers to report any other information.</p> <p style="text-align: center;">Article x General Principles</p> <p>1. The information referred to in Article 1 shall comply with the following principles: (a) it reflects the nature, scale and complexity of the PEPP concerned, and in particular the risks inherent with the provision of PEPP; (b) it is accessible, complete in all material respects, comparable and consistent over time; and (c) it is relevant, reliable and comprehensible.</p> <p>2. For the purposes of the regular supervisory report referred to in point (b) of Article 1(1), the information submitted to competent authorities shall be considered as material where its omission or misstatement may influence the decision-making or judgement of the competent authorities.</p> <p style="text-align: center;">Article x Deadlines for the regular supervisory reporting</p> <p>1. PEPP providers shall adhere to the following timelines to submit supervisory information to the competent authorities: (a) the annual quantitative templates referred to in point (a) of Article 1(1) of this Regulation, no later than 16 weeks after the PEPP provider's financial year's end; and (b) the PEPP Supervisory Report referred to in point (b) of Article 1(1) of this Regulation at least every 3 years and no later than 18 weeks after the PEPP provider's financial year in question ends.</p>

Article x
Ad-hoc supervisory reporting

1. Competent authorities shall determine the nature, the scope and the format of the information requested to be reported in addition to the regular reporting:

- (a) upon occurrence of an event that could affect the protection of PEPP savers;
- (b) during enquiries regarding the situation of a PEPP business of the PEPP provider;
- (c) on contracts held by PEPP providers regarding contracts entered into with third parties where it is considered necessary and important for the purposes of the supervision of the PEPP business; and
- (d) from external experts, such as auditors and actuaries, as part of its records management procedures.

2. The information referred to in point(a) of paragraph 1 shall be reported without undue delay after the occurrence of the event. Depending on the nature of the event, competent authorities may ask PEPP providers to report information on a regular basis over a period to monitor the situation.

3. PEPP providers may consult the competent authority to establish whether a certain event classifies as a pre-defined event according to this Article.

Annex I: Proposed content of the PEPP Supervisory Report

Product Governance for the PEPP

PEPP product-related aspects

A description should be provided setting out the nature of the PEPP provider's PEPP business, investment options and external environment, any significant business or external events that have occurred over the year and general information regarding the PEPP, which should include:

- a) the PEPP registration number;
- b) the name and address of the external auditors for the PEPP product;
- c) a description of the PEPP investment option and of the guarantees (including also a description of the pricing of the guarantees), which the provider writes and the countries, in which it writes those options in (specifically highlighting any changes over the year);
- d) a description of the target market as well as a description of the actual savers. That description should refer at least to the age of the target PEPP savers and on how the assessment of the PEPP savers' financial situation and capacity to bear losses is considered for the investment profile;
- e) any significant business or external events that have occurred over the year (if not reported more specifically elsewhere) that have had a material effect on the PEPP savers' objectives, on the PEPP provider or on its PEPP business models and PEPP strategy;
- f) the main trends and factors that have contributed positively or negatively to the development, performance and position of the PEPP over the last three years;
- g) a description of the distribution channels used to sell the PEPP and controls to ensure adequate distribution;
- h) a description of the switching procedures in place for PEPP business and implemented over the reporting period;
- i) a high-level description of the complaints received including: the outcomes of the complaints, the average maturity of the contracts for which the complaints was received, to what the complaint refers (e.g. costs, investment, distribution including advice, administration, transferability, benefits, information) and the relevant actions undertaken by the provider to address the specific complaints as well as broader actions to address any issue relating to the design and/or distribution of the PEPP.

PEPP business-related aspects

The PEPP provider shall provide an overview of the governance structure relating to the PEPP business including at least:

- a) the administrative and accounting procedures in place that enable the PEPP provider to deliver reports which reflect a true and fair view of the PEPPs investments and liabilities and which comply with all applicable accounting standards in a timely manner;
- b) information on the main tasks of, if applicable, the compliance function implemented for the PEPP business;
- c) information on the systems and controls in place to ensure that the product oversight and governance policy is adhered to;
- d) where relevant, a description of how the main tasks of the actuarial function are implemented for the PEPP business.
- e) a high-level explanation of the partnerships and contracts with external parties for the PEPP and on the functioning of these contracts or partnerships, as well as their terms and conditions, and their performance for the affected PEPP contracts.

Investments

The PEPP provider should provide a description of its investment strategy for each investment option of the PEPP. This description should include at least:

- a) a description of the systems in place to ensure compliance with Article 41 of the PEPP Regulation;
- b) an identification of the risk factors and sources of return of the investment strategy;
- c) a description how the asset strategy was determined in a manner consistent with the interests of the PEPP savers, having in mind their specific profile and taking into account ESG factors;
- d) a description of the systems in place to monitor the PEPP investment strategy as well as the policy to change the strategy when required;
- e) where relevant, a description of the liquidity management plan as well as the actions that PEPP provider can undertake if such event occurs.

Investment performance

A description should be provided detailing the financial performance from PEPP related investments that should include:

- a) administrative or management body's analysis of the PEPP related investments overall performance;
- b) information on gains or losses from PEPP investments and, where relevant, components of such income from appropriate subsets of the investments (e.g. equity, bonds);
- c) the impact of derivatives on PEPP investment performance;
- d) information on PEPP investment expenses incurred over the year compared to prior years, and reasons for material changes.

Risk management

Risk management system

A PEPP provider should provide an overview of its risk management system with regard to the provision of PEPP, including its risk strategy and written policies in place to ensure compliance with its strategy. It should also detail how the risk management system is able to identify, measure, monitor, manage and report, on a continuous basis, the PEPP risks to which they are or could be exposed, and their interdependencies.

Information should also include:

- a) the risk management framework implemented for the PEPP business, based on written policies on how to address the risks, having regard to the nature, volume and complexity of the offered PEPP;
- b) the systems that are in place to ensure compliance with the requirements of the PEPP Regulation;
- c) the scope and nature of risk management systems, based on written policies on how to manage risks, including a description of management tools used to identify, measure, monitor, manage and report the risks related to the provision of the PEPP, capturing the PEPP provider's approaches to the management of, at least, financial and liquidity risks, market risks, credit risks, reputational risks and ESG risks;
- d) the effectiveness of the risk management and internal control systems in place having regard to the PEPP related risks they are designed to control;
- e) a high-level review of the scope, frequency and requirements of the management information presented to the administrative or management body regarding the PEPP;
- f) details of how the PEPP provider monitors the risks arising from any off derivative positions.

Risk mitigation

A PEPP provider should provide details on its risk-mitigation techniques, which should include at least:

- a) details of allocation mechanisms, approaches, methodologies for and the actual performance of the risk-mitigation techniques used for the PEPP investment options;
- b) processes for monitoring the continuing effectiveness of these risk-mitigation practises.

Prudential aspects

A PEPP provider should provide the following details:

- information on the valuation principles applied for solvency purposes, where applicable;
- information on the capital structure for each of the different PEPP providers, capital ratios and / or level of leverage, where applicable.

Technical Advice on delegated acts to supplement Regulation (EU) 2019/1238 (PEPP Regulation) with regard to criteria and factors to be applied by EIOPA in relation to EIOPA's product intervention powers

Extract from the Call for Advice

3.1 Criteria and factors to determine when there is a significant PEPP saver protection concern, for the purpose of EIOPA's intervention powers (as laid down in the empowerment of Article 65(2) of the PEPP Regulation)

The PEPP Regulation confers on EIOPA the power to monitor the market for PEPPs which are marketed, distributed or sold in the Union and, subject to certain conditions, temporarily prohibit or restrict in the Union the marketing, distribution or sale of certain PEPPs or PEPPs with certain specified features.

While these powers need to be applied in a proportionate way, and are expected to be of an extraordinary nature or constitute a measure of last resort², there is also a need to ensure that such powers are dynamic enough to address significant risks that may arise in the markets.

Under article 65(9) of the PEPP Regulation, the Commission shall adopt, in the context of product intervention powers for EIOPA, delegated acts to supplement the PEPP Regulation with "*criteria and factors to be applied by EIOPA in determining when there is a significant PEPP saver protection concern, including with respect to the long-term retirement nature of the product, or a threat to the orderly functioning and integrity of financial markets or to the stability of the whole or part of the financial system of the Union referred to in point (a) of paragraph 3*" of the PEPP Regulation.

The PEPP Regulation already provides a framework for EIOPA's product intervention powers and lays down that the criteria and factors to be applied by EIOPA, in determining when there is a significant PEPP saver protection concern (including with respect to the long-term retirement nature of the product), or a threat to the orderly functioning and integrity of financial markets or to the stability of the whole or part of the financial system of the Union, shall include:

- (a) the degree of complexity of the PEPP and the relation to the type of PEPP saver to whom it is marketed and sold;
- (b) the degree of innovation of a PEPP;

- (c) the leverage of a PEPP;
- (d) in relation to the orderly functioning and integrity of financial markets, the size or the total amount of accumulated capital of the PEPP.

Those criteria and factors shall take into account the result of any relevant work conducted by EIOPA, in particular relating to the PRIIPs Regulation, and by ESMA and EBA under MIFIR and the ESAs' experiences related to their product intervention powers. EIOPA may differentiate between situations where EIOPA takes action because a competent authority has failed to act and situations where EIOPA takes action because the actions that have been taken by the competent authorit(ies) do not adequately address the significant PEPP saver protection concern (including with respect to the long-term retirement nature of the product) or the threat to the orderly functioning and integrity of financial markets.

The factors may refer to the degree of complexity or innovation of a PEPP and its particular features, the type of PEPP savers to which the PEPP is marketed or sold and their financial sophistication. The factors and criteria can be linked to product features pertaining to, for example, the proposed investments, the risk-mitigation techniques, the cost structures, the corresponding governance structures, and the PEPP provider's business model. In relation to the orderly functioning and integrity of financial markets, the factors may also refer to the size or the total amount of accumulated capital of the PEPP, the potential scale of detriment in the market and to the individual's savings, possible contagion effect and where relevant, the detrimental effect on the price formation mechanism in the underlying market.

EIOPA may also elaborate on the interlinkage between individual criteria and the assessment of their collective effect leading to a significant PEPP saver protection concern or a threat to the orderly functioning and integrity of financial markets.

Those criteria and factors should ensure a sufficient degree of legal clarity, in order to allow a harmonised application of EIOPA's intervention powers. They should also ensure that EIOPA can intervene and react towards exceptional situations or new and evolving market products or practices. When preparing its technical advice, EIOPA should also duly take into consideration relevant cases-law³.

² That means a systematic prior approval of PEPPs' terms and conditions is not expected.

³ Judgment of the Court (Grand Chamber) of 22 January 2014, United Kingdom of Great Britain and Northern Ireland v European Parliament and Council of the European Union, Case C-270/12.

Previous advice

Not applicable.

Relevant legal provisions

The legal provision in place to take into account for this Advice is Article 65(9) of the PEPP Regulation.

Other regulatory background

Not applicable.

Criteria and factors to be applied

Background

For endorsing the PEPP quality label, the marketed and distributed PEPPs need to be monitored. In line with the idea of a pan-European product, EIOPA has a great role in ensuring a consistent application of the PEPP Regulation and the high-quality PEPP features. To that end, EIOPA is expected to scrutinise the PEPP market for any PEPPs that do not fulfil the requirements of the PEPP framework – and potentially raise significant concerns regarding consumer protection or pose a threat to the orderly functioning of the market. In line with Regulation (EU) No 1094/2010¹, EIOPA can (temporarily) restrict or prohibit the marketing, distribution or sale of certain PEPPs.

EIOPA has to provide technical advice to the Commission with regard to the adoption of delegated acts pursuant to Article 65(9) of the PEPP Regulation, specifying the criteria and factors to be applied by EIOPA when determining whether there is a significant PEPP saver protection concern or a threat to the orderly functioning and integrity of financial markets or to the stability of the whole or part of the financial system of the Union. The development of those factors and criteria will also feed back to EIOPA's obligation to issue an opinion in accordance with Article 64(2) of the PEPP Regulation when competent authorities take measures to prohibit or restrict marketing or distribution of certain PEPPs.

Assessment and conclusion

The technical advice for specifying the criteria and factors for the product intervention powers under the PEPP Regulation is based and builds on the criteria and factors for EIOPA's product intervention powers in Commission Delegated Regulation (EU) 2016/1904². The criteria and factors listed therein are applicable also to PEPPs, with necessary adaptations. This approach is aligned with the approach suggested by the Commission in the Request for technical advice.

Effective market monitoring in close cooperation with the competent authorities will be a pre-requisite for enforcing EIOPA's product intervention powers.

The PEPP Regulation provides a framework for EIOPA's product intervention powers and lays down the factors and criteria to be applied by EIOPA, in determining when there is a significant PEPP saver protection concern, or a threat

¹ Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC; OJ L 331, 15.12.2010, p. 48.

² Commission Delegated Regulation (EU) 2016/1904 of 14 July 2016 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council with regard to product intervention; OJ L 295, 29.10.2016, p. 11.

to the orderly functioning and integrity of financial markets or to the stability of the whole or part of the financial system of the Union. As set out in Article 65(9), factors and criteria include:

- the degree of complexity of the PEPP and the relation to the type of PEPP saver to whom it is marketed and sold;
- the degree of innovation of a PEPP; an activity or practice;
- the leverage of a PEPP or practice;
- in relation to the orderly functioning and integrity of financial markets, the size or the total amount of accumulated capital of the PEPP.

A possible structure in the delegated acts could be to aggregate factors and criteria in major groups, following a logical sequence:

- PEPP product: factors and criteria (a) to (g);
- PEPP saver: factors and criteria (h);
- PEPP provider and PEPP distributor: factors and criteria (i) and (j);
- the size of potential detriment and wider impact on markets: factors and criteria (k) to (r).

EIOPA is of the view that the factors and criteria set out in Article 65(9) are not exhaustive and that inclusion of other relevant and related factors should be considered, taking into account and building from experience related to product intervention powers in other areas, in particular under the PRIIPs Regulation. The inclusion of factors and criteria related to the PEPP provider and PEPP distributor is anchored on this principle. The specific situation and circumstances of the PEPP provider or PEPP distributor, including the financial situation, solvency and business situation is relevant in determining the existence of a significant PEPP saver protection concern as it can be the root cause of practices and activities that can lead to detrimental consequences. The inclusion of these factors and criteria also reflects the existing interlinkages between conduct of business and prudential risks.

EIOPA may determine the existence of a significant PEPP saver protection concern based on one or more factors and criteria, i.e. not all factors and criteria must be met for EIOPA to temporarily restrict or prohibit the marketing, distribution or sale of certain PEPPs with certain specified features. This principle is aligned with the provision set out in the second subparagraph of Article 1(1) of the Commission Delegated Regulation (EU) 2016/1904.

EIOPA considers as essential that product intervention powers are dynamic enough to enable EIOPA to deal with a range of different exceptional situations. Product intervention powers can be used, as a measure of last resort, where a significant PEPP saver protection concern, or a threat to the orderly functioning and integrity of financial markets or to the stability of the whole or part of the financial system of the Union has materialised. In addition, product intervention powers must also have a preventive function and allow steps to be taken to address issues before they become widespread.

The powers should also be applied in a proportionate way and, consequently, the factors and criteria to be assessed by EIOPA must remain flexible. EIOPA should be able to intervene in relation to new PEPPs that may not meet given criteria, or conversely not necessarily intervene if given criteria are met but overall consumer detriment or disorderly functioning of markets is not detected."

The factors and criteria to be assessed by EIOPA to determine when there is a significant PEPP saver protection concern, including with regard to the long-term

retirement nature of the product, or a threat to the orderly functioning and integrity of financial markets or to the stability of whole or part of the financial system of the Union should be the following:

Factors and criteria related to the product

- (a) The degree of complexity of the PEPP, taking into account, in particular:
- the long-term retirement nature of the PEPP,
 - the type of underlying assets,
 - the complexity of the performance calculation, taking into account in particular whether the return is dependent on the performance of one or more underlying assets which are in turn affected by other factors,
 - the nature and scale of risks,
 - whether the PEPP is bundled with other products or services, or
 - the complexity of any terms and conditions;
- (b) The degree of transparency of the PEPP, taking into account, in particular:
- the type and degree of transparency of the underlying assets,
 - the degree of transparency of costs and charges associated with the PEPP,
 - the use of techniques drawing PEPP savers' attention but not necessarily reflecting the suitability or overall quality of the PEPP,
 - the nature of risks and transparency of risks,
 - the use of product names or terminology or other information that imply a greater level of security or return than those which are actually possible or likely, or which imply product features that do not exist, or
 - whether there was insufficient, or insufficiently reliable, information about the PEPP to enable market participants to which it was targeted to form their judgment, taking into account the nature and type of the PEPP;
- (c) The degree of innovation of the PEPP, an activity or a practice, taking into account, in particular:
- the degree of innovation related to the structure of the PEPP and its features, in particular the degree of innovation of the risk-mitigation techniques or of the type of decumulation options or of the design of other PEPP benefits,
 - the extent of innovation diffusion, including whether the PEPP is innovative for particular categories of PEPP savers,
 - innovation involving leverage, or
 - the past experience of the market with similar PEPPs or selling practices for PEPPs;
- (d) The particular characteristics or underlying assets of the PEPP, taking into account, in particular:
- the leverage inherent in the PEPP,
 - the leverage due to financing, or
 - the features of securities financing transactions;
- (e) The existence and degree of disparity between the expected return of the PEPP and the risk of loss, taking into account, in particular:
- the cost structure and other costs,
 - the disparity in relation to the provider's risk retained by the provider, or
 - the risk/return profile;

- (f) The pricing and associated costs of PEPP, taking into account, in particular:
 - the use of hidden or secondary charges,
 - charges that do not reflect the level of service provided, or
 - the costs of guarantees or costs that do not reflect the actual cost or the fair value of the capital guarantee in case of a Basic PEPP;
- (g) The ease and cost with which the PEPP savers are able to make use of the switching portability services, taking into account, in particular:
 - use of switching or portability services in relation to the phase in which the service is used, the fees and charges applied, or the loss of advantages and incentives,
 - the fact that the use of switching or portability service is not permitted or is made factually impossible, or
 - any other barriers;

Factors and criteria related to the PEPP saver

- (h) The type of PEPP savers to whom the PEPP is marketed or sold, taking into account, in particular:
 - that the PEPP saver is a retail client, and not a professional client or eligible counterparty as defined in Directive 2014/65/EU³,
 - features characterising PEPP savers' skills and abilities, including the level of education, knowledge of and experience with other pension products, long term investment products or selling practices and the savers' vulnerability,
 - features characterising PEPP savers' economic situation, including their income, wealth and their degree of dependence on the PEPP for an adequate retirement income,
 - PEPP savers' core financial objectives, including pension savings and need for risk coverage, including biometric risks,
 - whether the PEPP is being sold to PEPP savers outside the intended target market, or whether the target market has not been adequately identified, or
 - the eligibility for coverage by a national guarantee scheme, where such schemes exist;

Factors and criteria related to the PEPP provider and PEPP distributor

- (i) The specific situation and circumstances of the PEPP provider or PEPP distributor, taking into account, in particular:
 - its financial situation and solvency,
 - its financial activities or financial practices,
 - its business model, including its sustainability and transparency,
 - the suitability of reinsurance and guarantee arrangements regarding the PEPP, or
 - the PEPP provider's reliance on third parties for important features of the PEPP, such as coverage of biometric risks, guarantees and the portability of the PEPP;

³ 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).

- (j) The selling practices associated with the PEPP, taking into account, in particular:
- the communication and distribution channels used,
 - the information, marketing or other promotional material, or
 - the degree of innovation related to the distribution model, the length of the intermediation chain or the reliance on innovative techniques for the distribution model;

Factors and criteria related to the size of potential detriment and wider impact on markets

- (k) The size of potential detrimental consequences from the perspective of the individual PEPP saver and in case of a large number of current and potential PEPP savers, the potential detrimental consequences for a cluster of PEPP savers, taking into account, in particular:
- the size and total amount of accumulated capital of the PEPP,
 - the notional value of the PEPP,
 - the probability, scale and nature of any detriment, including the amount of loss potentially suffered,
 - the anticipated duration of the detrimental consequences,
 - the volume of the contributions,
 - the number and the fit and proper requirements of intermediaries involved,
 - the growth of the market or sales,
 - the average amount invested by each PEPP saver in the PEPP,
 - the coverage level defined in national insurance guarantee schemes law, where such scheme exist, or
 - the value of the technical provisions with respect to the PEPPs;
- (l) Whether the underlying assets of the PEPP pose a high risk to the performance of transactions entered into by participants or PEPP savers in the relevant market;
- (m) Whether the characteristics of the PEPP make it particularly susceptible to being used for the purposes of financial crime, in particular whether those characteristics could potentially encourage the use of the PEPP for:
- any fraud or dishonesty,
 - misconduct in, or misuse of information in relation to a financial market,
 - handling the proceeds of crime,
 - the financing of terrorism, or
 - facilitating money laundering;
- (n) Whether financial activities or financial practices of the PEPP provider or PEPP distributor in relation to the PEPP pose a particularly high risk to the resilience or smooth operation of markets;
- (o) Whether the PEPP or the financial activities or financial practices of the PEPP provider or PEPP distributor in relation to the PEPP could lead to a significant and artificial disparity between prices of a derivative and those in the underlying market;
- (p) Whether the PEPP or the financial activities or financial practices of the PEPP provider or PEPP distributor in relation to the PEPP pose a high risk to the

market or payment systems infrastructure, including trading, clearing and settlement systems;

- (q) Whether the PEPP or the financial activities or financial practices of the PEPP provider or PEPP distributor in relation to the PEPP may threaten PEPP savers' confidence in the financial system; or
- (r) Whether the PEPP or the financial activities or financial practices of the PEPP provider or PEPP distributor in relation to the PEPP pose a high risk of disruption to financial institutions deemed to be important to the financial system of the Union.