



## EUROPEAN COMMISSION

*Brussels, 11.01.2018  
C(2018) 34 final*

*Dear President,*

*The Commission would like to thank the Senat for its Opinion on the proposal for a Regulation of the European Parliament and of the Council on a pan-European Personal Pension Product (PEPP) {COM(2017) 343 final}.*

*This proposal is a key element of the Capital Markets Union project and will contribute to its goals by mobilising savings towards capital markets, increasing in particular investments in long-term projects.*

*The proposal complements existing national pension systems with a voluntary personal pension product. The proposal aims to offer European Union citizens a simple, transparent, more cost-efficient and portable product accompanied with strong consumer protection rules. It will help citizens ensure an adequate income for retirement. The proposal will also create market opportunities for a wide range of providers that will be able to offer pan-European Personal Pension Products on a domestic or cross-border basis.*

*The Commission takes seriously the concerns expressed by the Senat as regards partial compliance with the principle of proportionality, but does not see its proposal as going beyond what is necessary to reach the objective of the initiative. The proposal is complementary and does not interfere with existing pension plans, whether state-based, occupational or personal pensions. As highlighted in the impact assessment of the proposal, diverging legal requirements at national level and insufficient supply of high quality products have led to a low uptake of personal pension products at European Union level. The proposal aims at creating a quality label for a pan-European pension product, by harmonising a number of key features of the product to improve its attractiveness for consumers (investment rules, information rules, switching between providers, out payment options, portability and transparency), while providing sufficient flexibility to take into account more specific requirements of Member States.*

*Mr Călin POPESCU-TĂRICEANU  
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*The Commission has also carefully considered the concerns expressed by the Senat as regards insufficient evidence that a pan-European Personal Pension Product would contribute to improving the current low uptake of personal pension products. The Commission would like to point out that the proposal is based on thorough research, a public consultation and a preliminary impact assessment<sup>1</sup>, which showed that the low uptake of personal pension products is mainly due to insufficient supply on the market of quality products (lack of transparency, locked-in effect, insufficient flexibility, limited portability, low returns). Harmonised features were designed to address these root causes. This approach was also supported by many consumer organisations that responded to the public consultation. In addition, under the proposal, the pan-European Personal Pension Product could be offered by a broad range of financial companies (such as insurance companies, banks, occupational pension funds, certain investment firms and asset managers), which would enhance competition and improve choice for consumers. The impact assessment estimated that the personal pension market would grow from EUR 700 billion of assets under management today to a volume in 2030 of EUR 1400 billion without a pan-European Personal Pension Product, against EUR 2100 billion with such a product, assuming tax incentives.*

*As regards the Senat's question on the nature of the pan-European Personal Pension Product, the Commission would like to clarify that under the proposal, the pan-European Personal Pension Product is a defined contributions product, accompanied by a capital protection for savers that choose for the default investment option. Savers benefiting from a capital protection will be able to recoup at least the amount of the capital invested.*

*As regards the Senat's suggestion to further clarify the tasks of the national supervisory authorities, the Commission remains open to consider improvements in terms of clarity to be introduced in the ongoing legislative negotiations involving both the European Parliament and the Council in which the Romanian authorities are represented.*

*As regards the Senat's view regarding the reduction of risk by informing the beneficiaries, the Commission would like to clarify that the proposal includes comprehensive information requirements to savers, both at pre-contractual stage and over the lifetime of the pan-European Personal Pension Product, in a regular way. Overall, information requirements would allow savers to know about the costs, risks and performance of their pan-European Personal Pension Product, as well as about the possibilities to change their initial investment option.*

*The Opinion of the Senat has been made available to the Commission's representatives in the ongoing negotiations with the co-legislators and will inform these discussions.*

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<sup>1</sup> [EIOPA Technical Advice](#) of 6.07.2016 on the development of a Single EU Market for personal pension products, an [external Study](#) on the Feasibility of an European Pension Product, a [Public consultation](#) on a potential EU personal pension framework () and [the Impact Assessment SWD\(2017\) 243 final](#) Accompanying the document Proposal for a Regulation of the European Parliament and of the Council on a pan-European Personal Pension Product (PEPP).

*The Commission hopes that the clarifications provided in this reply address the issues raised by the Senat and looks forward to continuing the political dialogue in the future.*

*Frans Timmermans  
First Vice-President*

*Valdis Dombrovskis  
Vice-President*