

# GUIDELINES ON PEPP SUPERVISORY REPORTING

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European Insurance and  
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## 1. Introduction

- (1) In accordance with Article 16 of Regulation (EU) No 1094/2010<sup>1</sup> (the EIOPA Regulation) and Article 40(2)(a) of Regulation (EU) 2019/1238<sup>2</sup> (the PEPP Regulation), EIOPA issues these Guidelines to ensure the common, uniform and consistent application to the PEPP supervisory reporting regarding the details of the nature, scope and format of the information to be submitted by the PEPP providers to the competent authorities at predefined intervals and upon occurrence of predefined events.
- (2) These Guidelines are addressed to competent authorities, as defined in Article 2(18) of the PEPP Regulation and financial institutions that are PEPP providers in accordance with Article 2(15) of the PEPP Regulation.
- (3) If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the introduction. The Guidelines refer to the 'PEPP supervisory report', which is defined as the regular and ad hoc narrative report that enables PEPP providers to report on the development of the PEPP business and allows to monitor the effectiveness of risk-mitigation techniques and the ongoing compliance with the PEPP Regulation.
- (4) The Guidelines shall apply from 22nd March 2022.

## 2. Guidelines

### Guideline 1 – Frequency of the regular supervisory reporting

- 1.1. Competent authorities should ensure that the PEPP providers submit the quantitative supervisory reporting on the PEPP business, referring to the financial year-end of the PEPP provider, to the relevant competent authority annually.
- 1.2. Competent authorities should ensure that the PEPP providers submit the PEPP supervisory report to the relevant competent authority at least every three years after the date of the registration of the PEPP and when there are significant changes in the PEPP business or any modifications to the PEPP, without prejudice to the first submission, which should take place at year-end of the year of registration.
- 1.3. Competent authorities may request more frequent submissions of the regular supervisory reporting following a risk-based approach. In case of material changes in the reported information after submission by the PEPP provider, competent authorities should ensure the relevant and timely re-submission of the amended information.

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<sup>1</sup> 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. 48–83.

<sup>2</sup> Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP); OJ L 198, 25.7.2019, p. 1–63.

## **Guideline 2 – Reporting deadlines**

2.1 Competent authorities should ensure that PEPP providers report to the competent authority the annual quantitative information according to the individual PEPP provider's sectoral rules for annual reporting, but no later than 16 weeks after the PEPP provider's financial year-end.

2.2. As for the PEPP supervisory report, competent authorities should ensure that PEPP providers report it to the competent authority no later than 18 weeks after the PEPP provider's financial year-end.

2.3 Competent authorities should submit the regular supervisory reporting to EIOPA no later than 4 weeks after the deadlines set out in Guideline 2.1.

## **Guideline 3 – Content of the PEPP supervisory report**

3.1 Competent authorities should ensure that the PEPP supervisory report covers the following areas:

- (a) relevant aspects concerning the PEPP business;
- (b) the employed investment strategy and its performance;
- (c) the risk management systems and the effectiveness of the risk-mitigation techniques for the PEPP;
- (d) relevant implications of the PEPP provider's prudential framework.

## **Guideline 4 – PEPP supervisory report: the PEPP business**

4.1 Competent authorities should ensure that, in the PEPP supervisory report, the PEPP provider describes 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 reference period and general information regarding the PEPP, which should include:

- (a) the PEPP registration number;
- (b) the name and address of the external auditors of the PEPP provider;
- (c) a description of the PEPP investment option and of the guarantees, including 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 reference period;
- (d) a description of the target market as well as a description of the actual PEPP savers. That description should refer at least to the age profile of the target PEPP savers and on how the assessment of the PEPP savers' financial situation, financial knowledge and capacity to bear losses is considered for the investment profile;
- (e) any significant business or external events that have occurred over the reference period, 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 reference period;
- (g) a description of the distribution channels used to sell the PEPP and controls to ensure adequate distribution;
- (e) a description of the switching procedures in place for PEPP business and implemented over the reporting period;
- (f) 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 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 distribution of the PEPP.

4.2 Competent authorities should ensure that the PEPP provider outlines the governance structure relating to the PEPP business, covering 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.

### **Guideline 5 – PEPP supervisory report: investment strategy and performance**

5.1 Competent authorities should ensure that the PEPP provider describes the employed 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 investment strategy takes into account the interests of the PEPP savers, having in mind their specific profile and taking into account environmental social governance (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.

5.2 Competent authorities should ensure that the PEPP provider sets out detailed information about the financial performance of investments held for the PEPP, including:

- (a) the 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 investment categories;
- (c) the impact of derivatives on PEPP's investment performance;
- (d) information on PEPP investment expenses incurred over the reference period compared to prior years, and reasons for material changes.

### **Guideline 6 – PEPP supervisory report: risk management and risk-mitigation techniques**

6.1 Competent authorities should ensure that the PEPP provider outlines the types of risks to which the PEPP savers are or could be exposed to, the 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.

6.2 Competent authorities should ensure that the PEPP providers describes how the risk management system is able to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the PEPP savers are or could be exposed, and their interdependencies. The required information should 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.

6.3 Competent authorities should ensure that the PEPP provider presents details on the employed 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.

## **Guideline 7 – PEPP supervisory report: aspects relating to the PEPP provider's prudential framework**

7.1 Competent authorities should ensure that the PEPP provider reports the following details:

- (a) information on the valuation principles applied for solvency purposes, where applicable;
- (b) information on the capital structure of the PEPP provider, capital ratios and level of leverage, where applicable.

## **Compliance and Reporting Rules**

8.1 This document contains Guidelines issued under Article 16 of the EIOPA Regulation. In accordance with Article 16(3) of the EIOPA Regulation, competent authorities and financial institutions shall make every effort to comply with guidelines and recommendations.

8.2 Competent authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or supervisory framework in an appropriate manner.

8.3 Competent authorities shall confirm to EIOPA whether they comply or intend to comply with these Guidelines, with reasons for non-compliance, within two months after the issuance of the translated versions.

8.4 In the absence of a response by this deadline, competent authorities will be considered as non-compliant to the reporting and reported as such.

## **Final Provision on Reviews**

8.5 The present Guidelines may be subject to a future review by EIOPA in accordance with the EIOPA Regulation.

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