

Feedback Statement on the MFSA Rule on the Pan-European Personal Pension Product and the Fees Relating Thereto

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1.0 Introduction

Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product came into force on the 22 March 2022. On 6 May 2022, the MFSA published a new legal notice entitled the Malta Financial Services Authority Act (Pan-European Personal Pension Product (PEPP)) Regulations, 2022 ([L.N. 133 of 2022](#)) to designate the MFSA as the competent authority responsible for the authorisation of financial undertakings to manufacture and/or distribute PEPPs, the supervision thereof and communication with EIOPA for the purposes of the PEPP Regulation.

On 10 May 2022, the MFSA issued a [Consultation Document on the MFSA Rule on the Pan-European Personal Pension Product and the Fees Relating Thereto](#). The Consultation Document proposed to amend the Malta Financial Services Authority Act (Pan-European Personal Pension Product (PEPP)) Regulations, 2022 (L.N. 133 of 2022) to introduce new fees and also proposed the introduction of a new MFSA Rule which contains information in relation to the pre-application process of the PEPP Product, the Guidelines on PEPP Supervisory Reporting and the conditions pertaining to the accumulation and decumulation phase.

Further to the said Consultation Document, the MFSA is issuing a Feedback Statement on the comments received from the insurance market. An outline of the main comments received and the MFSA's position in relation to them is provided below. It is to be noted that some of the comments submitted by the market have already been taken on board by the MFSA.

2.0 Main comments received following the issuance of the Consultation Document

2.1 Industry Comment: *Market participants sought clarification as to the reason why the term "PEPP Manufacturer" was used interchangeably with "PEPP Provider" throughout the Consultation Document.*

MFSA's Position: The MFSA notes the comments raised by the market and would like to clarify that any reference to a PEPP Manufacturer in the Consultation Document should read PEPP Provider.

2.2 Industry Comment: *A market participant enquired about fees to be paid by financial undertakings interested in providing a PEPP. Clarification was sought as to whether the PEPP Manufacturer can qualify as a PEPP Provider and thus manufacture and distribute the PEPP Product. Further clarity was sought as to whether one would be required to pay the fees attributed to the PEPP Manufacturer and the PEPP Distributor in addition to the fee related to*

the PEPP Product. The market opined that it would be too much of a burden on financial undertakings to pay so many fees at the application stage.

MFSA's Position: The MFSA would like to clarify that wherever reference was made to PEPP Manufacturers, this should read PEPP Provider. In line with the PEPP Regulation, a PEPP Provider can manufacture and/or distribute a PEPP, and therefore a PEPP Manufacturer is a PEPP Provider. Finally, it is to be noted that a fee is to be levied on the PEPP Provider, PEPP Distributor and the PEPP (the product itself) at application and annually thereafter as a supervision fee. A fee for deregistration will be levied whenever a PEPP is deregistered.

2.3 Industry Comment: *An industry participant also enquired whether there are any specific considerations to be made where a PEPP is also registered with the Inland Revenue Department as a "qualifying scheme" under [Subsidiary Legislation 123.163 on the Personal Retirement Scheme Rules](#).*

MFSA's Position: The MFSA would like to clarify that, at this stage, a PEPP is not considered as a qualifying scheme under Subsidiary Legislation 123.163 of the Personal Retirement Scheme Rules. It is to be noted that the said legal notice falls within the remit of the Inland Revenue Department and relevant market participants are therefore encouraged to voice their concerns with the said department.

2.4 Industry Comment: *Market participants also commented on why the decumulation phase was set between 50-75 when [Subsidiary Legislation 123.163 on the Personal Retirement Scheme Rules](#) sets this between 61-70.*

MFSA's Position: The MFSA would like to clarify that the accumulation and decumulation conditions have been aligned with the requirements currently in force of the Pension Rules issued under the Retirement Pensions Act.

2.5 Industry Comment: *A market participant enquired whether a PEPP can be manufactured as an insurance-based investment product.*

MFSA's Position: The MFSA would like to clarify that a PEPP cannot be manufactured as an insurance-based investment product. The PEPP Regulation regulates a personal pension product to target the younger generation and mobile workers, and to help further facilitate the right of EU citizens to live and work across the Union. A PEPP Provider can offer a basic PEPP which may also include other investment options in line with Article 42 of the PEPP Regulation. Furthermore, it is to be noted that the PEPP Regulation also contains specific requirements in terms of registration, distribution and information, including a specific PEPP Key Information Document, demands and needs & provision of advice, and reporting.

3.0 Way Forward

A circular informing market participants on the date of the publication of the MFSA Rule on the Pan-European Personal Pension Product identified in the Consultation Document will be issued together with this feedback statement.

4.0 Contacts

Any queries or requests for clarifications in respect of the above should be addressed by email on ips_legal@mfsa.mt.