

CHAPTER 7 REQUIREMENTS RELATING TO PRODUCTS WHICH, UNDER MALTESE LAW ARE RECOGNISED AS HAVING THE PRIMARY PURPOSE OF PROVIDING THE CLIENT WITH AN INCOME IN RETIREMENT, AND WHICH ENTITLE THE CLIENT TO CERTAIN BENEFITS

Introduction

The purpose of this Chapter is primarily to set out the requirements to be complied with by Regulated Persons which fall under points (iii) and (iv) of the definition of 'Regulated Person' in the Glossary to these Rules which manufacture and, or distribute Occupational Retirement Products and, or Personal Retirement Products as defined in this Chapter, as applicable.

Application

The Rules and the relative Guidance set out:

- (a) under Part A below are applicable to, unless otherwise specified:
 - (i) persons which fall under point (iii) of the definition of 'Regulated Person' in the Glossary which carry on Long term Insurance Business and which manufacture and, or distribute Occupational Retirement Products and, or Personal Retirement Products; and
 - (ii) persons which fall under point (iv) of the definition of 'Regulated Person' in the Glossary (other than ancillary insurance intermediaries) which distribute Occupational Retirement Products and, or Personal Retirement Products;
- (b) under Part B below are applicable to persons which fall under point (iii) of the definition of 'Regulated Person' in the Glossary which carry on Long-term Insurance Business and which manufacture and, or distribute Occupational Retirement Products and, or Personal Retirement Products; and
- (c) under Part C below are applicable to persons which fall under point (iv) of the definition of 'Regulated Person' in the Glossary (other than Ancillary Insurance Intermediaries) which distribute Occupational Retirement Products and, or Personal Retirement Products.

Provided that, Regulated Persons shall comply with the Rules and relative Guidance set out in this Chapter, without prejudice and in addition to, the Insurance Business (Retirement

provision business) Regulations, 2023 made under the Insurance Business Act and Insurance Rules issued thereunder, particularly Chapter 16 of the Insurance Rules relating to Retirement provision business of an authorised insurance undertaking carrying on long term business of insurance.

Definitions

In this Chapter, unless the context otherwise requires, the following definitions shall apply. Other terms used shall be construed in terms of the Glossary to these Rules:

"Accumulation Phase" means the period during which assets are accumulated in a Retirement Product and runs until the Decumulation Phase starts;

"Beneficiary" means an individual receiving Retirement Benefits in accordance with the provisions of a Retirement Product;

"Decumulation Phase" means the period during which assets which have been accumulated in a Retirement Product may be withdrawn, to fund retirement or other income requirements;

"Distributor" means any person authorised under the Insurance Business Act (Cap. 403) or the Insurance Distribution Act (Cap.487), other than an Ancillary Insurance Intermediary, who takes up or pursues the activities of advising on, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, concluding such contracts, or assisting in the administration and performance of such contracts, in particular in the event of a claim;

"Insurance-based investment product" means an insurance product which offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations; and shall not include:

- (a) non-life insurance products as listed in Annex I of Directive 2009/138/EC (Classes of Non-life Insurance);
- (b) life insurance contracts where the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity;
- (c) officially recognised occupational pension schemes falling under the scope of Directive 2003/41/EC or Directive 2009/138/EC; and

- (d) individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider;

“Key Information Document” or “KID” means the document drawn up by the Manufacturers for each product, in accordance with **Appendix 1** to this Chapter and based on the inputs, assumptions and methodologies laid down in **Appendix 3** to this Chapter, and which is provided to Clients, prior to the conclusion of the contract, in order to enable clients to understand and compare the key features and risks of the product defined below;

“Manufacturer” means any person who is responsible for the development and issuance of a product or makes changes to, or combines existing products;

“Occupational Retirement Product” means an Insurance-based investment product, which includes a qualifying scheme as defined in the Voluntary Occupational Pension Scheme Rules, 2017, (S.L. 123.175), the purpose of which is to provide cover for a loss of income due to old age and that:

- (a) is based on an agreement or contract:
 - (i) individually or collectively between the employer(s) and the employee(s) or their respective representatives, or
 - (ii) with self-employed persons, individually or collectively; and
- (b) where the Occupational Retirement Product is not a qualifying scheme as defined in the Voluntary Occupational Pension Scheme Rules, 2017, (S.L. 123.175), the commencement of payment of Retirement Benefits to a Client shall be on a date that is earlier than that on which such Client has attained the age of fifty, or later than that on which the Client as Member attains the age of seventy-five;

“Pension Benefit Statement” or “PBS” means the concise personalised document drawn up by the Manufacturers in accordance with **Appendix 2** to this Chapter and based on the inputs, assumptions and methodologies laid down in **Appendix 3** to this Chapter, which Statement is provided to each Client, at least annually, and contains key information for the Client in relation to the product defined below;

“Personal Retirement Product” means an Insurance-based investment product, which includes a qualifying scheme as defined in Voluntary Personal Retirement Scheme Rules, 2014, (S.L.123.163), the purpose of which is to provide cover for a loss of income due to old age and that:

- (a) is funded solely by the individual concerned; or any other person (including the Employer) on behalf of the individual Client; and
- (b) where the Personal Retirement Product is not a qualifying scheme as defined in the Voluntary Personal Pension Scheme Rules, 2017, (S.L.123.163), the commencement of payment of Retirement Benefits to a Client shall be on a date that is earlier than that on which such Client has attained the age of fifty, or later than that on which the Client as Member attains the age of seventy-five.

“Retirement Benefit” means benefits paid by reference to reaching, or the expectation of reaching, retirement or, where they are supplementary to those benefits and provided on an ancillary basis;

“Retirement Product” shall mean an Occupational Retirement Product and a Personal Retirement Product.

Part A: *Rules applicable to: persons falling under point (iii) of the definition of 'Regulated Person' in the Glossary which carry on Long term Insurance Business and which manufacture and, or distribute the Retirement Products; and persons falling under point (iv) of the definition of 'Regulated Person' in the Glossary (other than ancillary insurance intermediaries) which distribute the Retirement Products*

General Rule

R.6.1 A Regulated Person shall at all times carry out its activities with utmost good faith and integrity.

Medium of Disclosure

R.6.2 The provisions on medium of disclosure contained in R. 1.1.2, R.1.1.3 and R.1.1.5 to R.1.1.16 in Section 1 of Chapter 1 of the Conduct of Business Rulebook shall apply *mutatis mutandis* to Regulated Persons providing and, or distributing the products.

Marketing Rules

R.6.3 Marketing communications that contain specific information relating to the product shall not include any statement that contradicts the information contained in the Key Information Document ("KID") or diminishes the significance of the KID. Marketing communications shall indicate that a KID is available and supply information on how and where to obtain it, including the Regulated Person's website.

R.6.4 Advertisements and information shall be fair, clear and not misleading. Advertisements shall be clearly identifiable as such. In issuing, approving or disseminating advertisements, a Regulated Person shall ensure that:

- (a) the design, presentation and content of an advertisement is clear, fair, and accurate and not misleading such that any Client can reasonably be expected to know immediately that it is an advertisement. In particular, it shall ensure that it is not misleading in relation to:
 - (i) the nature of the advertised product;
 - (ii) the Regulated Person's independence or the independence of the information it provides;
 - (iii) the Regulated Person's ability to provide the advertised product and about the nature and type of such product;
 - (iv) the scale of the Regulated Person's activities;

- (v) the extent of the resources of the Regulated Person ;
 - (vi) the nature of the Regulated Person's or any other person's involvement in the advertised product;
 - (vii) the scarcity of the advertised product;
 - (ix) any relevant risks and, in particular, shall not emphasise any potential benefits of a product without also giving a fair and prominent indication of relevant risks;
- (b) the advertisement shall not seek to influence a person's attitude to the advertised product either by ambiguity, exaggeration or omission;
 - (c) the nature and type of the advertised product shall be clear and shall not be disguised in any way;
 - (d) important items, statements or warnings are not disguised, diminished or obscured; and
 - (e) it avoids taking any improper advantage of any characteristic or circumstances that may make the Client vulnerable.

R.6.5 An advertisement or other information provided to Clients or potential Clients should be considered to be "misleading" if it has a tendency to mislead the person or persons to whom it is addressed or by whom it is likely to be received, whether or not the person who issues the advertisement considers or intends it to be misleading.

R.6.6 R.6.3 to R.6.5 shall not apply where the advertisement approved or disseminated or the information provided consists only of one or more of the following:

- (a) the name of the Regulated Person;
- (b) a logo or other image associated with the Regulated Person;
- (c) a contact point;
- (d) a reference to the product provided by the Regulated Person.

R.6.7 The Regulated Person shall ensure that advertisements or information it approves or circulates shall be sufficient for, and presented in a way that is likely to be understood by, its identified target market.

Issuing and Approving Advertisements

- R.6.8 No person, other than a Regulated Person, may issue or cause to be issued, advertisements in Malta, unless its contents have been approved by a Regulated Person. Furthermore, the Regulated Person approving such advertisements shall ensure that any advertisements disseminated or circulated principally in Malta comply with this Chapter and any other relevant legislation.
- R.6.9 When issuing or approving such advertisements Regulated Persons, other than Tied insurance intermediaries, shall appoint the Compliance Officer, or where the Regulated Person is not required to appoint a Compliance Officer, a designated officer to be notified to the MFSA to:
- (a) approve advertisements to be issued by the Regulated Person in its own name;
 - (b) approve advertisements to be issued by a third party but which are required to be approved by a Regulated Person; and
 - (c) report to the MFSA any advertisement issued or purporting to be issued by the Regulated Person without the approval referred to in (a) above.
- R.6.10 A Regulated Person, other than tied insurance intermediaries, shall:
- (a) amend its internal procedures relating to the approval of advertisements to be issued by Regulated Person to include activities related to Occupational Retirement Products and Personal Retirement Products;
 - (b) identify the target market for whom the advertisement is intended and ensure that the method of circulating the advertisement is appropriate for the Identified target market;
 - (c) keep records of all advertisements issued and approved, including:
 - (i) an approved certification in electronic format by the Compliance Officer or the designated officer in terms of R.6.9 above, that each advertisement complies with the requirements of this Chapter;
 - (ii) the name of the individual who approved the advertisements;

- (iii) the date of approval of the advertisements;
- (iv) the publications in which the advertisement was included; and
- (v) documentary evidence in support of any statement made in the advertisement.

R.6.11 Where a Regulated Person appoints tied insurance intermediaries it shall approve all the advertisements relating to the business carried on by the Regulated Person, issued by such tied insurance intermediaries. The Regulated Person shall also accept responsibility for such advertisements and ensure that they comply with the applicable legal and regulatory requirements. Moreover, the Regulated Person shall also keep a separate record of all such advertisements and of the monitoring which it carries out in this regard.

R.6.12 For the purposes of paragraph R.6.10 and R.6.11, the words *"keep a record of all Advertisements"* means that a Regulated Person is required to keep a copy of each different kind of advertisement issued or approved by it, for a period of not less than 5 years.

R.6.13 Any disclosure, warning or any other disclaimer which is required to be included in any advertisement or information shall be shown prominently, clearly and intelligibly.

G.6.1 *When issuing an advertisement or communicating information to a Regulated Person about the product, a Regulated Person should consider whether omission of any relevant fact will result in the advertisement or information being insufficient, unclear, unfair or misleading.*

G.6.2 *A Regulated Person shall:*

- (a) take account of the means of communication used to publish the advertisement or communicate the information to Regulated Person and of the limitations and/or disadvantages associated with a particular means of communication;*
- (b) ensure that disclaimers, risk warnings and other footnotes used in the information should be of sufficient size and prominence to be clearly legible and not diminished, disguised or obscured in any way by the content, design or format of the information;*
- (c) ensure that quoted performance figures are not selected so as to exaggerate the success or disguise the lack of success of the product;*

- (d) include a statement in the information regarding any significant position or holding in the product which is the subject of the information or advertisement;*
- (e) ensure that only information which is material to the advertisement being published, is included. The advertisement should indicate that further information about the product which is the subject of the advertisement is available and from where.*

R.6.14 A Regulated Person shall include a regulatory disclosure statement in all the advertisements it issues except for those advertisements consisting of the information as provided in G.1.2.2 in Chapter 1 of the Rulebook. This regulatory disclosure statement shall indicate that the Regulated Person is regulated by the MFSA, as well as a reference to the legislation under which such regulation is afforded.

The regulatory disclosure statement required by this Rule should also be made by the Regulated Person when providing Information to the Clients.

R.6.15 A Regulated Person shall ensure that information shall not use the name of the MFSA in such a way that would indicate or suggest endorsement or approval by the MFSA of the product of the Regulated Person.

R.6.16 A Regulated Person shall ensure that any advertisement or information it issues, which indicates the MFSA as the regulator of the Regulated Person issuing the advertisement and which refer to matters not regulated by the MFSA, makes it clear that those matters are not regulated by the MFSA.

R.6.17 The Regulated Person shall ensure that any information and advertisement addressed to, or disseminated in such a way that it is likely to be received by Clients shall include the name and address of the Regulated Person and identify in the same prominence both the Manufacturer of the product and the Distributor which issued the advertisement or the information. It should also distinguish between which of the parties is the Manufacturer and which is the Distributor of the product.

R.6.18 A Regulated Person shall ensure that an advertisement or information which contains any initials or acronyms (for example: AER, EAR, CAR, APR etc.) also states what the initials or acronyms stand for.

R.6.19 A Regulated Person shall ensure that the advertised product is described as free only where such product is in its entirety available free of charge to the Client.

R.6.20 A Regulated Person shall ensure that any information contained in a marketing communication is consistent with any information the Regulated Person provides to a Client in the course of carrying on its activities.

R.6.21 In deciding whether and how, to issue an advertisement to an identified target market, a Regulated Person shall ensure that the medium selected for this purpose is commensurate with the nature of the product and its likely information requirements as well as the role and extent of the Information provided, the risks involved, the risk profile of the target audience in the sales process.

Where the medium selected by the Regulated Person to disseminate the Advertisement is such that it does not allow the recipient to assimilate all the Information included therein (for example billboards), there should be no references to performance rates.

G.6.3 The medium, content and format of the advertisement should be such that it is easily understood that it is only intended for its identified target market. The advertisement itself should also be understood by such Identified target market. Therefore, where possible, simple and accurate terms should be used as opposed to complicated and technical jargon.

R.6.22 The Regulated Person shall ensure that an advertisement or information which is being aimed at an identified target market, shall also include a statement indicating such identified target market.

R.6.23 With respect to advertisements and information disseminated via the internet, a Regulated Person should also:

- (a) include a statement indicating the identified target market which the website or email is intended for; and
- (b) include appropriate statements that the Client is leaving the Regulated Person's website and accessing another in cases where the Regulated Person's website is hyperlinked to other sites.

Warning Statements which should be included in advertisements and, where applicable, information

R.6.24 A Regulated Person shall ensure that warning statements:

- (a) are prominently situated and of a font size that is at least equal to the predominant font size used throughout the document or advertisement or information; and
- (b) appear together with the benefits of the advertised product.

In the case of non-print media, it is sufficient that the warning statements are mentioned at the end of the advertisement.

R.6.25 A Regulated Person shall ensure that an advertisement for a product, which is not readily realisable, states that it may be difficult for the Client to sell or exit the product and/or obtain reliable information about its value or extent of the risks to which it is exposed.

R.6.26 A Regulated Person shall ensure that an advertisement or Information relating to a product that cannot be redeemed prior to maturity, or which incurs an early redemption charge if redeemed prior to maturity, clearly states that this is the case.

R.6.27 A Regulated Person shall ensure that an advertisement or information relating to a product subject to front-end loading states, where applicable, that:

- (a) deductions for charges and expenses are not made uniformly throughout the life of the product, but are loaded onto the early period;
- (b) if the Client withdraws from the product in the early period, the practice of front-end loading will impact on the amount of money which the Client receives; and
- (c) if applicable, that a Client may not get back the full amount invested.

R.6.28 A Regulated Person issuing an advertisement shall ensure that:

- (a) where the product is complex, a warning is included to the effect that it may not be suitable for Retail Clients;
- (b) that the information provided therein is not in conflict, in any way, with the relevant product information, including the KID. Phrases similar to or derivatives of wording such as 'benefit' or 'Retirement Benefits' amongst others may only be used in accordance with the provisions of the product documentation;
- (c) that the terminology used to describe the rate of return is adequate terminology for that particular product. When quoting rates of return for bond funds the term 'yields' should be used to describe such a

return in lieu of 'interest rate' or 'return'. Care shall also be exercised in using the correct terminology when advertising in Maltese so that the term '*qliegħ*' is only used where appropriate as opposed to '*rata ta' imghax*'.

R.6.29 A Regulated Person shall ensure that where any advertisement or information relating to a product is denominated or priced in a foreign currency, or where the value of such product may be directly affected by changes in foreign exchange rates, the relevant warning statements are disclosed.

G.6.4 *Further to R.6.29 above, Regulated Persons should use the following wording or such other wording as appropriate in the particular circumstances:*

Warning: This [name of product] may be affected by changes in currency exchange rates.

R.6.30 A Regulated Person shall ensure that advertisements should clearly indicate whether the product being advertised places a Client's capital at risk. An advertisement for a product where the Client may not get back 100% of the capital invested should contain the relevant warning.

G.6.5 *For the purpose of R.6.30 above, Regulated Persons should use the following wording or such other wording as appropriate in the particular circumstances:*

Warning: If you invest in this [name of product] you may lose some or all of the money you invest.

R.6.31 A Regulated Person shall ensure that Advertisements for a product where there is no access to funds for the term of the product, a specific warning in this regard should be included.

G.6.6 *For the purposes of R.6.31, Regulated Persons should use the following wording or such other wording as appropriate in the particular circumstances:*

Warning: If you invest in this [name of product] you will not have any access to your money for [insert time required before the product matures].

R.6.32 A Regulated Person shall ensure that in Advertisements that promote a product whose charging structure is complex shall include the information necessary to ensure that the advertisements are fair, clear and not misleading. Such advertisements should also contain sufficient information taking into account the needs of the recipients.

R.6.33 A Regulated Person shall ensure that advertisements that offer products which are not manufactured by the Regulated Person issuing the advertisements, indicate clearly that the Regulated Person is not the Manufacturer of the product advertised.

R.6.34 A Regulated Person shall ensure that where the advertised product can fluctuate in value, the relative advertisement contains a corresponding warning statement.

G.6.7 For the purposes of R.6.34, a Regulated Person should use the following wording or such other wording as appropriate in the particular circumstances:

Warning: The value of your product may go down as well as up.
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R.6.35 A Regulated Person shall ensure that where the return on an advertised product is not set until a particular date (for example, the maturity date of the advertised product), this should be clearly stated.

Information to be included in Advertisements

R.6.36 A Regulated Person shall ensure that an advertisement that uses promotional or introductory bonuses clearly states the expiry date of that interest rate and provides an indication of the rate that will apply thereafter.

R.6.37 An advertisement should not describe a feature of the product as "guaranteed", "protected" or "secure", or use a similar or equivalent term unless the Regulated Person issuing the advertisement has made an assessment of the guarantee in question and has found it to be adequate. If such terms are included, then the Regulated Person shall ensure that the terms used are capable of being a fair, clear and not misleading description of the advertised product and that all relevant information is communicated in the Advertisement with sufficient clarity and prominence, to make the use of those terms fair, clear and not misleading. Furthermore, such Advertisements should also include:

- (a) the name and a description of the guarantor;

- (b) the legally binding nature of the guarantee and what it relates to; and
- (c) information as to whether there are any conditions, restrictions or other matters which may affect the Client's ability to benefit from it.

- R.6.38 A Regulated Person shall ensure that any assumptions, on which a statement, promise or forecast contained in an advertisement is based, are clearly stated, reasonable and up to date.
- R.6.39 A Regulated Person shall ensure that an advertisement that promotes more than one product or both sets out clearly the key Information relating to each product in such a way that a client can distinguish between the product in question.
- R.6.40 Where an advertisement contains a statement or report attributed to a person, the advertisement should also disclose the name of that person, his business address, qualifications and any material interest in the issuer of the advertisement or in the products which are the subject of the advertisement in question.
- R.6.41 Where the information contained in an advertisement is sourced from a third party, the Regulated Person issuing the advertisement should also confirm that this Information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the Regulated Person should also identify the source(s) of the information.

Advertisements containing pricing claims

- R.6.42 This Rule applies in relation to an advertisement that makes pricing claims, including financial promotions that indicate or imply that a Regulated Person can reduce the fees, provide the cheapest fees or otherwise reduce a Client's costs.

A Regulated Person shall ensure that any qualifying criteria in relation to benefiting from potential maximum savings relating to the advertised product is included in the main body of the advertisement.

Disclosures relating to Taxation

- R.6.43 If any advertisement or information refers to a particular tax treatment of a particular product, a Regulated Person shall ensure that the advertisement or information in question contains:

- (a) details on the tax treatment of the product, which is complete, fair, relevant, accurate and not misleading;
- (b) an indication as to whether the Regulated Person assumes responsibility for the withholding of the taxes at source;
- (c) an indication that the information relates to any appropriate current legislation as at the date of submission of that Information and that such tax arrangements may change in the future.

R.6.44 Where the information refers to a particular tax treatment, it shall prominently state that the tax treatment depends on the individual circumstances of each Client and may be subject to change in the future.

Limitation on Advertisements provided to Clients

R.6.45 A Regulated Person shall ensure that it does not provide any advertisements which indicate past performance, simulated past performance and future performance.

Advertisements and information relating to a product

R.6.46 A Regulated Person shall include a statement that the client's investment decision should be based on the full details of the product information document and the KID provided to the client and shall state from where this information may be obtained or accessed.

R.6.47 A box advert carried in print media indicated prices ("price box") shall include:

- (a) the name and contact details of the Regulated Person responsible for the publication of the advertisement;
- (b) names of the funds which may be linked to the product;
- (c) the price(s) and their relevant date;
- (d) the change from the previously quoted price(s);
- (e) an indication that initial and/or exit fees apply or may apply, as appropriate

R.6.48 A Regulated Person responsible for that advertisement shall state:

- (a) which of the benefits under the contract (if any) are of fixed amounts and what those amounts are; and

- (b) which of them (if any) are not of fixed amounts.

R.6.49 A Regulated Person shall in good time, prior to the conclusion of any contract, or if there is a material change after the conclusion of a contract for the provision of a product, make the following disclosures to the Clients:

- (a) its name and address and the product which is being provided which, shall include the address of the head office of the Regulated Person;
- (b) a statement of the fact that the Regulated Person is licensed by the MFSA, together with the address of the MFSA. Where applicable, the Regulated Person shall also disclose to the Client the Register in which the Regulated Person has been included and the means for verifying that it has been registered or notified;
- (c) information relating to the procedures allowing Clients or other interested persons to register complaints about the Regulated Person;
- (d) information about any compensation which may be available to the Client under any compensation scheme which may be applicable.

R.6.50 A Regulated Person which decides to appoint a Tied insurance intermediary shall ensure that, when contacting or before dealing with any Client such Tied insurance intermediary disclose the capacity in which he is acting and the Regulated Person which he is representing. Such disclosure shall also include the enrolment number and show the company's business card.

R.6.51 A Regulated Person shall ensure that any designation given to its employees reflects the service being provided by such employee in relation to the product. The employee shall clearly disclose whether he is authorised to give advice and whether the service being provided is of an advisory nature or otherwise.

R.6.52 A Regulated Person shall also, in good time, prior to the conclusion of a contract, provide the Client with at least the following information, as applicable:

- (a) whether a Manufacturer, an insurance undertaking or a parent undertaking of an insurance undertaking has a holding, directly or indirectly, representing 10% or more of the voting rights of the capital in a Distributor, such as an insurance intermediary;
- (b) whether a Distributor or an Insurance intermediary has a holding direct, or indirect, representing 10% or more of the voting rights or of

the capital in the Insurance undertaking or a parent undertaking of such Insurance undertaking.

R.6.53 A Regulated Person shall ensure that all information it addresses to, or disseminates to Clients, including marketing communications, satisfies the conditions laid down in R.6.14, R.6.44, R.6.45 and R.6.54.

R.6.54 A Regulated Person shall ensure that the information referred to in R.6.53 complies with the following conditions:

- (a) the information includes the name of the Regulated Person;
- (b) the information is accurate and always gives a fair and prominent indication of any relevant risks when referencing any potential benefits of the product;
- (c) the information uses a font size in the indication of relevant risks that is at least equal to the predominant font size used throughout the information provided, as well as a layout ensuring such indication is prominent;
- (d) the information is sufficient for, and presented in a way that is likely to be understood by, the average Client of the identified target market to whom it is directed, or by whom it is likely to be received;
- (e) the information does not disguise, diminish or obscure important items, statements or warnings;
- (f) the information is consistently presented in the same language throughout all forms of information and marketing materials that are provided to each Client, unless the Client has accepted to receive Information in more than one language.
- (g) the information is up to date and relevant to the means of communication used.

R.6.55 When a product is offered as part of a package of services or as a condition for the same agreement or package to be provided, the Regulated Person shall inform the Client whether it is possible to buy the different components separately and, in such case, shall provide an adequate description of the different components of the agreement or package as well as separate evidence of the costs and charges of each component.

Provided that the provisions of this Rule shall also apply where a product is ancillary to a good or service which is not insurance, as part of a package or the same agreement, with the exception of products ancillary to an investment service or activity as defined in point 2 of article 4(1) of Directive 2014/65/EU, a credit agreement as defined in point 3 of article 4 of Directive 2014/17/EU or a payment account as defined in point 3 of article 2 of Directive 2014/92/EU.

- R.6.56 Where the risks, and, in the case of insurance coverage, resulting from such an agreement or package offered to a Client are likely to be different from the risks associated with the components taken separately, the Client shall provide an adequate description of the different components of the agreement or package and the way in which its interaction modifies the risks, and insurance coverage.

Provided that, the provisions of this Rule and of R.6.54 shall not prevent the distribution of products with different levels of insurance coverage or multi-risk insurance policies.

- R.6.57 A Regulated Person shall provide each Client with the terms and conditions attaching to a product, in a durable medium, before the Client enters into a contract for that product.

Guidance on Advertisements to be disclosed in Advertisements Broadcast on Television and Radio

- G.6.8 *With respect to advertisements broadcast on television and radio, apart from the guidance provided in the above-sections, Regulated Persons should:*

- (a) state the regulatory disclosure statement as set out in R.6.14;*
- (b) have clear and legible risk warnings indicated on a caption at the very bottom of the visual which should take up not less than 20% of the whole screen;*
- (c) indicate the captions on a black background and using bold, white text which is non italicised. Captions at the bottom of the screen should not exceed 4 lines each and should only be updated at intervals of not less than 4 seconds each during broadcast of the visual;*
- (d) include a voice over of all the relevant risk warnings relative to the investment;*

Guidance on Advertisements issued on Social Media

G.6.9 The relevant Guidance G.1.2.29 to G.1.2.38 of Chapter 1 of the COBR relating to advertisements issued on social media shall apply mutatis mutandis to Regulated Persons providing and, or distributing the products.

Disclosure Duties

R.6.58 A Regulated Person shall explain to the Client his duty to disclose all circumstances material to the product being provided and the consequences of any failure to make such a disclosure, both before the product is provided and throughout the duration of the product is provided. The Regulated Person shall also take account of the information the Client discloses.

R.6.59 In the completion of an application form, proposal form, claim form, or any other material document, as applicable, the Regulated Person shall make it clear that all the answers or statements are the Client's own responsibility. The Client should always be requested to check the details. A Regulated Person shall inform the Client that incomplete and/or inaccurate information may result in a claim being repudiated.

Initial contact with a Client via telephone

R.6.60 Where a Regulated Person's initial contact with a client with a view to providing a product is by telephone then the following information should be provided before proceeding further:

- (a) the name of the Regulated Person and, if the call is initiated by or on behalf of a Regulated Person, the commercial purpose of the call;
- (b) where relevant, whether the Regulated Person provides independent advice or restricted advice.
- (c) the Regulated Person's charging structure, where applicable; and
- (d) that the information given under (a) to (c) will subsequently be confirmed in writing in case the Client is interested to proceed further.

R.6.61 Where a Regulated Person makes initial contact with a Client on the telephone a Regulated Person shall, in addition, take into account and comply with the requirements of Distance Selling (Retail Financial Services) Regulations (S.L.330.07), where these are applicable. Where the Client has chosen to obtain information given prior to the conclusion of the contract on durable medium

other than paper in accordance with R.6.6, information shall be provided by the Regulated Person to the Client in accordance with R.6.2 and R.6.4, immediately after the conclusion of the product.

Disclosure of Information on the product provided to Clients

R.6.62 A Regulated Person shall provide Clients, in a durable medium, in good time before the provision of a product, the following general information, where relevant:

- (a) the name and address of the Regulated Person, and the contact details necessary to enable Clients to communicate effectively with the Regulated Person;
- (b) the languages in which the Client may communicate with the Regulated Person, and receive documents and other information from the Regulated Person;
- (c) the methods of communication to be used between the Regulated Person and the Client including, where relevant, those for the sending and reception of orders, or the placing of insurance;
- (d) a statement of the fact that the Regulated Person is authorised and the name and contact address of the MFSA that has authorised it;
- (e) the nature, frequency and timing of the reports on the performance of the product to be provided by the Regulated Person to the Client;
- (f) a description, which may be disclosed in summary form of the Regulated Person's conflicts of interest policy;
- (g) the nature, frequency and timing of the reports on the performance of the product to be provided by the may be disclosed in summary form to the Client;
- (h) at the request of the Client, further details of the conflicts of interest policy in a durable medium or by means of a website (where that does not constitute a durable medium);
- (i) the information on the product which the Regulated Person is to provide to the Client in good time shall include appropriate guidance on, and warnings of, the risks associated with investment in the product.

Description of the nature of the Regulated Person's service

R.6.63 A Regulated Person shall provide Clients within good time, in a durable medium, before a Client is bound by any contract on whether:

- (a) it provides any type of advice about the product sold;
- (b) advice is provided on an independent basis or not. A Regulated Person shall inform Clients about the nature and type of the advice provided to them.
- (c) where advice is provided, the Regulated Person has informed the Client that it will carry out a periodic assessment of suitability of the product recommended to the Client.

Provided that such periodic report shall contain an updated statement of how the product meets the Client's preferences, objectives and other characteristics of the Client.

In providing the Client with a periodic assessment of the suitability, the Regulated Person shall disclose:

- i. the frequency and extent of the periodic suitability assessment and where relevant, the conditions that trigger that assessment;
- ii. the extent to which the information previously collected will be subjected to re-assessment;
- iii. the way in which an updated recommendation will be communicated to the Client.

R.6.64 In providing periodic suitability statements, Regulated Persons shall review the suitability of the recommendations given at least annually. The frequency of this assessment should be increased depending on the risk profile of the Client.

R.6.65 A Regulated Person shall provide the Client with adequate reports on the advice provided in a durable medium. Those reports shall include periodic communication to Clients, taking into account the type and the complexity of the product involved and whether advice was provided to the Client and shall include, where applicable, the costs associated with the transactions and advice provided to the Client.

R.6.66 When providing advice, the Regulated Person shall, before the transaction is made or prior to the conclusion of the contract, provide the Client with a

statement on suitability in a durable medium specifying the advice given and how that advice meets the preferences, objectives and other characteristics of that Client.

R.6.67 Where the agreement to buy or sell products using a means of distance communication which prevents the prior delivery of the suitability statement, the Regulated Person may provide the written statement on suitability in a durable medium immediately after the Client is bound by any agreement, provided both the following conditions are met:

- (a) the Client has consented to receiving the suitability statement without undue delay after the conclusion of the transaction; and
- (b) the Regulated Person has given the Client the option of delaying the transaction in order to receive the statement on suitability in advance.

Disclosure of Information on the product being offered to Clients

R.6.68 A Regulated Person shall provide the KID in good time prior to the conclusion of the contract, so as to allow a prospective or current Client enough time to consider the document before entering into a binding contract or offer relating to that contract, regardless of whether or not the prospective or current Client is provided with a cooling off period.

R.6.69 A Regulated Person may provide the KID to a natural person with written authority to make investment decisions on behalf of the Client in respect of transactions concluded under that written authority.

R.6.70 Where a Regulated Person provides a KID online, the KID shall be located in an area of the website, and where available, of the mobile application, where it can be easily found and accessed. Irrespective of the means used, the KID shall be provided and explained to the Client in a step within the client's sales journey process whereby the Client is enabled and allowed sufficient time to consider the document before entering into a binding contract or offer relating to that product.

R.6.71 A Regulated Person shall ensure that where it distributes its product via Distributors, the KID is provided prior to the conclusion of an insurance contract.

R.6.72 Without prejudice to R.6.68, a Regulated Person distributing a product, may provide a Client with the KID after the conclusion of the insurance contract, without undue delay where all the following conditions are met:

- (a) the Client chooses, on his/her own initiative, to contact the Regulated Person distributing a product and conclude the transaction using a means of distance communication;
- (b) provision of the KID in accordance with R. 6.68 is not possible;
- (c) the Regulated Person advising on or distributing the product has informed the Client that provision of the KID is not possible and has clearly stated that the Client may delay the transaction in order to receive and read the KID before concluding the transaction;
- (d) the Client consents to receiving the KID without undue delay after conclusion of the transaction, rather than delaying the transaction in order to receive the document in advance.

R.6.73 In addition to the requirements stipulated in R.6.68, a Regulated Person shall prior to the conclusion of a contract, also inform its Clients or potential Clients about the following:

- (a) the main features and restrictions of the product to assist the Client in understanding the product;
- (b) the definition of each benefit and each option;
- (c) information on the manner in which a policy may be transferred;
- (d) the means of payment of premiums and duration of payments;
- (e) the means of calculation and distribution of bonuses;
- (f) an indication of paid-up values and the extent to which they are guaranteed, where appropriate;
- (g) information on the premiums for each benefit, both main benefits and supplementary benefits, where appropriate;
- (h) the definition of the units to which the benefits are linked;
- (j) an indication of the nature of the underlying assets for products which are unit-linked policies;
- (k) arrangements for application of the cooling-off period;
- (l) general information on the tax arrangements applicable to the type of policy;

- (m) whether the parties to the contract are entitled to choose the law applicable to the contract and, if so, of the law which the Regulated Person proposes to choose, otherwise, if not, of the law which will be so applicable;
- (n) of the arrangements for handling complaints concerning contracts by Clients, including, where appropriate, the existence of a complaints body, without prejudice to the right to take legal proceedings;
- (o) of any limited compensation which may be available under the Protection and Compensation Fund Regulations (S.L.403.13), if the Regulated Person is insolvent and unable to meet its obligations under the contract;
- (p) the amount and purpose of any charge or fee in addition to the premium. The amount of document duty is to be disclosed separately;
- (q) the date of inception of the policy.

In addition, specific information shall be supplied in order to provide a proper understanding of the risks underlying the contract which are assumed by the Client.

R.6.74 A Regulated Person must explain to a Client, at the proposal stage, the consequences for the Client of failure to make full disclosure of relevant facts. The explanation must include, where relevant:

- (a) that a policy may be cancelled;
- (b) that claims may not be paid.

R.6.75 A Regulated Person shall not treat each different transactions in respect of the same product as a new or different transaction. A Regulated Person shall not be required to comply with the disclosure rules in relation to each transaction.

R.6.76 A Regulated Person which distributes a product which is a unit-linked investment product shall ensure that the Client has received all relevant information in relation to a subsequent transactions, such as details of investments which have been done under the product, including charges that differ from those disclosed in respect of a previous transaction.

R.6.77 A Regulated Person shall ensure that any information provided to the Client and the KID is:

- (a) updated and not misleading;

- (b) available in English or Maltese as the official languages of Malta;
- (c) made available to prospective Clients, Clients and Beneficiaries free of charge through electronic means, including on a durable medium or by means of a website, or on paper.

Further information to be given to prospective Clients, Clients and Beneficiaries

R.6.78 A Regulated Person shall ensure that prospective Clients who are automatically enrolled in a product are promptly after their enrolment, informed about:

- (a) any relevant options available to them including investment options;
- (b) the relevant features of the product including the kind of benefits;
- (c) information on whether and how environmental, climate, social and corporate governance factors are considered in the investment approach; and
- (d) where further information is available.

General Information on the product

R.6.79 In addition to the requirements indicated in R.6.78, a Regulated Person is to ensure that Clients are informed about the rights and obligations of the parties involved in the product.

R.6.80 A Regulated Person shall ensure that Clients or their representatives shall receive within a reasonable time, any relevant information regarding changes to the product.

R.6.81 The burden of proof that any information required has been furnished in accordance with the requirements of R.6.78 to R.6.80 rests on the Regulated Person.

Provision of the KID

R.6.82 When providing and making available a product to the Client, a Regulated Person shall provide the KID which constitutes pre-contractual information as referred to in R.6.68. The KID shall be accurate, fair, clear and not misleading.

The Regulated Person shall provide the KID sufficiently early so as to allow a Client sufficient time to consider the KID before entering into a binding contract relating to the Product or an offer relating to that Product.

- R.6.83 In cases where the KID is provided in an electronic format in accordance with **Appendix 1** to this Chapter the Regulated Person shall ensure that when printing the KID this shall be produced as one single, stand-alone document.

Disclosure of Applicable Costs and Charges

- R.6.84 A Regulated entity shall, in good time, prior to providing a product to a Client, disclose to such Client information relating to all costs and associated charges related to a product and its Distributor, which must include the cost of advice, where relevant, the cost of the product recommended or marketed to the client also encompassing any third-party payments. The Regulated Person should also specify how the Client may pay such costs.

The information referred to above, including costs and charges in connection with the product disclosed to the Client, which are not caused by the occurrence of underlying market risk, shall be aggregated to allow the Client to understand the overall cost as well as the cumulative effect on return of the product, and where the Client so requests, an itemised breakdown of such costs shall be disclosed.

The Regulated Person shall also, prior to the conclusion of the contract, inform the Client of any envisaged costs and charges relating to the exercise of their right to switch to another Retirement Product provider. Provided that, a Regulated Person shall ensure that where a Client takes the decision to transfer the pot of an Occupational Retirement Product to another insurance undertaking, the costs charged for that transfer reflect the actual work necessary to carry out the transfer in a way that facilitates worker mobility.

Where applicable, the information on costs and charges shall be disclosed to the Client on a regular basis, at least annually, until the product matures or is redeemed by the Client.

Furthermore, if a contract related to the product provides for the payment of bonuses, the Regulated Person shall, at least, once in every calendar year, inform the Client of the amount of any bonus:

- (a) which has become payable under the contract; and
- (b) of which that party has not been previously informed of.

- G.6.10 *In good time prior to providing a product to a Client, a Regulated Person should provide the Client on a durable medium, a breakdown of all charges, including third party charges, which will be passed on to the Client and where such charges cannot be ascertained in advance, notify the Client that such charges will be levied as part of the transaction.*

- G.6.11 A Regulated Person is recommended to display in its public offices, in a manner that is easily accessible to Clients, a schedule of fees and charges imposed by that Regulated Person. If the Regulated Person has a website, it should also include in it its schedule of fees and charges.*

Disclosure on Conflicts of Interest

- R.6.85 Regulated Persons have a duty to take effective steps to identify, and prevent or manage conflicts of interest between themselves, including their managers, employees, insurance intermediaries, Tied Insurance Intermediaries, or any person indirectly linked to them by control and their Clients, or between the interests of one Client and another; and shall mitigate the potential impact of these risks as far as possible.

When some residual risk of detriment to the Client's interests remains, clear disclosure to the Clients of the general nature and sources of conflicts of interest to the Clients and the steps taken to mitigate these risks shall be made before undertaking business on its behalf.

- R.6.86 Regulated Persons shall avoid over-reliance on disclosure of conflicts of interests and shall ensure that disclosure to Clients pursuant to R.6.85 is a measure of last resort, that can be used only where the organisational or administrative arrangements established by the Regulated Person to manage conflicts of interests or prevent conflicts of interest from adversely affecting the interests of its Client, are not sufficient to ensure, with reasonable confidence, that risks of damage to Client's interests will be prevented.

In such a case, the Regulated Person shall clearly disclose to the Client the general nature and sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on its behalf.

- R.6.87 When disclosure of specific conflicts of interests to the Client is required, the disclosure shall:

- (a) clearly state that the organisational and administrative arrangements established by the Regulated Person to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence that the risk of damage to the interest of the Client will be prevented;
- (b) be made in a durable medium; and shall also include a specific description of the conflict of interest that arises in the provision of the product, taking into account the nature of the Clients to whom the disclosure is being made.

Such description must explain the general nature and sources of conflicts of interest, as well as the risks to the Client that arise as a result of the conflict and the steps undertaken to mitigate those risks, in sufficient detail to enable that Client to make an informed decision with respect to the product in the context of which the conflicts of interest arise.

G.6.12 The disclosure of conflicts of interest by a Regulated Person should not exempt it from the obligation to maintain and operate the effective organisational and administrative arrangements relating to the prevention of conflicts of interest. While disclosure of specific conflicts of interest is required by R.6.85, an over-reliance on disclosure without adequate consideration as to how conflicts may appropriately be managed is not permitted.

R.6.88 Where conflicts of interest arise and cannot be reasonably avoided, Regulated Persons shall disclose the general nature and source of the conflicts of interest to the Client and shall ensure that any conflict does not result in damage to the interests of the Client.

R.6.89 Regulated Persons who charge a fee and also receive commission in respect of the product provided to the Client, shall disclose to the Client, in good time, prior to the provision of a product, whether or not the commission will be offset against the fee, either in full or in part.

R.6.90 A Regulated Person shall also be required to disclose at any time that the Client requests it, further details of the conflicts of interest policy in a durable medium or by means of a website.

R.6.91 The provisions on conflicts of interest contained in Parts A and E of Chapter 3 of the Conduct of Business Rulebook shall apply *mutatis mutandis* to Regulated Persons providing and, or distributing the products.

Sales Process and Selling practices

R.6.92 The provisions on sales process and selling practices contained in Parts A and D of Section 1 on general principles, Part A of Section 3 on advice and non-advice, Part B of Section 4 on assessment of client's suitability and appropriateness (other than R.4.4.108), Part A of Section 5 on contractual arrangements with clients and Part A of Section 6 on Complaints Handling, of Chapter 4 of the Conduct of Business Rulebook shall apply *mutatis mutandis, as indicated*, to Regulated Persons providing and, or distributing the products.

Provided that, further to, and in addition to, the provisions laid down in Part A of Section 3 on advice and non-advice and Part B of Section 4 on assessment of client's suitability and appropriateness referred to above, at all times, the Regulated Person shall, as a minimum, carry out an appropriateness assessment to the Client when distributing and providing services in relation to the Product.

Part B: Rules applicable to persons falling under point (iii) of the definition of 'Regulated Person' in the Glossary which carry on Long term Insurance Business and which manufacture and, or distribute the Retirement Products

Provision of the KID

R.6.93 Before a product is made available to Clients, a Regulated Person shall draw up, develop and maintain for that product a KID which is in line with the requirements of **Appendix 1** to this Chapter covering primarily the contents and presentation of the KID and which is based on the inputs, assumptions and methodologies laid down in **Appendix 3** to this Chapter. The Regulated Person shall publish the KID on its website.

When providing the KID online, the Regulated Person shall ensure that the KID is located in an area of the website or a mobile application where it can be easily found and accessed, and it shall also be provided in a step of the Client journey sales process such that the Client is allowed sufficient time to consider the KID before entering into a binding contract relating to the Product or an offer relating to that Product.

R.6.94 The KID constitutes pre-contractual information and shall be accurate, fair, clear and not misleading. It shall provide key information and shall be consistent with any binding contractual documents and with the terms and conditions of the product.

R.6.95 A Regulated Person shall not incur civil liability solely on the basis of the KID, including any translation thereof, unless it is misleading, inaccurate or inconsistent with the relevant parts of legally binding pre-contractual and contractual documents and, or with the requirements laid down in **Appendix 1** to this Chapter. In this respect the provisions laid down in R.1.6.21 to R.1.6.24 of Section 6 of Chapter 1 shall apply *mutatis mutandis* to Regulated Persons.

Provision of the Pension Benefit Statement

R.6.96 A Regulated Person shall draw up a concise personalised document containing key information for each Client, taking into consideration the relevant requirements of the Act, regulations and Conduct of Business Rules issued thereunder, in line with **Appendix 2** to this Chapter and based on the inputs, assumptions and methodologies laid down in **Appendix 3** to this Chapter. The title of the document shall contain the words 'Pension Benefit Statement'.

R.6.97 A Regulated Person shall provide a Pension Benefit Statement to every Client at least annually, for the duration of the Product.

Provided that, the Regulated Person shall provide a Pension Benefit Statement to every Client at least annually, during the Accumulation Phase, including the information contained in **Appendix 2** and **Appendix 3**.

Provided further that, during the Decumulation Phase, where the Client has chosen not to opt for an annuity, the Regulated Person falling under paragraph (iii) of the definition of "Regulated Person" in the Glossary shall provide a Pension Benefit Statement to every Client at least annually, including the information laid down in **Appendix 2** to this Chapter, specifically within the section titled "***How have my savings under the retirement product changed in the last 12 months?***" of the said Appendix. The Pension Benefit Statement should also include information on the maximum annual withdrawals for the next 12 months

R.6.98 In cases where the Pension Benefit Statement is provided in an electronic format in accordance with **Appendix 2** of this Chapter, the Regulated Person shall ensure that when printing the Pension Benefit Statement, these shall be produced as one single, stand-alone document.

Requirements relating to the provision of the KID and the Pension Benefit Statement

R.6.99 A Regulated Person shall ensure that where it presents the content of the KID and the Pension Benefit Statement using a durable medium other than paper, including website, mobile application, audio or video, it shall comply with the following:

- (a) the information shall be presented in a way that is adapted to the Client's device used for accessing the KID and Pension Benefit Statement;

- (b) the size of the components in the layout may be changed, provided that the layout, headings and sequence of the standardised presentation format, as well as the relative prominence and size of the different elements, are retained;
- (c) font and font size shall be such that the information is noticeable, understandable and presented in a clearly legible format;
- (d) if audio or video is used, such speed of speaking and volume of sound shall be used which, given ordinary attention, makes the information noticeable, understandable and presented in a clearly audible format;
- (e) the information presented shall be identical to the information provided in the paper versions of the KID or Pension Benefit Statement, respectively.

R.6.100 A Regulated Person shall ensure that the layering of the information shall be permitted where the KID and, or the Pension Benefit Statement is provided in an electronic format in accordance with **Appendix 1** and **Appendix 2** to this Chapter, respectively. The layering shall be done in such a manner that it does not distract the Client's attention from the content of the document and does not obscure any key information. When printing the KID and, or the Benefit Statement, these shall be produced as one single, stand-alone document, respectively.

General requirements applicable to KID, Pension Benefit Statement and any other information provided to the Client

R.6.101 A Regulated Person shall ensure that the contents of the KID, Pension Benefit Statement and any other information provided to Clients is:

- (a) regularly updated;
- (b) written in a clear manner that facilitates the understanding of the information, using clear, succinct and comprehensible language, avoiding the use of jargon and avoiding technical terms where everyday words can be used instead;
- (c) not misleading, and consistency shall be ensured in the vocabulary and content;
- (d) presented in a way that is easy to read, using characters of readable size;

- (e) available in English or Maltese as the official languages of Malta
- (f) made available to prospective Clients, Clients and Beneficiaries free of charge through electronic means, including on a durable medium or by means of a website, or on paper.

Other Pre-Contractual information to the Client

- R.6.102 Before a contract relating to a product is concluded, a Regulated Person shall provide to the Client a concrete reference to the report on its solvency and financial condition as laid down in Article 51 of Directive 2009/138/EC (Solvency II Directive) allowing the Client easy access to this information.

Information to be given to the Client on the Accumulation Phase of a Unit-Linked Retirement Product

- R.6.103 A regulated person shall, at an adequate time, but no later than five years before the Client reaches the agreed retirement age, contact the Client who purchased a unit-linked Retirement Product and where the client:
- (a) retains the right to make his investment decisions, the Regulated Person shall direct the Client to obtain professional advice with a view to commence de-risking the investments, taking into account the Client's risk profile;
 - (b) does not retain the right to make his investment decisions, unless otherwise indicated by the Client after obtaining professional advice, the Regulated Person shall commence de-risking the investments of the Client.

Information to be given to the Client on the Accumulation Phase and Decumulation Phase of a Retirement Product

- R.6.104 Where a Regulated Person distributes a Retirement Product without investment freedom in the Accumulation Phase, or at the Decumulation Phase of the Retirement Product (whether unit-linked or not), the Regulated Person shall act in the best interest of the Client and be responsible for the investments, and shall pursue an investment policy in line with the prudent person principle. When implementing this investment policy, the age of the Client is to be taken into account by the Regulated Person.
- R.6.105 Where a Regulated Person uses a variety of investment profiles at the Decumulation Phase of the Retirement Product, the said Regulated Person

shall apply an investment profile for the Client that is appropriate in view of his or her risk profile.

The Regulated Client shall inform the Client about the determined risk profile and investment profile, and shall periodically assess the Client's risk profile. Where there is a change in the risk profile of the Client, the Regulated Person shall apply a different risk profile which is more suitable to the Client and inform the Client of the said change.

- R.6.106 For the purpose of obtaining the risk profile of the Client, as referred to in R.6.105 above, the Regulated Person shall obtain all relevant information, including but not limited to, the financial position, knowledge and experience, as well as the objectives and risk appetite of the Client, in so far as this is reasonably relevant to the investment profile.

Information to be given to the Client on the Decumulation Phase

- R.6.107 A Regulated Person shall ensure that, prior to deciding whether a Client, opts for programmed withdrawals and, or life annuity, the Client obtains professional advice. This shall apply to both unit-linked and with-profits Retirement Products.
- R.6.108 A Regulated Person shall ensure that when the Client reaches retirement age and commences to withdraw Retirement Benefits, the rest of the funds, shall remain invested in a suitably conservative manner.

Information to be given to Clients during the accumulation phase

- R.6.109 In addition to the Pension Benefit Statement, a Regulated Person shall provide each Client, starting five years before the retirement age as specified in **Appendix 2** to this Chapter, or at the request of the Client, with information about the benefit pay-out options available in taking their Retirement Benefits.

Information to be given to the Beneficiaries during the pay-out phase

- R.6.110 A Regulated Person shall notify the Beneficiaries, on retirement or when other benefits become due, about the right of commencement of payment of Retirement Benefits, and periodically provide such Beneficiaries with appropriate information on the Benefits due to her/him and the corresponding

pay out options, including any applicable charges incurred when such benefits fall due. Confirmation that such Retirement Benefits are paid out should also be provided. Pay-out information should be provided to Beneficiaries in the most reliable medium, paper, on a durable medium or a combination of both - to ensure that the information is received by the Client. The Regulated Person shall provide pay-out information to Beneficiaries on an annual basis after retirement.

R.6.111 A Regulated Person shall inform Beneficiaries without delay after a final decision has been taken resulting in any reduction in the level of benefits due, and three months before that decision is implemented. This information shall be provided by the Regulated Person in a way that shows the effect of the benefit reduction for the Client.

R.6.112 When a significant level of investment risk is borne by Beneficiaries in the pay-out phase, the Regulated Person shall ensure that Beneficiaries receive appropriate information regularly.

Additional information to be given on request to Clients and Beneficiaries

R.6.113 A Regulated Person shall, upon request of a Client, a Beneficiary or their representatives provide the following additional information:

- (a) the annual accounts and the annual reports of the business/activities, or where a Regulated Person is responsible for more than the product, those accounts and reports relating to their particular product;
- (b) the statement of investment policy principles, referred to in point 11(c)(iii) of **Appendix 2** to this Chapter.
- (c) any further information about the assumptions used to generate the pension benefit projections referred to in point 8 of **Appendix 2** to this Chapter.

Product Oversight and Governance Requirements

R.6.114 Where a Regulated Person acts as the Manufacturer of a product, such Regulated Person shall comply with the requirements of Part A and Part D of Chapter 2 on Financial Product Governance of the Conduct of Business Rulebook in relation to the product oversight and governance requirements of the product.

Provided that, Regulated Persons shall comply with the Rules and relative Guidance set out in the said Chapter 2, taking also into account in particular the

provisions relating to risk mitigation techniques and retirement benefits as laid down in Chapter 16 of the Insurance Rules relating to Retirement provision business of an authorised insurance undertaking carrying on long term business of insurance which are issued under the Insurance Business (Retirement provision business) Regulations, 2023 (referred to in the Application section above).

Complaints Management

- R.6.115 A Regulated Person shall ensure that it complies with the requirements of Part C of Section 6 on Complaints Handling of Chapter 4 of the Conduct of Business Rulebook in relation to complaints related to the product.

Part C: Rules applicable to persons falling under point (iv) of the definition of 'Regulated Person' in the Glossary (other than ancillary insurance intermediaries) which distribute the Retirement Products

Sales Process and Selling Practices

- R.6.116 A Regulated Person shall comply with the requirements applicable to the said Regulated Person, indicated in R.4.1.28 and Part B, Section 3 of Chapter 4 of the Conduct of Business Rulebook on Sales Process and Sales Management in relation to the product.

Requirements on Disclosure to Clients

- R.6.117 A Regulated Person shall comply with the requirements laid down in Part D (other than R.1.3.23) of Section 3 on Disclosure of Information on Regulated Persons of Chapter 1 of the Conduct of Business Rulebook; which requirements shall apply *mutatis mutandis*.
- R.6.118 A Regulated Person shall in good time, prior to the conclusion of any contract, inform the Client whether it is representing the Client or is acting for and on behalf of an insurance undertaking.
- R.6.119 Where a Tied insurance intermediary is tied to a single entity for a particular product, the Tied insurance intermediary shall disclose this fact in all Advertisements for the said product.
- R.6.120 A Regulated Person shall explain in a clear and concise way whether and why the advice qualifies as independent or non-independent and the type and nature of the restrictions that apply. Where both independent and restricted advice are intended to be proposed or provided to the same Client, a Regulated Person shall:

- (a) explain the scope of both services to allow clients to understand the differences between them; and
- (b) not present themselves as an independent investment advisor for the overall activity. A Regulated Person shall not give undue prominence to their independent advisory services over non-independent services in their communications with Clients.

R.6.121 A Regulated Person shall provide Clients within good time, in a Durable medium, before a Client is bound by any agreement information on whether:

- (a) advice is based on a fair and personal analysis or a more restricted analysis and whether the entities having close links with the Regulated Person or any other legal or economic relationships, such as contractual relationships, so close as to pose a risk of impairing the independent basis of the Advice provided.

A Regulated Person shall provide a description of the types of Products considered, the range of Products and providers analysed per each type of Product according to the products and providers analysed per each type of product according to the scope of the Service, and, when providing independent Advice, how the Service provided satisfies the conditions for the provision of advice on an independent basis and the factors taken into consideration in the selection process used by the Regulated Person to recommend products, such as risks, costs and complexity of the Products.

When the range of products assessed by the Regulated Person providing advice on an independent basis includes the Regulated Person's own products or those issued or provided by entities having close links or any other close legal or economic relationship with the Regulated Person as well as other Issuers or providers, the Regulated Person shall distinguish, for each type of product the range of the Products issued or provided by entities not having any links with the Regulated Person.

When a Regulated Person provides Advice on an independent or a non-independent basis, it must explain to the Client the range of Occupational Retirement Products or Personal Retirement Products that may be recommended, including its relationship with the Issuers or providers of the product.

Where the range of products assessed by the Regulated Person providing advice on an independent basis includes the Regulated Person's own products or those issued or provided by entities having close links or any other close legal or economic relationship with the

Regulated Person, the Regulated Person shall distinguish, for each type of Product the range of the Products issued or provided by entities not having any links with the Regulated Person.

- (b) it is under a contractual obligation to conduct its activity exclusively with one or more Manufacturers. In that case, it shall provide the names of those Manufacturers. Where the Regulated Person is not under such a contractual obligation, and does not give Advice on the basis of a fair and personal analysis, it shall provide the names of the Manufacturers with which it may and does conduct business.

Content and Wording of Disclosure Relating to the Independence of the Services Offered

- R.6.122 A Regulated Person must include the term "independent advice" or "restricted advice" or both, as applicable, in the disclosure. Where no Advice has been given, the Regulated Person must also disclose this fact.
- R.6.123 Where a Regulated Person provides independent advice in respect of a particular product for which there is a restricted market, a Regulated Person must include in the disclosure an explanation of that market, including the types of products which constitute that market.
- R.6.124 If a Regulated Person provides restricted advice, its disclosure must explain the nature of the restriction.
- R.6.125 If a Regulated Person provides both independent advice and restricted advice, the disclosure must clearly explain the different nature of the independent advice and restricted advice services.
- G.6.13 A Regulated Person that provides both independent advice and restricted advice should not hold itself out as acting independently for its business as a whole.*
- G.6.14 A Regulated Person that gives Advice in relation to contracts related to the product on the basis of a fair and personal analysis, but offers restricted advice on retail investment products should not hold itself out as acting independently for its business as a whole, for example by holding itself out as an independent financial adviser. However, it may disclose that it gives Advice in relation to contracts related to the product on the basis of a fair analysis provided it makes clear in accordance with the fair, clear and not misleading rule that it provides restricted advice for retail investment products.*
- R.6.126 Where a Regulated Person does not provide an Occupational Retirement Product and/or a Personal Retirement Product on the basis of a fair and personal analysis of the market, it must clearly disclose to the Client the names of those Manufacturers whose Occupational Retirement Product and/or a

Personal Retirement Product, the Regulated Person intends to consider as part of its analysis.

R.6.127 Where a Regulated Person is tied to a single Manufacturer for a particular Occupational Retirement Product and/or a Personal Retirement Product, it must disclose this fact to the Client in all communications with the Client in relation to that particular Occupational Retirement Product and/or a Personal Retirement Product.

G.6.15 *Where a Regulated Person does not provide all of its Services in an independent capacity, it must explain the different nature of its Services in a way that seeks to inform the Client. It must ensure that there is no ambiguity about the range of Services that it provides in an independent capacity.*

Requirements related to Product Distribution and Product Distribution Arrangements

R.6.128 Where a Regulated Person acts as the Distributor of a product, such Regulated Person shall comply with the requirements of Part A and Part D of Chapter 2 on Financial Product Governance of the Conduct of Business Rulebook in relation to the product oversight and governance requirements of the product.

Appendix 1

The Key Information Document

Part I - KID Requirements

Contents of the KID

1. The title ***'Key Information Document'*** (hereinafter referred to as 'KID') shall appear prominently at the top of the first page of the Key Information Document. A Template for the KID is set out in Part II to this Appendix below.

2. An explanatory statement shall appear directly underneath the title and shall read:

'This document provides you with key information about this product. It is not marketing material. This information is required to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other similar products.'

3. The KID shall contain the following information:

- (a) at the top of the template, under the section titled ***'Occupational Retirement Product/Personal Retirement Product at a glance'***, the Regulated Person shall set out the following information:

- (i) the projected accumulated capital for a monthly contribution of EUR 100 for a period of 30 years, under the unfavourable (15th percentile) and favourable scenario (85th percentile);
- (ii) the total costs per annum as a percentage of the accumulated capital on the basis of monthly contributions of EUR 100;
- (iii) the classification of the summary risk indicator; and
- (iv) a statement whether the Product provides for a guarantee;

- (b) at the beginning of the document: the name of the Retirement Product, whether it is an Occupational Retirement Product or a Personal Retirement Product, the identity and contact details of the Regulated Person, information about the MFSA, and the date of the document; and

- (c) the statement: ***'An Occupational Retirement Product or a Personal Retirement Product, as applicable, described in this document is a long-term Product with limited redeemability which cannot be terminated at any time.'***

4. The information shall be presented in the following sequence; "***What is this Product?***", "***What are the risks and what could I get in return?***"; "***What happens if [the name of the Regulated Person as an insurance undertaking] is unable to pay out?***"; "***What are the costs?***"; "***How can I complain?***" and "***Other relevant information***".
5. In the section titled '***What is this Product?***', the nature and main features of the Product, including:
 - (a) its long-term objectives and the means for achieving them, in particular whether the objectives are achieved by means of direct or indirect exposure to the underlying investment assets, including a description of the underlying instruments or reference values, including a specification of the markets in which the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary invests in, as well as an explanation of how the return is determined;
 - (b) a description of the type of Client to whom the Product is intended to be marketed, in particular in terms of the Client's ability to bear investment loss and the investment horizon;
 - (c) a statement as to:
 - (i) whether the Product provides a guarantee on the capital or takes the form of a risk-mitigation technique consistent with the objective to allow the Client to recoup the capital or, where no guarantee is provided under the Product, a statement to that effect. The statement shall clarify the applicability of guarantees and other risk mitigating techniques during the accumulation phase as well as the guarantees and other risk mitigating techniques during the Decumulation Phase separately; and
 - (ii) where the Product offers insurance benefits, such as, death, disability, or sickness, the details of those insurance benefits, including the circumstances that would trigger them;
 - (d) a description of the Retirement Benefits, in line with Chapter 16 of the Insurance Rules (referred to in Application section);
 - (e) information on the arrangements relating to transfer of the Retirement Product from a Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary to another, including information on any applicable fees;
 - (f) a statement on the consequences for the Client including all applicable fees, penalties, and possible loss of capital protection and of other possible advantages and incentives if the Client pauses, or stops contributing;

- (g) a statement stating clearly that a Client may not surrender the Retirement Product during the Accumulation Phase;
 - (h) the conditions for modification of the chosen investment option, where applicable, including information on any applicable fees and where the product is a with profits product, detailed information on any applicable fees charged in relation to de-investment and re-investment, at the point in which the Decumulation Phase starts;
 - (i) information, where available, related to the performance of the investments of a Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary in terms of ESG factors;
 - (j) where applicable, whether there is a cooling-off period or a cancellation period for the Client.
6. In the section entitled ***'What are the risks and what could I get in return?'***, a short description of the risk-reward profile which is comprised the following elements:
- (a) a summary risk indicator, reflecting risks during the Accumulation Phase supplemented by a narrative explanation of that indicator, its main limitations and a narrative explanation of the risks which are materially relevant to the Retirement Product and which are not adequately captured by the summary risk indicator. The methodology of the underpinning of the risk and reward scores (summary risk indicator) shall be determined in line with Appendix III to this Chapter;
 - (b) the possible maximum loss of invested capital, during the Accumulation Phase, including information on:
 - (i) whether the Client can lose all invested capital, or
 - (ii) whether the Client bears the risk of incurring additional financial commitments or obligations. This shall be complemented by information on the standardised, stochastically determined, accumulated capital at the end of the Accumulation Phase under a stressed scenario, equal to the 5th percentile of the distribution.
7. In the section entitled ***'What can I expect in retirement?'***:
- (a) projections based on monthly contributions of EUR 100, which shall be shown in a tabular format across two dimensions where the first dimension is the performance scenarios based on the unfavourable, best estimate and the favourable scenario and the second dimension is the length of the accumulation period which will be separately shown for a 40-year accumulation period, 30-year accumulation period, 20-year accumulation period and 10-year accumulation period, respectively. The projected benefits, which shall be based on the statutory retirement age at the point of sale, are expected to be split in two wherein the first part will indicate the 30% tax free that could be paid out at the end of the

Accumulation Phase and the (maximum) monthly benefits that could be paid out in the form of drawdowns or annuity payments at the start of the Decumulation Phase.

The Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall present a statement that the applicable tax law may have an impact on the actual pay-out. Where the Client would like more information about the manner in which the performance scenarios have been built, the said Regulated Person shall refer them to the documentation referred to in point 11 of Appendix III to this Chapter; and

- (b) a statement as to whether the Retirement Benefits presented are corrected for future assumed inflation.
8. In the section *entitled 'What happens if [the name of the Regulated Person as an insurance undertaking] is unable to pay out?'*, a short description of whether the related loss is covered by the Protection and Compensation Fund in line with the Protection and Compensation Fund Regulations, (S.L 403.13) and which risks are covered by the Fund and those which are not;
9. In the section titled *'What are the costs?'* Any costs and fees identified in this section shall refer to actual incurred costs, incurred directly at the level of the provider or at the level of an outsourced activity or investment fund, including all related overhead costs. If applicable, costs and fees charged to the prospective Client, before saving in the Retirement Product, shall be separately disclosed as *'initial costs'*.

Costs and fees, both one-off and recurring, shall be presented as *'total costs per annum'* in monetary terms and recurring costs as a percentage of the accumulated capital. These amounts shall be calculated as the average total annual costs over the term of the contract. The calculation of the compound effect of the costs shall be based on a 30 years' accumulation period, based on monthly contributions of EUR 100 and shall be presented as a percentage of the projected accumulated capital in the best estimate scenario. The KID shall contain the following information:

- (a) information on the administrative costs arising from the provider's activities when administering accounts, collecting contributions, providing information to Clients as members and executing payments;
- (b) information on the following investment costs:
 - (i) costs of safekeeping of assets, including fees paid to the custodian for keeping assets safe and collecting dividends and interest income;
 - (ii) portfolio transaction costs, including actual payments by the provider to third parties to meet costs incurred in connection with the acquisition or disposal of any asset in the account;

- (iii) other costs relating to the management of the investments;
- (c) information on the distribution costs arising from marketing and selling the Product, including the costs and fees related to providing advice;
- (d) information on costs of guarantees charged to the Client as saver.

Where a provider charges fees to recoup the incurred costs for initial advice during the initial term of the contract, before the Client has the right to switch the provider, the provider shall inform the Client about the total amount of those fees, the time period during which, and the frequency with which, such fees shall apply.

Where information is presented in an electronic format with layering of information, the first layer shall contain at least the following information:

- (i) the information on total costs per annum in monetary terms and as a percentage of the accumulated capital at the end of the year, as specified above in this point 9
- (ii) if applicable, information on any initial costs.

Other information may be provided in the additional layers of detail.

The KID shall also include a clear indication that the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall provide information detailing any cost of distribution that is not already included in the costs specified above, so as to enable the Client to understand the cumulative effect that those aggregate costs have on the return of the investment;

10. In the section titled '**How can I complain?**': information about how and to whom a Client can make a complaint about the Product or the conduct of a Regulated Person falling under point (iii) or (iv) of the definition of 'Regulated Person' in the Glossary;
11. In the section titled '**Other relevant information**', a brief indication of any additional information documents to be provided to the Client at the pre-contractual and/or the post-contractual stage, excluding any marketing material.
12. The layering of the information required under point 3 above shall be permitted where the KID is provided in an electronic format, whereby detailed parts of the information can be presented through pop-ups or through links to accompanying layers. In this case, it shall be possible to print the KID as one single document.
13. The KID is subject to an overall maximum of five sides of A4-sized paper when printed.

Review and Revision of the KID

14. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall review the information contained in the KID every time there is a change that significantly affects or is likely to affect significantly the information contained in the KID and, at least, every 12 months following the date of the initial publication of the KID. The revised version shall be made available promptly.
15. The review referred to in point 14 shall verify whether the information contained in the KID remains accurate, fair, clear, and non-misleading. In particular, it shall verify the following:
 - (a) whether the information contained in the KID is compliant with the general form and content requirements;
 - (b) whether the Retirement Product's risk and rewards have changed, and where such a change has the combined effect that necessitates the Retirement Product to move to a different class of the summary risk indicator, from that attributed in the KID subject to review.
16. For the purposes of point 14, a Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall establish and maintain adequate processes throughout the lifecycle of the Retirement Product in such a way for the Client to be able to identify, at all times and without undue delay, any circumstances which might result in a change that affects or is likely to affect the accuracy, fairness or clarity of the information contained in the KID.
17. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall without undue delay revise the KID where a review pursuant to point 14 concludes that changes to the KID need to be made.
18. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall ensure that all sections of the KID affected by such changes are updated.
19. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall publish the revised KID on its website and inform the Clients without undue delay in accordance with point 15 above.

Part II - Template

Retirement Product

Key Information Document

This document provides you with key information about this retirement product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this retirement product to help you compare it with other similar products.


The retirement product at a glance:



If you contribute:	€*100/month	Annual costs:	xx% of your accumulated savings	This retirement product has been classified as 1/2/3/4 out of 4
for a period of:	30 years			
you could receive:	€xx,xxx to €xx,xxx			

... depending on how the markets and your investments platform

This retirement product does not / provides a guarantee (see information below).

	The retirement product described in this document is a long-term product with limited redeemability which cannot be terminated at any time.	Product name: [Name of the Retirement Product]		
		Provider:	Registration number:	Product type:
		Contact details:	Competent authority:	Date:

1

WHAT IS THIS PRODUCT?



How is my money invested?



Who is this for?



Are my savings guaranteed?

To protect your money, retirement products can either provide a guarantee or take steps to minimise the risk of you losing your money. This retirement product:

Provides a guarantee: At retirement you will at least be able to recoup all the money you put in over time (minus any costs and charges).

Does not provide a guarantee, but takes the form of a risk-mitigation technique consistent with the objective to reduce the risk of

Information on how this product has performed in the past can be found here:

1

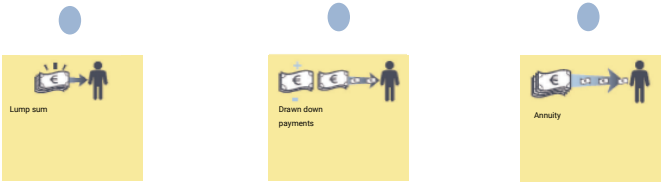
WHAT IS THIS PRODUCT? (continued...)



*monetary units in currency corresponding to the sub-account



Retirement products give you a choice of different forms of retirement income. This retirement product offers you the choice of:



Please see section 2 for what you can receive at retirement.

What happens to my retirement product savings if I die or become disabled or live longer than assumed in my retirement product contract? What happens when I stop making contributions?



If you die or become disabled before you retire	
If you choose to receive monthly payments after retirement, but live longer than assumed in your retirement product contract	

Can I withdraw from the retirement product early?



Can I switch my provider?



Can I change my investment option?



1

WHAT IS THIS PRODUCT? *(continued...)*



Will my money be invested sustainably?



Can I cancel the policy or change my mind?

2

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

What is the risk profile of this product?



This retirement product has been classified as 1/2/3/4 out of 4



Is there a risk that I will lose all my invested capital?

More information on the methodology used for the retirement product risk indicator is available at:

3

WHAT CAN I EXPECT AT RETIREMENT



it is impossible to predict exactly how your savings will evolve over time, but to help you know what to expect, here are three possible scenarios. Your final retirement income will depend in part on your age now (because the younger you are now, the longer you will save for), and in part on how the investment market performs.

Assuming you invest €100 each month until retirement* in this retirement product:

Accumulation Period	If your investments perform poorly you could receive:		If your investments have medium success , you could receive:		If your investments perform very well , you could receive:	
	30% tax free lump sum	and monthly	30% tax free lump sum	and monthly	30% tax free lump sum	and monthly
10	€xx,xxx	€xxx	€xx,xxx	€xxx	€xx,xxx	€xxx
20	€xx,xxx	€xxx	€xx,xxx	€xxx	€xx,xxx	€xxx
30	€xx,xxx	€xxx	€xx,xxx	€xxx	€xx,xxx	€xxx
40	€xx,xxx	€xxx	€xx,xxx	€xxx	€xx,xxx	€xxx

- These figures are adjusted for inflation, as an increase in the general price level can have an impact on savings in any form.
- These figures are not adjusted for inflation.

If you want to understand better how the scenarios are built, please visit:

*based on the statutory retirement age at the point of sale.

4

WHAT HAPPENS IF [THE NAME OF THE AUTHORISED INSURANCE UNDERTAKING] IS UNABLE TO PAY OUT?



5 WHAT ARE THE COSTS?



Initial One-off costs

Total one-off costs for signing up for the product

€x



Exit One-off costs

You will pay a one-off fee of €xxx if you exit the account within five years of opening



Annual costs

x%

€xxx

Total annual costs

These costs are a percentage of your savings paid in

This would be the expected annual costs

Administrative costs

Investment costs*

Distribution costs

Costs of guarantees (where applicable)

*The charges you pay will depend on the investment selections that you make. The table above shows the range of costs, from the cheapest investment option to the most expensive.

6 HOW CAN I COMPLAIN?

7 OTHER RELEVANT INFORMATION

Appendix 2

The Pension Benefit Statement or "PBS"

Part I - PBS Requirements

Contents

1. The title of the document shall contain the words *"Pension Benefit Statement"*. A Template for the Pension Benefit Statement is set out in Part II to this Appendix below.
2. The exact date to which the information in the Pension Benefit Statement refers to shall be stated prominently.
3. The information contained in the Pension Benefit Statement shall be accurate, updated and made available to each Client free of charge through electronic means, including on a durable medium or by means of a website, or on paper, at least annually. A paper copy shall be provided to Clients on request in addition to any information through electronic means.
4. Any material changes to the information contained in the Pension Benefit Statement compared to the previous year shall be clearly indicated.
5. The information shall be presented in the following sequence; ***"Product Name"***, ***"How much have I saved in my retirement product?"***; ***"What will I receive when I retire?"***, ***"How have my savings under the retirement product changed in the last 12 months?"***, ***"Key factors affecting the performance of my retirement product"*** and ***"Important information"***.
6. In the section titled ***"Product name"***, the following information:
 - (a) personal details of the Client, including a clear indication of the earliest date on which the Decumulation Phase may start;
 - (b) the name and contact address of the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary and an identification number of the policy.
7. In the section titled ***"How much have I saved in my retirement product?"***, the following information:

- (a) total amount of the policy account, on the date indicated in point 2 of this Appendix, broken down by paid-in contributions and accumulated investment returns net of costs and charges since the Client started saving;
- (b) information on biometric risk premiums.

8. In the section titled ***"What will I receive when I retire?"***, the following information:

- (a) information on the Retirement Benefits, specifically providing the monetary amount of the:
 - (i) tax free lump sum the policy holder may take at the beginning of the Decumulation Phase (the 30% lump sum); and
 - (ii) the remaining assets which are not paid as a lump sum, which are paid out either as annual drawdowns or as an annuity;
- (b) information that projections under paragraph (a) above may differ from the final value of the benefits received. These pension benefit projections are expected to be based on economic scenarios, where the projections should include a best estimate scenario, a favourable scenario (85th percentile) and an unfavourable scenario (15th percentile). The projections shall take into consideration the specific nature of the Retirement Product, where the expected contribution levels, the expected date the Client has provisionally chosen as being the start of the Decumulation Phase (based on the statutory retirement age as default if no provisional date has been indicated), and any other individual terms and conditions are applied;
- (c) where the Retirement Product is an Occupational Retirement Product and the projections referred to in paragraph (b) above assume continued contributions up to retirement, then a second set of projections needs to be included to reflect the immediate ceasing of employment contributions;
- (d) a statement as to whether the Retirement Benefits presented are corrected for future assumed inflation;
- (e) where the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary offers an annuity, information about where one can obtain more information on the assumptions used for amounts expressed in annuities;
- (f) where the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary offers drawdown rates, information about where one can obtain more information on the assumptions used for drawdown rates.

9. In the section titled ***'How have my savings under the retirement product changed in the last 12 months?'***, the following information:

- (a) information on the accumulated capital at the time the last Pension Benefit Statement was issued and at the time of the issuance of this Pension Benefit Statement;
- (b) the evolution of the retirement product in the previous 12 months, reconciling the starting balance to the end balance by presenting contributions paid in, the allocated returns and a breakdown of all costs incurred, directly and indirectly, by the Client over the previous 12 months, indicating the costs of administration, the costs of safekeeping of assets, the costs related to guarantees, the costs related to portfolio transactions and other costs, such costs should be expressed both in monetary terms and as a percentage of contributions over the previous 12 months, including any possible drawdowns that may have occurred during the Decumulation Phase;
- (c) where applicable, the number and value of units corresponding to the Client's contributions over the previous 12 months.

10. In the section titled ***"Key factors affecting the performance of my Retirement Product"*** the following information, where relevant:

- (a) the nature and the mechanism of the guarantee or risk mitigation techniques such as life cycling investment strategies;
- (b) information on the past performance of the Client's investment option covering performance of a minimum of 10 years or, in cases where the Retirement Product has been provided for less than 10 years, covering all the years for which the Retirement Product has been provided. Information on past performance shall be accompanied by the statement *'past performance'* is not indicative of future performance. That information shall be presented as the average investment returns, net of investment costs, for the periods of the previous year, the three previous years, the five previous years and the ten previous years, as a percentage of the accumulated capital. The information on past performance shall be made available on the website of the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary.

11. In the section titled ***'Important information'***, the following information:

- (a) information about any material changes to the presentation of the Retirement Product's Pension Benefit Statement when compared to previous Pension Benefit Statements shall be clearly indicated;
- (b) information about any material changes to the Retirement Product's:

- (i) contract terms including general and special policy conditions;
 - (ii) name of the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary, its legal form or the address of its head office and, where appropriate, of the branch which concluded the contract;
 - (iii) information on how the investment policy takes into account ESG factors.
- (c) indication where and how to obtain the following supplementary information:
- (i) further practical information about the Client's rights and options, including with regard to investments, the Decumulation Phase, and transfer;
 - (ii) the annual accounts and annual reports of the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary that are publicly available;
 - (iii) a written statement of the investment-policy principles of the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary, containing at least information on the investment risk measurement methods, the risk-management processes implemented and the strategic asset allocation with respect to the nature and duration of insurance contract liabilities, as well as how the investment policy takes ESG factors into account;
 - (d) the level of benefits, in the case of death, disability, or sickness before the date referred to in paragraph (a) of point 6 above.
12. The assumptions for the information referred to in point 8 shall be in line with Appendix 3 to this Chapter.
13. The assumptions for the information referred to in points 9 and 10 of this Appendix shall be properly documented.

Layering of information

14. Where information is presented in an electronic format with layering of information, the first layer shall contain at least the exact date to which the information in the Pension Benefit Statement refers, the information covered in the Sections titled ***"Product name"***, and ***"What will I receive when I retire"***, and information on the projected accumulated capital at the end of the Accumulation Period and the projected monthly retirement benefits. Other information may be provided in the additional layers of detail.

Part II - Template

Retirement Product

Pension Benefit Statement

Date:

Provider logo

1

PRODUCT NAME

Policyholder:

Name	
Date you started saving into the retirement product	
Earliest possible date of retirement	
Identification number of the policy	

Authorised Insurance Undertaking:

Name	
Contact address	

2 HOW MUCH HAVE I SAVED IN MY RETIREMENT PRODUCT?

From DD Month YYYY until DD Month YYYY

€*X,XXX



You have paid in	€*X,XXX
Total return allocated to your account minus costs	+/-€XX
In total your retirement product savings are worth	€*X,XXX

3 WHAT WILL I RECEIVE WHEN I RETIRE?

Your future retirement income depends on how much you are contributing in the pay-in phase and on how your investments perform. The performance of your investments is linked to how markets develop – which is presented here in three possible scenarios^{*1}:



If the investments perform poorly, you could receive:

€*X,XXX

as a 30% tax free lump sum
and €XXX per month



If the investments have medium success, you could receive:

€*X,XXX

as a 30% tax free lump sum
and €XXX per month



If the investments perform very well, you could receive:

€*X,XXX

as a 30% tax free lump sum
and €XXX per month

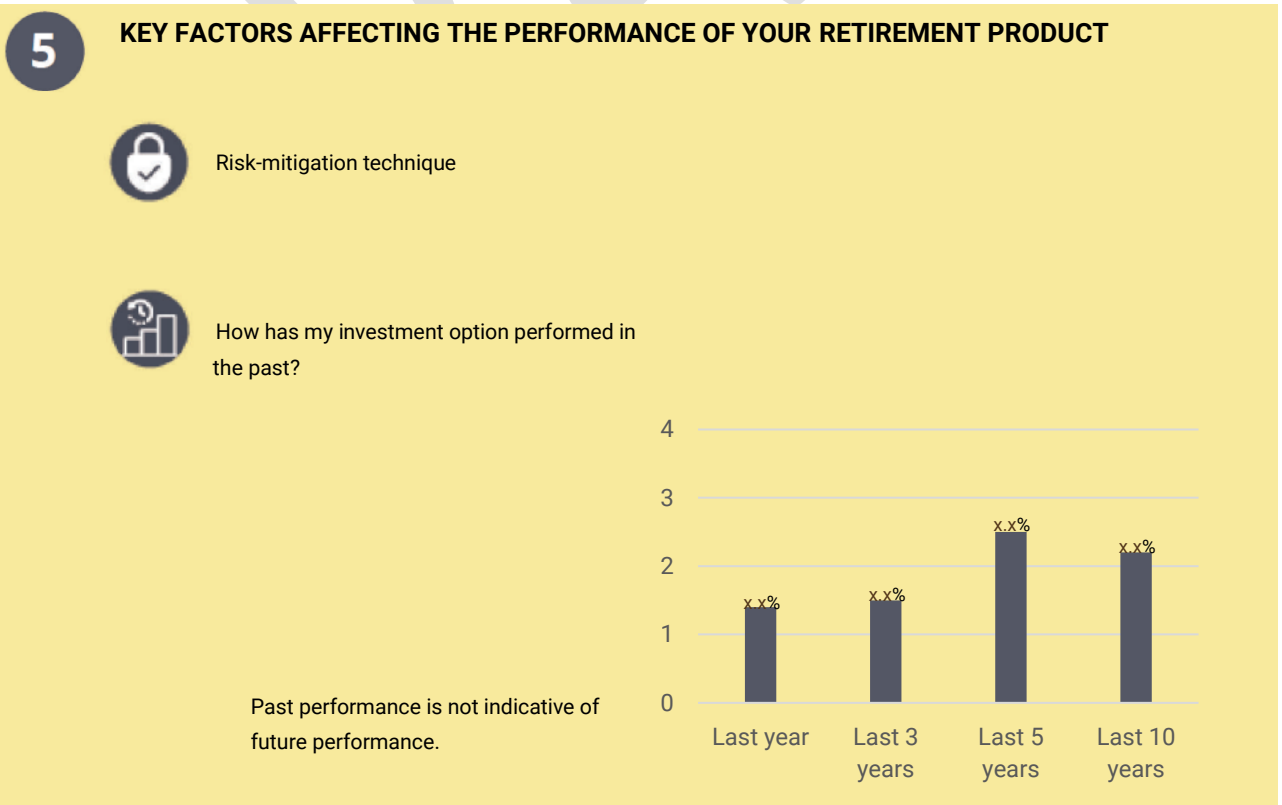
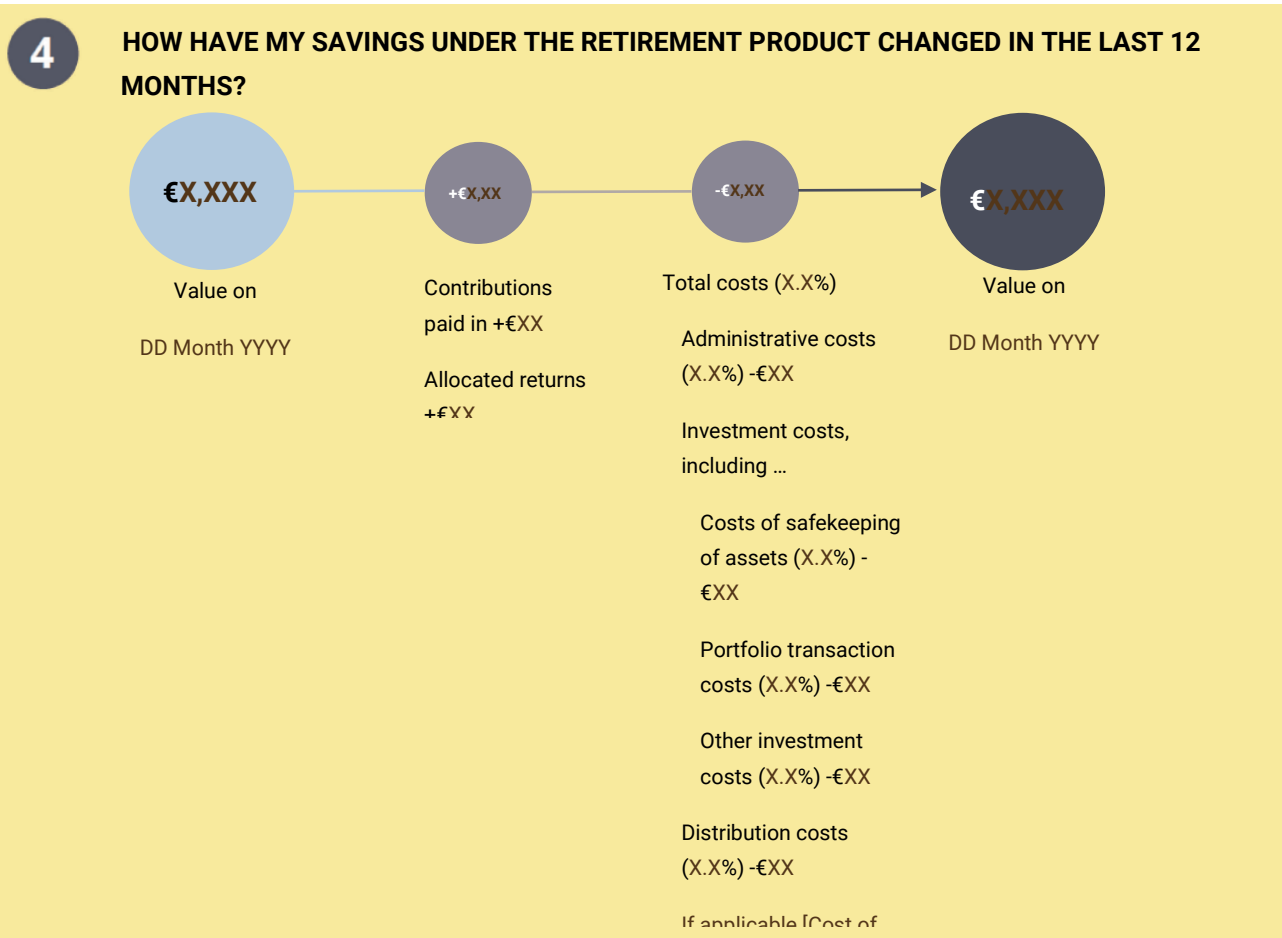
- These figures are adjusted for inflation, as an increase in the general price level can have an impact on savings in any form.
- These figures are not adjusted for inflation.

Annuity

Drawn down

^{*1} Where the retirement product is an occupational retirement product and the projections above assume continued contributions up to retirement, then a second set of projections needs to be included to reflect the immediate ceasing of employment contributions.

^{*2} monetary units in currency corresponding to the sub-account.



6

IMPORTANT INFORMATION



Have the terms of my retirement product changed in the last year?
Please contact us for any clarifications you may need.



Find out more about your rights and options as regards to:



Where can I get more information?



<i>If you die or become disabled before you retire</i>	
<i>If you are unable to continue to pay into the retirement product</i>	
<i>If you choose to receive monthly payments after retirement, but live longer than assumed in your retirement product contract</i>	

Appendix 3

Inputs, Assumptions and Methodologies for the purposes of Appendix 1 and Appendix 2 to this Chapter

Methodology underpinning the presentation of risk and reward

Summary Risk Indicator

1. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall allocate the individual alternative investment options to four different categories: '1', '2', '3' and '4'. The allocation shall be based on:
 - (a) the risk of not recouping the contributions, including a statement indicating whether the contributions have been adjusted for inflation;
 - (b) the expected shortfall; and
 - (c) shall be compared to the expected rewards in terms of reaching a certain level of Retirement Benefits, as appropriate, at the start of, or during the Decumulation Phase.
2. To calculate the risk of not recouping the contributions, a Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall stochastically determine the range of the expected accumulated capital at the end of the accumulation period for generic Clients, a suitable range of accumulation periods and standardised contribution levels of 100 Euro per month. Following a stochastic simulation, the risk shall be expressed as the probability in percentage points, which is translated from the number of observations where the sum of the contributions are higher than the expected value of the accumulated capital at the end of the Accumulation Period, compared to the number of all observations.
3. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary is expected to explicitly state how it determines the allocation of risk percentage outcome (as referred to in point 2 above) to the various risk categories, which should rank from 1 to 4. Where the risk category diverges between the different accumulation periods, the highest risk category shall be used. A table such as the following may be used:

Categories	Accumulation periods		
	30 years	20 years	10 years

1	Up to x %	Up to x %	Up to x %
2	x to x %	x to x %	x to x %
3	x to x %	x to x %	x to x %
4	Above x%	Above x%	Above x%

4. To calculate the **expected shortfall**, the Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall stochastically determine the range of the expected accumulated capital at the end of the accumulation period for generic Clients, generic lengths of accumulation periods and a monthly contribution of 100 EUR. Following a stochastic simulation, the risk shall be expressed as the percentage of the expected shortfall in relation to the sum of the contributions. The expected shortfall is determined by the observations where the contributions are higher than the expected value of the accumulated capital at the end of the accumulation period and the average losses of these observations.
5. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary is expected to explicitly state how it determines the allocation of expected shortfall (as referred to in point 4 above) to the various risk categories, which should rank from 1 to 4. A table such as the following may be used:

Categories	Accumulation periods		
	30 years	20 years	10 years
1	Up to x %	Up to x %	Up to x %
2	x to x %	x to x %	x to x %
3	x to x %	x to x %	x to x %
4	Above x%	Above x%	Above x%

Where the risk category of the investment option diverges between the different accumulation periods, the highest risk category shall be used.

6. To calculate the **expected rewards** to reach a certain level of benefits, a Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall stochastically determine the range of the expected accumulated capital at the end of the accumulation period for generic Clients, generic lengths of accumulation periods and a monthly contribution of 100 EUR. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall express the rewards in terms of the median accumulated capital at the end of the accumulation period as a multiple of the sum of the contributions.
7. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary is expected to explicitly state how it determines the allocation of expected

rewards (as referred to in point 6 above) to the various reward categories, which should rank from 1 to 4. A table such as the following may be used:

Categories	Accumulation periods		
	30 years	20 years	10 years
1	Up to	Up to x	Up to x
2	x to x	x to x	x to x
3	x to x	x to x	x to x
4	Above x	Above x	Above x

Where the rewards category of the investment option diverges between the different accumulation periods, the lowest rewards category shall be used.

8. To aggregate the outcomes of the categorisation of the individual investment options to the summary risk indicator, a Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall:
 - (a) compare the two risk categories and where the value of the category diverges, choose the higher one;
 - (b) compare the resulting risk category to the value of the rewards category for the said Regulated Person, comparing the investment option's rewards relative to its riskiness.

Performance scenarios

9. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall stochastically determine the expected benefits, as appropriate, at the start of, or during the Decumulation Phase, taking into consideration:
 - (a) the standardised or personalised contribution levels;
 - (b) the length of the Accumulation Phase;
 - (c) the life expectancy of the average Client, where relevant;
 - (d) the trends in wage growth, where applicable;
 - (e) the expected nominal investment returns, following the investment strategy, the strategic investment allocation;

- (f) Client contribution and, where applicable employer contribution;
 - (g) where applicable the annual rate of inflation; and
 - (h) the cost levels.
10. The scenario values of the expected benefits under the different performance scenarios shall be determined in line with the stochastic dispersion of the expected benefits:
- (a) the favourable scenario shall be the value of the benefits at the 85th percentile of the distribution;
 - (b) the best estimate scenario shall be the value of the benefits at the 50th percentile of the distribution;
 - (c) the unfavourable scenario shall be the value of the benefits at the 15th percentile of the distribution;
 - (d) the stressed scenario shall be the value of the benefits at the 5th percentile of the distribution.
11. A Regulated Person falling under point (iii) of the definition of 'Regulated Person' in the Glossary shall properly document the underlying assumptions of the stochastic modelling of the performance scenarios. Where the Client asks for further information, the said Regulated Person should be in a position to provide the documentation.