

To:

**European Commission**

Directorate-General for Financial Stability,  
Financial Services and Capital Markets Union  
1049 Bruxelles / Brussel  
Belgium

Milan, 6 April 2026

**RE: Feedback on the European Commission’s proposal to amend the Pan-European Personal Pension Product (PEPP) Regulation**

Dear Sirs,

The Italian Private Banking Association (*Associazione Italiana Private Banking*) (“**AIPB**”) welcomes the opportunity to provide its comments to the European Commission’s proposed revision of Regulation (EU) 2019/1238 on Pan-European Personal Pension Products (respectively, the “**PEPP Regulation**” and “**PEPP**”) which was published on 20 November 2025 (the “**Draft PEPP 2 Regulation**”).

Below you can find our main observations in relation to the Draft PEPP 2 Regulation, along with some introductory remarks on the scope of AIPB’s activities and its involvement in the current debate regarding the implementation of the Savings and Investment Union (“**SIU**”).

**1. INTRODUCTION**

Established in 2004, AIPB brings together leading national and international private banking operators, universities, research centers, service providers, industry associations, and legal and professional firms.

This interdisciplinary network combines its distinctive expertise to **foster, develop, and broaden the culture of private banking**, addressing the needs of families and individuals with significant wealth and complex investment requirements. AIPB’s mission is to **promote the recognition of the unique nature and role of private banking** within both the financial sector and society at large.

In the context of this mission, AIPB is working closely with Italian private banking operators to collect comments and contributions on the initiatives launched by EU institutions to implement the SIU. Private banking is **structurally positioned to support the mobilization of private capital** towards productive, long-term investments and therefore plays a strategic role in advancing the objectives of the SIU.

**2. THE DRAFT PEPP 2 REGULATION**

AIPB **strongly supports the Commission’s initiative to relaunch the PEPP framework** within the broader Pension Package, with the aim of increasing the attractiveness, usability and scalability of PEPPs across the Union.

As noted also by the European Commission, the original PEPP Regulation has experienced limited market take-up, largely due to **excessive rigidity in product design, distribution constraints and cost structures** that did not sufficiently reflect **different advisory and business models**. Addressing these shortcomings is essential if PEPPs are to become a meaningful pillar of supplementary retirement provision and an effective channel for long-term investment into the European economy.

In this context, AIPB particularly welcomes the Commission’s intention to simplify product features, enhance transparency and align PEPP governance more closely with EU investor protection frameworks. The proposed shift from a rigid cost cap towards a calibrated Value for Money (“**VfM**”) approach – embedded within product oversight and governance (“**POG**”) and coherent with the expected framework introduced by the Retail Investment Strategy (“**RIS**”) – is a decisive step in this direction.

AIPB considers this evolution essential to **reconcile investor protection with the sustainability of advisory-led distribution models**. At the same point, it is important to avoid **unintended disincentives to high-quality service provision** through the imposition of rigid requirements that **do not consider the specific features of different distribution models**, particularly those based on the provision of enhanced advisory services, which are typical of the private banking industry.

Professional advice, portfolio construction expertise and long-term financial planning in the private banking sector materially improve investor outcomes and enhance trust in retirement products. A regulatory framework that recognises and accommodates these features is therefore crucial to the success of PEPPs.

### **3. KEY PROPOSED AMENDMENTS AND CLARIFICATIONS**

In the light of the general considerations outlined above, we propose implementing the following changes to the Draft PEPP 2 Regulation.

#### ***(a) Removing the requirement that advisory services for the Basic PEPP be provided on an “independent” basis***

AIPB recommends removing the requirement that, where advice is provided in relation to the Basic PEPP, such advice must be delivered on an “independent” basis (see the revised Article 34(3) of the PEPP Regulation).

Although advice is not mandatory for the Basic PEPP under the Commission proposal, the obligation that any advice provided must be independent has significant practical implications. In particular, under the MiFID II framework, **independent advice entails a prohibition on inducements, fundamentally restricting remuneration structures that underpin most sustainable advisory models**.

This requirement risks materially **reducing the attractiveness of the Basic PEPP**, especially with regard to those distribution channels – such as private banking – where **advice is integral to the client relationship**. Pension products inherently require **explanation and guidance**, notably with respect to long-term risk-return trade-offs, life-cycle investment strategies, accumulation and decumulation options, portability features and

interaction with other pension pillars. **Without economically viable advisory models, many distributors may refrain from offering the Basic PEPP altogether**, undermining the policy objective of wider take-up.

It must also be noted that **the advisory-related obligations concerning Basic PEPPs are strengthened** compared to the ordinary MiFID II framework, as the PEPP Regulation requires the provision of personalized pension benefit projections, scenario analyses and comparative disclosures. These requirements imply **significant professional effort, systems investment and ongoing client engagement**. It is neither proportionate nor coherent to impose such obligations **while denying distributors the ability to receive remuneration for delivering them**, except under a narrow independent-only advisory model.

Furthermore, allowing paid, non-independent advice for the Basic PEPP – subject to robust transparency and inducement tests – would be **consistent with the RIS approach**, which does not introduce an inducement ban but instead **refines the conditions under which inducements are permissible**.

Finally, it must be noted that the imposition of independent advice is at odds with the idea that the Basic PEPP can be marketed under a **simplified advisory framework**, with no obligation to collect information on the prospective PEPP saver's knowledge and experience, as well as with the rules aimed at strengthening the **comparability of the products**. If the Basic PEPP is "suitable by design", and if the customer is put in a position to easily compare the costs and performance of various PEPPs products, then **there is no need to require PEPP producers and distributors to provide independent advice when they distribute Basic PEPPs**.

***(b) Preventing Member State "gold-plating" on eligible assets and investment rules, and allowing long-term investments, including in AIFs***

To ensure that PEPPs can genuinely function as pan-European products, the Draft PEPP 2 Regulation should explicitly **prevent Member States from introducing additional national requirements relating to eligible assets, concentration limits or investment rules** beyond those harmonised at EU level. Any form of national "gold-plating" would undermine the PEPP passport and reintroduce fragmentation – contrary to the core objectives of the SIU.

Within a harmonized framework, PEPPs – particularly Tailored PEPPs – should be permitted to invest in a **broad range of long-term and, where appropriate, less liquid assets, including alternative investment funds ("AIFs")**. Such investments are well aligned with the long-term nature of retirement savings and, when properly diversified and governed under the prudent person principle, can enhance risk-adjusted returns over the life cycle of the product.

In this respect, the Draft PEPP 2 Regulation should introduce more flexibility as to the possibility to invest in illiquid assets and AIFs and clarify in this perspective the meaning of the requirement whereby the assets shall be "*predominantly invested*" on regulated markets, multilateral trading facilities and organized trading facilities (see Article 41(1)(d)).

***(c) Clarifying whether product approval and VfM assessments rely on peer groups or supervisory benchmarks***

The transition from a hard cost cap to a VfM framework is one of the most significant elements of the reform. However, the proposal currently lacks sufficient clarity regarding the methodology that PEPP providers should apply when conducting *ex-ante* product approval and VfM assessments.

In particular, **it remains unclear whether providers should primarily rely on supervisory benchmarks, peer-group comparisons**, or a combination thereof – see Article 25(1) of the Draft PEPP 2 Regulation.

While we acknowledge that this uncertainty is linked to the pending discussion on the RIS, and that such methodology will become clearer once the revised version of Directive (EU) 2016/97 (the “IDD”) will be published, we recommend defining a clear framework for the performance of the VfM assessment in relation to PEPPs.

***(d) Supervisory intervention only for significant deviations from benchmarks***

AIPB recommends that Article 25(2) of the Draft PEPP 2 Regulation be explicitly calibrated to ensure that supervisory intervention measures are triggered **only in cases of significant deviations from supervisory benchmarks**.

Not all deviations are problematic: differences in investment strategy, service level, cost structure or target market may legitimately result in outcomes that diverge from benchmarks while still delivering appropriate value to customers.

Limiting intervention to outliers that significantly deviate from the benchmarks would **preserve regulatory proportionality, reduce supervisory uncertainty and avoid discouraging differentiated offerings**.

***(e) Allowing additional product testing prior to product intervention measures***

Article 25(2) of the Draft PEPP 2 Regulation should expressly provide for a **staged supervisory process**, allowing PEPP providers to conduct **additional product testing, recalibration or POG enhancements within a defined timeframe** before restrictive measures are imposed.

Supervisory benchmarks should function primarily as **early warning indicators**, enabling dialogue and corrective action rather than immediate sanction or product intervention measures.

This approach would support continuous product improvement and reduce the risk of abrupt product withdrawals or amendments. It would also encourage PEPP providers to engage constructively with supervisory feedback while maintaining responsibility for delivering VfM outcomes.

***(f) Developing supervisory benchmarks using country-specific methodologies***

Given the inherent interaction between PEPPs and national pension, tax and decumulation frameworks, **supervisory benchmarks should be developed using country-specific or country-sensitive methodologies**. Reliance on cross-border comparators risks producing misleading results where structural national differences materially affect product design and outcomes.

Article 25(3)(a) of the Draft PEPP 2 Regulation should accordingly specify that supervisory benchmarks should be developed taking into account products marketed **within a single Member State** (and not in more than one Member State, as per the current version).

While EU-level transparency and comparability remain important, supervisory methodologies should primarily reflect domestic market conditions.

**(g) Including product features and non-financial benefits among the VfM criteria**

Article 25(3) of the Draft PEPP 2 Regulation should explicitly recognize that the VfM methodology which will be defined in the delegated acts adopted by the European Commission must take into account not only net financial performance, but also **product features and non-financial benefits delivered to customers**. These include advisory services, financial planning tools, portfolio customisation, portability support and ongoing client assistance throughout the accumulation and decumulation phases.

An overly narrow focus on cost metrics **risks triggering a “race to the bottom”, reducing service quality and discouraging innovation**. As demonstrated by private banking services, **qualitative features materially improve decision-making and long-term outcomes** and should therefore be **fully reflected in VfM evaluations**.

**(h) Ensuring that delegated acts under Article 25(3) reflect distributor activities and enhanced advisory models**

Article 25(3), last sub-paragraph, of the Draft PEPP 2 Regulation should expressly refer to the need to take into account not only the nature of the distributor, but also **the nature of the services provided by it**, while adopting the delegated acts on VfM assessments.

As noted above, if the distributor offers enhanced advisory services to the customers (as in the case of private banking models), the benefits deriving from the provision of such services **should be appropriately reflected in the VfM methodology that will be developed by the European Commission**.

This approach would ensure that high-quality distribution models remain viable within the PEPP framework.

**(i) Clarifying that VfM obligations apply to PEPP producers, not distributors**

AIPB recommends clarifying – including through a Recital to the Draft PEPP 2 Regulation, as appropriate – that **VfM and POG obligations under the Draft PEPP 2 Regulation apply only to PEPP producers**. PEPP distributors are exempt from the application of the POG and VfM assessment, while remaining responsible for conduct-of-business and suitability obligations. A clear allocation of responsibilities is essential to avoid regulatory overlap and ensure accountability.

**(j) Ensuring effective and predictable tax treatment through operational comparability**

AIPB welcomes the proposal’s emphasis on ensuring that PEPPs benefit from tax treatment comparable to that of national personal pension products. Tax treatment is a decisive factor for demand and is central to the viability of PEPPs as long-term retirement solutions.

However, **the concept of “comparability” should be made operational and enforceable to avoid divergent national interpretations**. AIPB therefore recommends defining minimum common parameters for comparability.

**(k) Ensuring coherence between PEPP and other SIU retail savings initiatives**

The SIU agenda encompasses a broader set of initiatives aimed at mobilising household savings and expanding retail participation in capital markets. In this context, it is essential that **PEPPs are positioned coherently alongside any future EU-level long-term savings or investment account initiatives.**

AIPB therefore recommends that the Commission clarify the functional positioning of PEPPs as a retirement-specific wrapper, to avoid overlap, regulatory duplication or inconsistent incentives *vis-à-vis* other long-term savings products. A coherent architecture of retail savings instruments is necessary to ensure that investment firms can position PEPPs clearly within holistic financial planning and retirement strategies.

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AIPB is aware that the above considerations should be assessed in light of the final outcome of the RIS negotiations, which will have a material impact on the distribution of PEPP as well, due to the cross-reference to the revised version of the IDD made under Article 25 of the Draft PEPP 2 Regulation.

Furthermore, AIPB encourages the Commission to pursue greater ambition in developing an EU-wide pension data infrastructure. Building on pension tracking systems, dashboards and enhanced registries, improved transparency on accrued pension rights and underlying investments would materially improve advisory quality and retirement planning.

This broader ambition is critical to unlocking the full potential of PEPPs within private banking and beyond, enabling the financial sector to guide long-term savings towards productive investment and to contribute meaningfully to Europe's economic growth and retirement adequacy.

Yours faithfully,

AIPB – Associazione Italiana Private Banking