

**Comments Template for
Discussion paper on a possible EU-single market for personal pension
products**

**Deadline
16 August 2013
18:00 CET**

Name of Company:	The Finnish Pension Alliance / Työeläkevakuuttajat TELA ry	
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Please follow the following instructions for filling in the template:

- ⇒ Do not change the numbering in the column "question"; if you change numbering, your comments cannot be processed by our IT tool.
- ⇒ Leave the last column empty.
- ⇒ Please fill in your comment in the relevant row. If you have no comment on a question, keep the row empty.
- ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.
 - If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.
 - If your comment refers to parts of a question, please indicate this in the comment itself.

Please send the completed template, in Word Format, to personalpensions@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.

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Question	Comment	
General Comment		
Q1	<p>We find the listing to be in part incomplete. Just the large diversity of different pension schemes in EU justify a diligent and precise formulation of the PPP definition. The ownership of funds in PPPs is the key here: only individual participants own the assets in personal accounts. Individual ownership as a PPP feature should be mentioned in the listing. We recognize that the individual choice forms the foundation of the EIOPA's abstraction of the PPP. That being said, a "voluntary participation of individuals" should likewise be added to the list of common features. Furthermore in addition to not participating in establishing a PPP scheme, as mentioned in the listing, employers should not have any role or relation in the definition of personal pension products. It is also of paramount importance, that the information given to EIOPA by national regulators, which were used to list common features of PPPs, is up to date and accurately describes the conditions in the field of personal pension products. It is regrettable, that the way the classifications were formulated in the statistical summary and how they were used to describe the Finnish occupational pensions (II-pillar), did not reflect the actual circumstances in some cases.</p>	
Q2		
Q3	<p>Considering the regulation of IORP directive and the on-coming IORP II directive and other directives regulating insurance services along with national rules, it's difficult to perceive significant advantages in any further prudential requirements. It goes without saying that any additional prudential regulation to those already under regulation, would prove to be administratively too burdensome. This would ultimately result in costly and counterproductive effects in practice.</p>	
Q4		

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Q5	Definitions do not describe the landscape of PPPs as well they should. For the sake of theoretical clarity and the self-evident nature of the PPPs: the definition of personal pension products should be limited to third pillar personal savings products only. Choice and voluntary participation, which lead to individual membership should be at the core of the PPP concept. EIOPA should consider whether to add under the heading 3.1.3 a more detailed definition of the PPP funding. While it's clear that PPPs are funded schemes, it would make sense to specify, what type of funding we are talking about. All personal pension products should be considered to be - not only funded - but also privately funded pension schemes separate from collective funding. Furthermore the definition of PPP should not include employer participation in any form. It can be argued, that the recognition of employer participation in some form, would create too complicated basis for future regulation. The conceptual idea of personal pension products, which is now being constructed, should not be extended to other pensions, where appropriate regulatory instruments already exists.	
Q6	They should not be considered as PPPs. Choice and voluntary participation, which lead to individual membership should be at the core of the PPP concept. The definition of PPP should not include employer participation in any form. It can be argued, that the recognition of employer participation in some form, would create too complicated basis for future regulation. The idea of personal pension products, which is now being constructed, should not be extended to other pensions, where appropriate regulatory instruments already exists.	
Q7		
Q8		
Q9		
Q10		
Q11		
Q12	National tax legislation likely include features, which might seem discriminatory when	

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	viewed from a certain perspective. However, it's critical to note that since many pension accounts, which are offered in many countries by financial service providers, can be used into tax avoidance and tax structuring purposes, these discriminatory features are often in fact mechanisms for the prevention of tax leakage. Therefore, it's vital that these features remain in place as long as complete information availability of taxable income in the Union area is achieved. However, as the ITC infrastructure has huge diversity between Member States and not all Member States share the same levels of taxation, it's difficult to perceive how this could be achieved in the near future.	
Q13		
Q14	We deem such changes not feasible and refer to answer in Q12.	
Q15		
Q16	The creation of a single market for 1st pillar bis pension accounts should not be promoted by regulative instruments. Conjointly developing similar internal market option through 2 nd regime (former 28th regime) is undesirable. It cannot be emphasized enough, that the EU pension pillar model - or any other similar pension classification for that matter - has no juridical force. Pension pillar model is not a scientific nor a legal construction. On principle and in practice each EU member state makes the selection of pension pillars based on their own preferences. We remind EIOPA, that pension design and policies related to it remain an exclusive matter of the member states. Within member states the social partners have a fundamental role in developing social and labour law, including pensions. This is applies especially to countries like Finland where 1st pillar bis pension accounts do not exist. It is indisputable, that pension systems under the EU social security coordination regulation (EC) No 883/2004, are not in any way associated with the planned EU-single market PPP regulation. Social security pension systems, which practise collective funding (reserve funds) do not fall under the scope of the planned PPP regulation. Member States' social security in general is not open for internal market competition. Apart from the CEE countries, almost no other Member States have	

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	implemented the so called 1st pillar bis pension reforms with mandatory individual accounts. At the moment many of these CEE countries are now abolishing these schemes.	
Q17	A single market for unregulated PPPs should not be created.	
Q18	No, setting up a passporting regime for providers of 1st pillar bis is not feasible by any means. This idea is in direct violation of Member States exclusive discretion over social security design. Altogether diverting contributions represents dangerous short-terminism. When we take into consideration the sustainability gap in many European 1st pillar pay-as-you-go pensionsystems, it would be impractical to divert contributions to a new funded scheme. Such reforms would jeopardize the funding of the remaining first pillar pensions. This is also unfeasible from legal standpoint. Likewise, in current demographic situation, this is de facto impossible in any defined benefit scheme, which is based solely or mainly on pay-as-you-go funding. Diverting pension contributions from basic I-pillar would prove to be very undesirable also from the point of view of present and future pensioners, especially when taking into consideration the actual benefits. In collectively funded (reserve funds) 1st pillar pension schemes, this would also mean shifting the investment risk from pension institutions to individuals. EIOPA should not consider creating a cross-border management of 1st pillar bis schemes, since this issue falls directly under domestic social and labour law, which raises overwhelming competency issues.	
Q19		
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Q39	It should not be a starting point for the regulator to seek « inspiration » from existing regulation. It should be the primary interest to ask, is the present regulation in force simple, cohesive, non-cumulative and supporting growth and new entrepreneurship ? Until these questions are answered positively, the central attention should be on the simplification of existing regulation, and not drafting of new.	
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Q49		
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Q57	Both MiFID and IMD2 cover the sale of financial products, so these do serve as examples of regulation covering some parts of PPPs. Especially since changes are planned to the IMD regime, it's important to first see, what changes this will mean before already engaging to the planning of overlapping/new regulation.	
Q58		
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Q62		
Q63	The question has partly been asked previously. IMD regime serves already many of the purposes put forth in the consultation and it should be very carefully considered, whether extra or overlapping regulation should be planned.	
Q64		
Q65		
Q66	As mentioned, IMD regime provides a measure for regulation for these issues.	
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Q68		
Q69		

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Q70		
Q71		