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| 16 October 2019 |

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| Response form for the Joint Consultation Paper concerning amendments to the PRIIPs KID |
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| Date: 16 October 2019ESMA 30-201-535 |

Responding to this paper

The European Supervisory Authorities (ESAs) welcome comments on this consultation paper setting out proposed amendments to Commission Delegated Regulation (EU) 2017/653 of 8 March 2017[[1]](#footnote-2) (hereinafter “PRIIPs Delegated Regulation”).

The consultation package includes:

• The consultation paper

• Template for comments

The ESAs invite comments on any aspect of this paper. Comments are most helpful if they:

• contain a clear rationale; and

• describe any alternatives the ESAs should consider.

When describing alternative approaches the ESAs encourage stakeholders to consider how the approach would achieve the aims of Regulation (EU) No 1286/2014[[2]](#footnote-3) (hereinafter “PRIIPs Regulation”).

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

* Insert your responses to the questions in the Consultation Paper in the present response form.
* Please do not remove tags of the type <ESA\_QUESTION\_PKID\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
* When you have drafted your response, name your response form according to the following convention: ESA\_PKID\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESA\_PKID\_ABCD\_RESPONSEFORM.
* The consultation paper is available on the websites of the three ESAs and the Joint Committee. Comments on this consultation paper can be sent using the response form, via the [ESMA website](https://www.esma.europa.eu/press-news/consultations) under the heading ‘Your input - Consultations’ by 13 January 2020.
* Contributions not provided in the template for comments, or after the deadline will not be processed.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725[[3]](#footnote-4). Further information on data protection can be found under the [Legal notice](http://www.eba.europa.eu/legal-notice) section of the EBA website and under the [Legal notice](https://eiopa.europa.eu/Pages/Links/Legal-notice.aspx) section of the EIOPA website and under the [Legal notice](https://www.esma.europa.eu/legal-notice) section of the ESMA website.

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | European Federation of Financial Advisers and Financial Intermediaries (FECIF) |
| Activity | Investment Services |
| Are you representing an association? | ☒ |
| Country/Region | Europe |

# Introduction

Please make your introductory comments below, if any:

<ESA\_COMMENT\_PKID\_1>

In the context of the current revision of PRIIPS Regulation, the association shares its views on a number of issues in order to respond to the several aims of this reform, which are to ensure that all investment products are clear and comparable, especially with regard to fees, and to increase pre-contractual infor-mation for investors.

The association observes that, at this time, the regulation has failed to respond, in the French market, to the comparability expectations of the various financial products or to those of a clear identification of costs.

In general, the association considers that it’s essential to defend the harmonised enforcement of this regulation and finally, the Commission should take into account the feedback and testimonials that have been provided on the situation

<ESA\_COMMENT\_PKID\_1>

1. : Are there provisions in the PRIIPs Regulation or Delegated Regulation that hinder the use of digital solutions for the KID?

<ESA\_QUESTION\_PKID\_1>

It would seem that there are no legal restrictions on the use of digital solutions for the KID<ESA\_QUESTION\_PKID\_1>

1. : Do you agree that it would be helpful if KIDs were published in a form that would allow for the information to be readily extracted using an IT tool?

<ESA\_QUESTION\_PKID\_2>

We agree; this form would increase investor transparency and awareness, considering that, using an IT tool, information could always be traced and stored.

The Kid, as suggested by ESMA in the Call for evidence “Impact of the inducements and costs and charges disclosure requirements under MiFID II” could also become the most suitable information source for reporting costs to customers as requested by MiFID II. Once the proposed revision of the KID regulation is completed, a greater synergy between the MiFID II and KID regimes should be possible. The KID, constantly updated in all its sections, accessible to investors through the use of a digital link, could also over time replace the redundant reporting, provided by different regulatory provisions, with undeniable benefit for both operators and investors. The use of an IT tool allows simple and quick access to the information. In fact, the dematerialization of data should be tackled. However, the security of the tool and data storage methods must be ensured.

<ESA\_QUESTION\_PKID\_2>

1. : Do you think that the amendments proposed in the consultation paper should be implemented for existing PRIIPs as soon as possible before the end of 2021, or only at the beginning of 2022?

<ESA\_QUESTION\_PKID\_3>

We believe that the amendments should be implemented at the beginning of 2022 in order to align the application of the provisions for all PRIIPs, for uniform implementation. The application of the provisions in divergent steps would create confusion and excessive costs for the market that must already constantly adapt to the numerous requirements provided by European and national regulations. Standardizing the dates and the various provisions to be implemented facilitates the application process for the market. It is more appropriate to apply the provisions at the beginning of 2022, in order to take into account all objections, opinions and analyze the impact.

Thus, there could be arguments to defer the application of some of the proposed amendments to be aligned with the expected end of the UCITS exemption. This could include, for example, the potential inclusion in the PRIIPs KID of past performance.

<ESA\_QUESTION\_PKID\_3>

1. : Do you think that a graduated approach should be considered, whereby some of the requirements would be applied in a first step, followed by a second step at the beginning of 2022?

<ESA\_QUESTION\_PKID\_4>

It would be interesting to apply all the measures in a single period of time in order to create a homogenous system and to make the application of the rules and comprehension of the measures easier for profesionals. Indeed, professionals will be able to prepare and comply with all these standards As indicated in Q3, we believe that a single date should be set, commencing at the beginning of 2022..<ESA\_QUESTION\_PKID\_4>

1. : Are there material issues that are not addressed in this consultation paper that you think should be part of this review of the PRIIPs Delegated Regulation? If so, please explain the issue and how it should be addressed.

<ESA\_QUESTION\_PKID\_5>

It seems that the consultation document is comprehensive, it addresses our main concerns.

The consultation could have gone further with regard to the use of digital processes for the KID document, in particular by addressing the conditions under which digitalization can be used and what data can be kept. Finally, the consultation properly highlights PRIIPs issues. Indeed, the information that must be provided regarding performance and costs may cause trouble for investors and lead to a lack of clarity; the idea is to put an end to these grey areas.

<ESA\_QUESTION\_PKID\_5>

1. : Do you have comments on the modifications to the presentation of future performance scenarios being considered? Should other factors or changes be considered?

<ESA\_QUESTION\_PKID\_6>

We believe that the scenarios should be reduced to three, thus maintaining the favourable scenario, the unfavourable scenario and the moderate scenario, the latter also necessary for the representation of costs.

The three scenarios could be represented to investors through the use of the Ibbotson cone, a graphic representation that allows the customer to intuitively understand the three performance scenarios envisaged with a 95% confidence level.

In a note, it should be indicated to the investor that extraordinary favourable and unfavourable scenarios may occur, beyond the 95% confidence level, also providing concrete examples referring to the individual product in previous years. This consultation paper include a revised template for the performance scenarios.

The modification of the text takes into account all the scenarios, this includes options regarding performance scenarios and past performance.

The integration of information relating to past performance, net of costs, with a history over one year and over the medium and long term must be ensured. Even if it does not prejudge future performance, this information is essential to enable investors to choose a product and service provider in full knowledge of the facts.

It should be noted that the future performance as presented in the present regulation is in total contradiction with the provisions of MiFID. Furthermore, due to their total lack of transparency, the performance scenarios give erroneous information to the investor who is not able to understand the statistical method.

.<ESA\_QUESTION\_PKID\_6>

1. : If intermediate scenarios are to be included, how should they be calculated for Category 3 PRIIPs (e.g. structured products)? If intermediate scenarios are not shown in the performance section, which performance assumption should be used for the ‘What are the costs?’ section?

<ESA\_QUESTION\_PKID\_7>

For structured products, it was proposed to test the use of only illustrative scenarios (instead of probabilistic scenarios), as well as showing both probabilistic and illustrative scenarios. The use of illustrative performance scenarios for certain types of PRIIPs will show the behaviour of the product in different hypothetical market circumstances.

Either way, we should keep only two scenarios: the favourable and unfavourable scenario; or we can also keep just one scenario: the moderate scenario. <ESA\_QUESTION\_PKID\_7>

1. : If a stress scenario is included in the presentation of future performance scenarios, should the methodology be modified? If so, how?

<ESA\_QUESTION\_PKID\_8>

The stress scenario should be based on a probabilistic methodology, which allows the best estimation of the future results possible, but in practice it is still complicated. Therefore, we're not in favour of setting up a stress scenario.

It is important to avoid investors being given inappropriate expectations about the possible returns they could achieve. it must be ensured that investors are fully aware of the limitations of the figures provided in the performance scenarios<ESA\_QUESTION\_PKID\_8>

1. : Do you agree with how the reference rate is specified? If not, how should it be specified?

<ESA\_QUESTION\_PKID\_9>

We do not believe that this option is suitable for illustrating performance scenarios to investors (see answer to question 6). This methodology is too complex and difficult to apply for the industry as well as difficult to explain to investors. It's an option, but it's an imperfect one at the European level, as it presents a kind of instability.<ESA\_QUESTION\_PKID\_9>

1. : The revised methodology specifies that the risk premium is determined by future expected yields. The methodology further specifies that future expected yields should be determined by the composition of the PRIIP decomposed by asset class, country and sector or rating. Do you agree with this approach? If not, what approach would you favour?

<ESA\_QUESTION\_PKID\_10>

In fact, this approach would be applicable to SMEs in areas that are not niche.

In other words, it cannot be determined at European level but at national level.<ESA\_QUESTION\_PKID\_10>

1. : The ESAs are aware that historical dividend rates can be averaged over different time spans or that expected dividend rates can be read from market data providers or obtained from analyst reports. How should the expected dividend rates be determined?

<ESA\_QUESTION\_PKID\_11>

The dividend rates could be determined by analyst reports or a medium level determined from a list of analysts which are agreed by ESMA may be a solution.

The dividend rates can be determined by the market value.<ESA\_QUESTION\_PKID\_11>

1. : How should share buyback rates be estimated?

<ESA\_QUESTION\_PKID\_12>

We can possibly use the analyst reports or we can work on comparisons over long periods of time. <ESA\_QUESTION\_PKID\_12>

1. : Do you agree with the approach for money-market funds? Are there other assets which may require a similar specific provisions?

<ESA\_QUESTION\_PKID\_13>

We do not agree with this method. We are not in favour of this proposal.. <ESA\_QUESTION\_PKID\_13>

1. : The methodology proposes that the future variance be estimated from the 5-year history of daily returns. Should the volatility implied by option prices be used instead? If so, what estimate should be used if option prices are not available for a particular asset (equities namely)?

<ESA\_QUESTION\_PKID\_14>

Yes, it’s a good thing to put options in place.

Concerning the second question, it’s important to have the analysts’ average advice. <ESA\_QUESTION\_PKID\_14>

1. : Do you think compensatory mechanisms for unforeseen methodological faults are needed? If yes, please explain why.

<ESA\_QUESTION\_PKID\_15>

This solution is absolutely unacceptable. Information on performance scenarios cannot be based on discretionary compensatory mechanisms. The parameters obtained would be useless, if not detrimental, for investors because they would be based on equivocal evaluations.

We agree with the AES position about the fact that in addition to reviewing the methodology for producing probabilistic performance scenarios, compensatory mechanisms might well prove to be needed.

However, is it necessary to keep all three scenarios in this case? Indeed, two scenarios must be established: a favourable and an unfavourable scenario and therefore removal of the moderate scenario.

The second alternative is to keep only one scenario: the moderate scenario..<ESA\_QUESTION\_PKID\_15>

1. : Do you favour any of the options above? If so, which ones? How would you ensure that the information in the KID remains comparable for all products?

<ESA\_QUESTION\_PKID\_16>

If we keep the three scenarios, then we propose as a solution, to voluntarily lower the favourable scenario and to correct the unfavourable scenario if it is appropriate.<ESA\_QUESTION\_PKID\_16>

1. : Are there any other compensatory mechanisms that could address unforeseen methodological faults? If yes, please explain the mechanism; explain how it ensures that scenario information in the KID allows investors to compare PRIIPs, and explain how the information for similar products from different manufacturers remains sufficiently consistent.

<ESA\_QUESTION\_PKID\_17>

We do not have an opinion on this issue<ESA\_QUESTION\_PKID\_17>

1. : What are your views on the use of a simplified approach such as the one detailed above, instead of the use of probabilistic methodologies with more granular asset specific requirements?

<ESA\_QUESTION\_PKID\_18>

We agree with this approach. The goal is to make it easier for investors to understand.<ESA\_QUESTION\_PKID\_18>

1. : Do you consider the use of a single table of growth rates appropriate? If no, how should the methodology be amended?

<ESA\_QUESTION\_PKID\_19>

The rates are determined without taking into account the country, but however, its necessary to set up as a minimum some regions of the world and not by country (Europe for example).

Thus, ESMA is the only authority competent to process the information issued by the analysts and com-panies.<ESA\_QUESTION\_PKID\_19>

1. : More generally, do your views about the use of a probabilistic methodology vary depending on the type of product (e.g. structured products vs non-structured products, short-term vs long-term products)? For which type of products do you see more challenges to define a probabilistic methodology and to present the results to investors?

<ESA\_QUESTION\_PKID\_20>

The method will vary depending on the product.

There is more challenge for structured products and short-term products.<ESA\_QUESTION\_PKID\_20>

1. : Do you think these alternative approaches should be further assessed? If yes, what evidence can you provide to support these approaches or aspects of them?

<ESA\_QUESTION\_PKID\_21>

We have no opinion on this subject.<ESA\_QUESTION\_PKID\_21>

1. : Are there any other approaches that should be considered? What evidence are you able to provide to support these other approaches?

<ESA\_QUESTION\_PKID\_22>

We have no opinion on this subject.<ESA\_QUESTION\_PKID\_22>

1. : Do you think illustrative scenarios should be included in the KID as well as probabilistic scenarios for structured products?

<ESA\_QUESTION\_PKID\_23>

We don’t think that it’s appropriate to include illustrative and probabilistic scenarios in the KID for structured products<ESA\_QUESTION\_PKID\_23>

1. : If not, do you think illustrative scenarios should replace probabilistic scenarios for structured products?

<ESA\_QUESTION\_PKID\_24>

Yes, we agree with the fact that illustrative scenarios should replace probabilistic scenarios for structured products. Product categories could be divided into specific segments, establishing a unequivocal rule to be applied to the single segment (alternative, structured, etc.). Based on the segment/sector in which the product is included, the data to be indicated in the KID are determined by identifying the methods and establishing whether it is appropriate to use probabilistic or illustrative data. In order to standardize the application of the rules for all products, the best solution in our opinion is, however, the one based on the evaluation of statistical and non-illustrative data, as is the case for other PRIIPs products.

<ESA\_QUESTION\_PKID\_24>

1. : Do you agree with this approach to define PRIIPs which would show illustrative performance scenarios using the existing definition of Category 3 PRIIPs? If not, why not? Where relevant, please explain why this approach would not be appropriate for certain types of Category 3 PRIIPs?

<ESA\_QUESTION\_PKID\_25>

We agree with this approach, which is logical and pragmatic.

In fact, under the category 3 PRIIPs, the value of the PRIIP depends on the underlying investment prices but not a constant multiple of these prices.<ESA\_QUESTION\_PKID\_25>

1. : Would you be in favour of including information on past performance in the KID?

<ESA\_QUESTION\_PKID\_26>

Yes, we absolutely agree. Returning to what is indicated in response to question 6, we believe that a single graphical representation of past results and future performance scenarios could be provided to enhance investors understanding.

That is, the graph could be divided into two halves, the left part would linearly represent the past product results of the last 3/5 years; the right part would represent the performance scenarios through the Ibbotson cone with the three scenarios: favourable, unfavourable, intermediate. The centre line dividing the two halves would correspond to the moment in which the graph is drawn.

The projection of the reference benchmark could also be added to the graph.

This solution would have the advantage of providing all the information and respecting at the same time the available space. In addition, explanatory notes should be provided in the margins of the graphic representation in order to illustrate, in simple and clear language, the purposes of the graph. We are in favour of including the information on past performance in the KID. This information is essential, allowing the saver to make an informed decision about a product and a service provider. <ESA\_QUESTION\_PKID\_26>

1. : Would your answer to the previous question be different if it were possible to amend Article 6(4) of the PRIIPs Regulation?

<ESA\_QUESTION\_PKID\_27>

We do not understanding the impact, consequently our opinion is negative on this issue.<ESA\_QUESTION\_PKID\_27>

1. : Do you think that it can be more appropriate to show past performance in the form of an average (as shown in the ESA proposal for consumer testing) for certain types of PRIIPs? If so, for exactly which types of PRIIPs?

<ESA\_QUESTION\_PKID\_28>

Yes, this measure can present an interest. For example for funds declared having guarantees and French euro funds or with guaranteed minimum income.<ESA\_QUESTION\_PKID\_28>

1. : Do you have any comments on the statement that would supplement the display of past performance (e.g. with regard to the presentation of costs which are not included in the net asset value (NAV))?

<ESA\_QUESTION\_PKID\_29>

No, we have no comments and observations about this point.<ESA\_QUESTION\_PKID\_29>

1. : Are you of the opinion that an additional narrative is required to explain the relationship between past performance and future performance scenarios?

<ESA\_QUESTION\_PKID\_30>

Yes, as indicated in answer 26, a narrative explanation illustrating the relationship between past results and future performance scenarios is necessary.<ESA\_QUESTION\_PKID\_30>

1. : Do you see merit in further specifying the cases where the UCITS/AIF should be considered as being managed in reference to a benchmark, taking into account the provisions of the ESMA Questions and Answers on the application of the UCITS Directive[[4]](#footnote-5)?

<ESA\_QUESTION\_PKID\_31>

Yes, but on the condition that the Benchmark is not created by the company that manufactures the prod-uct and that it’s a real index which is recognized on the market.<ESA\_QUESTION\_PKID\_31>

1. : Do you see the need to add additional provisions for linear unit-linked insurance-based investment products or linear internal funds?

<ESA\_QUESTION\_PKID\_32>

We have no opinion on this point.<ESA\_QUESTION\_PKID\_32>

1. : Do you agree that a fixed intermediate time period / exit point should be used instead of the current half the recommended holding period to better facilitate comparability?

<ESA\_QUESTION\_PKID\_33>

We are in favour of this approach.<ESA\_QUESTION\_PKID\_33>

1. : In this case (of a fixed intermediate time period), do you agree to show costs if the investor would exit after 5 years for all PRIIPs with a recommended holding period of at least 8 years? Or do you prefer a different approach such as:

<ESA\_QUESTION\_PKID\_34>

We believe that we should encourage the detailed presentation of costs on TCR and not on RIY and then to envisage the modification of the holding periods by keeping only two periods (one year and the recommended investment period). The entry fees and all one-off costs, whether they appear in the generic DIC or in the specific documents.<ESA\_QUESTION\_PKID\_34>

1. : Do you think it would be relevant to either (i) use an annual average cost figure at the recommended holding period, or (ii) to present both an annual average cost figure and a total (accumulated) costs figure?

<ESA\_QUESTION\_PKID\_35>

With respect to disclosed costs, the indicated costs are no longer "distorted" with hypotheses of return for a given investment period. For a better readability of the information, the actual annual costs are displayed in a readable way by returning to the TCR in a single table. In this table, one should find the total of annualized fees and the total accumulated fees.<ESA\_QUESTION\_PKID\_35>

1. : Do you think that it would be helpful, in particular for MiFID products, to also include the total costs as a percentage of the investment amount?

<ESA\_QUESTION\_PKID\_36>

Yes, this could be a solution<ESA\_QUESTION\_PKID\_36>

1. : In this context, are there PRIIPs for which both performance fees and carried interests are applied?

<ESA\_QUESTION\_PKID\_37>

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<ESA\_QUESTION\_PKID\_37>

1. : Do you agree with this analysis from the ESAs? If yes, what are your views on the extent to which fees related to the management of the underlying real estate assets, i.e. the properties themselves, should be taken into account in the calculation of the cost indicators?

<ESA\_QUESTION\_PKID\_38>

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<ESA\_QUESTION\_PKID\_38>

1. : Do you agree with the ESAs’ preferred option 3 to revise the cost tables?

<ESA\_QUESTION\_PKID\_39>

We are not in favour of this proposition.<ESA\_QUESTION\_PKID\_39>

1. : If not, which option do you prefer, and why?

<ESA\_QUESTION\_PKID\_40>

We believe that option 4 proposed by the Authorities is the most appropriate as it simplifies the graphical representation of costs by combining the two current tables into a single table. This solution is the simplest and easiest to understand for investors.

In an explanatory note, however, concrete examples should be provided in order to clarify to the investor that, for example in the case of entry fees, these fees may vary in consideration of the amount invested and that the value shown in the table is an indicative value of the real cost applied. It is necessary to ensure a detailed display of costs in TCR format and not in RIY.<ESA\_QUESTION\_PKID\_40>

1. : In particular, do you think that the proposed changes to the presentation of the impact of costs on the return in percentage terms (i.e. including reduction in return before and after costs) is an improvement on the current presentation?

<ESA\_QUESTION\_PKID\_41>

It’s an option that could be interesting<ESA\_QUESTION\_PKID\_41>

1. : Do you have other comments on the proposed changes to the cost tables?

<ESA\_QUESTION\_PKID\_42>

The concerns of the authorities are plausible and justified. Real data taken from the manufacturer 's corporate accounts must be provided, both in percentage and absolute form. It would be recommended to include non-recurring costs, running costs and ancillary costs. In this way, we will have a line on the total annualised expenses and total accumulated expenses.<ESA\_QUESTION\_PKID\_42>

1. : What are your views on the appropriate levels of these thresholds? Please provide a justification for your response.

<ESA\_QUESTION\_PKID\_43>

We have no opinion about this point<ESA\_QUESTION\_PKID\_43>

1. : If UCITS would fall in the scope of the PRIIPs Regulation, do you agree that the coexistence of the UCITS KII (provided to professional investors under the UCITS Directive) and the PRIIPs KID (provided to retail investors under the PRIIPs Regulation) would be a negative outcome in terms of overall clarity and understandability of the EU disclosure requirements? Are you of the view that the co-legislators should therefore reconsider the need for professional investors to receive a UCITS KII, as the coexistence of a PRIIPs KID together with a UCITS KII (even if not targeted to the same types of investors) would indeed be confusing, given the differences in the way information on costs, risks and performance are presented in the documents? Alternatively, are you of the view that professional investors under the UCITS Directive should receive a PRIIPs KID (if UCITS would fall in the scope of the PRIIPs Regulation)?

<ESA\_QUESTION\_PKID\_44>

Yes, the coexistence of two documents ( the UCITS KII and the KID) can lead to confusion, a lack of clarity and understandability of the EU disclosure requirements.

Therefore, it would be more appropriate to have just one document or to assume that there is one docu-ment sufficient for professional clients and non-professional clients.

Today, the document that should be kept is the one issued under PRIIPS. A single document should be provided for all investors, both retail and professional, to ensure uniform treatment and greater clarity..<ESA\_QUESTION\_PKID\_44>

1. : What are your views on the issue mentioned above for regular savings plans and the potential ways to address this issue?

<ESA\_QUESTION\_PKID\_45>

The reviewed KID must be sent to the client or the client must be informed at the time of the proposal and the contract signing, that the updates are found or obtained in such a way and be invited to pick them up/request them periodically.

On the other hand, in this option, a "crisis" case must be added: if the product acts in an abnormal way, the updated document must be sent to the client.<ESA\_QUESTION\_PKID\_45>

1. : Do you agree that these requirements from Article 4 should be extended to all types of PRIIPs, or would you consider that it should be restricted to Management Company of UCITS or AIFs?

<ESA\_QUESTION\_PKID\_46>

The requirements from Article 4 should be restricted to the Management Company of UCITS and AIFM Funds.<ESA\_QUESTION\_PKID\_46>

1. : Do you agree that this requirement should be extended to all types of PRIIPs, or would you consider that it should be restricted to Management Company of UCITS or AIF?

<ESA\_QUESTION\_PKID\_47>

These requirements should be restricted to the Management Company of UCITS and AIFM Fds.<ESA\_QUESTION\_PKID\_47>

1. : Do you agree that these requirements should be extended to all types of PRIIPs, or would you consider that they should be restricted to the Management Company of the UCITS or AIF?

<ESA\_QUESTION\_PKID\_48>

It could be extended to "insurance based" PRIIPS in specific cases. For example when there are exit terms or if there are investment possibilities comparable to that of the AIFs concerned.<ESA\_QUESTION\_PKID\_48>

1. : Do you have any comments on the proposed approaches in relation to the analysis and proposals in this Section, and in particular on the extent to which some of the abovementioned requirements should be extended to other types of PRIIPs?

<ESA\_QUESTION\_PKID\_49>

We have nothing to report on this point.<ESA\_QUESTION\_PKID\_49>

1. : Do you think this proposal would be an improvement on the current approach?

<ESA\_QUESTION\_PKID\_50>

Concerning this subject, there is no interest in detailing fees for the most frequently chosen options, this is not recommended and does not inform.

In another case, if fees are requested, the condition that the document must be 3 pages would not be respected, for that reason, we must assume it or we ask the lowest possible level (for example if a broker can lower the fees) and the normal / max level and we ask the average level observed for XK € invested (that's already 3 pieces of information on prices) and for the rest we say to refer to the General Conditions or the price.<ESA\_QUESTION\_PKID\_50>

1. : Do you envisage significant practical challenges to apply this approach, for example for products which allow the investor to choose between a wide range or large number of options?

<ESA\_QUESTION\_PKID\_51>

Yes, clearly it is complicated to build and determine, and finally it is in any case unsuitable because it tells a customer something that will rarely be his case.

We can even add that, as it stands, it sometimes seems to become a “joke” between the client and profes-sional.<ESA\_QUESTION\_PKID\_51>

1. : Do you see any risks or issues arising from this approach in relation to consumer understanding, for instance whether the consumer will understand that other combinations of investment options are also possible?

<ESA\_QUESTION\_PKID\_52>

Yes, the aim of this reform is to make the information clear and comprehensible, and must not create any confusion for the consumer.

The aim is to ensure a clear and comparable overview of all investment products, particularly with regard to charges, and to increase pre-contractual information<ESA\_QUESTION\_PKID\_52>

1. : Do you think this proposal would be an improvement on the current approach?

<ESA\_QUESTION\_PKID\_53>

No. It can become illogical and repulsive for the client.

We shouldn't forget that the aim of this document is to be synthetic. In fact, for the detail, the client can find it elsewhere.<ESA\_QUESTION\_PKID\_53>

1. : Are there other approaches or revisions to the requirements for MOPs that should be considered?

<ESA\_QUESTION\_PKID\_54>

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<ESA\_QUESTION\_PKID\_54>

1. : Do you have any comments on the preliminary assessment of costs and benefits?

<ESA\_QUESTION\_PKID\_55>

We have no opinion about this point.<ESA\_QUESTION\_PKID\_55>

1. : Are you able to provide information on the implementation costs of the proposed changes, in particular regarding, (1) the proposed revised methodology for performance scenarios (using a reference rate and asset specific risk premia), and (2) the overall changes to the KID template?

<ESA\_QUESTION\_PKID\_56>

Regarding this issue, we believe that instead of giving improbable and non-transparent scenarios, it is proposed to act as an educational tool, and to explain to the investor, in a narrative or possibly quantified way, the behaviour of the product. In this case, we propose two scenarios: one favourable and one unfavourable.<ESA\_QUESTION\_PKID\_56>

1. : Are there significant benefits or costs you are aware of that have not been addressed?

<ESA\_QUESTION\_PKID\_57>

We have nothing to report on this subject<ESA\_QUESTION\_PKID\_57>

1. COMMISSION DELEGATED REGULATION (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents [↑](#footnote-ref-2)
2. Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), OJ L 352, 9.12.2014, p. 1. [↑](#footnote-ref-3)
3. Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39. [↑](#footnote-ref-4)
4. See “Section II – Key Investor Information Document (KIID) for UCITS” (in particular, Q&A 8) of the Q&A document available at: https://www.esma.europa.eu/sites/default/files/library/esma34-43-392\_qa\_ucits\_directive.pdf [↑](#footnote-ref-5)