

3. Specific issues for PRIIPs offering a range of options for investment

ESA PRIIPs Public Hearing, Frankfurt, 29 November 2019

Practical implementation of current rules

- Information in generic KID could be more informative – can be large range of risks, a large range of costs and obviously no performance scenarios
- The specific information on the underlying investment option does not generally include the costs of investing in that option arising from the insurance wrapper:
 - Estimated costs and expected performance for a given option not always discernible
 - Hypothesis that the premium is 100% invested in one option. Not in line with market practices
- All in all, some room for improvement

Main proposal

- “Complete” or “total” information provided for a limited number of most relevant options or combinations of options
- Defined as those (expected to be the) most frequently selected
- Applicable to a minimum of four options or combination of options reflecting the diversity of investment objectives or risk exposures (target markets) that the MOP may offer
- For the other options, the existing approach in PRIIPs Delegated Regulation would still apply
- Exemptions in some specific cases

Additional proposals

- Some adjustments to the current approach to be clearer on what costs are included and how to structure the information
- Costs per risk class in generic KID
 - Can make the diversity of choices offered as well as their consequences more visible to customers
 - Main drawback: More figures could be difficult to read for some consumers

Questions?