EUROPEAN COMMISSION Directorate-General for Financial Stability, Financial Services and Capital Markets Union



The Director-General

Brussels, **19. 07. 2019** FISMA C4 LB/mp(2019)5240023

José Manuel Campa, Chairman European Banking Authority

Per email: JoseManuel.Campa@eba.europa.eu

Gabriel Bernardino Chairman European Insurance and Occupational Pensions Authority

Per email: gabriel.bernardino@eiopa.europa.eu

Steven Maijoor Chairman European Securities and Markets Authority

Per email: steven.maijoor@esma.europa.eu

Subject: Exclusion of some performance scenarios' options in the PRIIPs consumer testing

Dear Chairmen,

I would like to convey to you the Commission's position and expectations as regards the choice of potential methodologies for performance scenarios that will be subject to the PRIIPs consumer testing and public consultation, the results of which will inform subsequent draft regulatory technical standards amending the PRIIPs Delegated Regulation 2017/653.

After a careful assessment of the proposed options with regard to presentations of performance scenarios, as submitted by the ESAs to the Commission on 23 May 2019, only those options that comply with the requirements of the PRIIPs Regulation 1286/2014 and make sense in terms of practical feasibility, will be subject to consumer testing.

The Commission will not include in consumer testing option 4 for structured products. That option overlaps with option 3 and lacks clarity as to who defines "what-if" scenarios. Neither will the Commission consider option 5 for IBIPs since that option does not fit the overall length of the PRIIPs Key Information Document that is limited to maximum of three sides of A4-sized pages. Finally, the Commission will not test option 6 for IBIPs since an "average" on past performance does not give the right information to retail investors; option 6 omits the transparency of fluctuations.

The Commission's position and expectations are that the public consultation by the ESAs and draft regulatory technical standards will take due account of the above. As the position and expectations have been made clear to the ESAs on several occasions, this letter is merely meant to formally inform the pending preparatory works at the level of the ESAs.

A draft amending regulatory technical standards that will not comply with the requirements of the PRIIPs Regulation 1286/2014 would have to be rejected by the Commission and would put at risk the timely adoption and implementation of the changes before 1 January 2022.

To conclude, both the Commission and the ESAs have an interest in the successful and effective adoption and implementation of the amendments to the PRIIPs Delegated Regulation 2017/653.

Yours sincerely,

Olivier Guersent

Contact:

Lukáš Bortel, Tel.: +3222961469, Lukas.Bortel@ec.europa.eu Daniela Gariboldi, Tel.: +3222968695, Daniela.Gariboldi@ec.europa.eu Anne Hauschild, Tel.: +3222960103, Anne.Hauschild@ec.europa.eu

C.c.: Ugo Bassi, Sven Gentner, Ulf Linder