

**Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60)**

**Deadline  
6 December 2018  
23:55 CET**

Name of Company:	FundAssist Limited	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question or a cell, leave the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:CP-18-005@eiopa.europa.eu">CP-18-005@eiopa.europa.eu</a></b></p> <p><b>Our IT tool does not allow processing of any other formats.</b></p>		
<b>Reference</b>	<b>Comment</b>	
General Comments	<p>FundAssist, a Broadridge company, is an outsource service provider in the Fintech space. As part fo our product range, we prepare UCITS KIIDs and PRIIPs KIDs for a wide variety of clients. The views expressed below have been canvassed are comprised of our views from speaking with our clients or from direct consultations with clients on the consultation paper itself.</p> <p>We note the proposed addition of past performance graphs which we will respond to in the questions below. We also note that no mention is made re adjusting the size of the KID to enable it to include this requirement. Our view and the prevailing view of our clients is that any inclusion of past performance graphs should lead to the permitted size of the KID to be extended to 4 pages.</p>	

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Q1	We agree with proposal to include past performance for up to 10 years as per the UCITS KIID requirements. However, consideration could be given to amending this to the recommended holding period if it's for a lesser period.	
Q2	This should not be an issue for investment funds. No comment on other products.	
Q3	Yes from a gaph perspective. Clarity would need to be given re inclusion of benchmark performance and the other disclosures that are required in this section in the UCITS KIID (launch date etc.).	
Q4	<p>We would oppose disclosure of simulated performance for following reasons:</p> <ul style="list-style-type: none"> <li>• Without fuller guidance it is very subjective as to how it should be calculated e.g. if the goal of the fund is to outperform an index, how do you estimate the result vis a vis the historic benchmark performance, if indeed, a benchmark exists. Any proposal that wouldn't be entirely quantitative would be open to manipulation and likely to be prepared under divergent methodologies. Our view would be that there are so many possible scenarios that it would be very difficult to come up with a solution that would allow for all to be considered.</li> <li>• Consultation is only asked for scenarios where past performance doesn't exist. Therefore you could have an anomaly where a fund that is open for a year can only show a year's performance and a fund that is not open can show 10 years simulation. That would not allow for a level playing field.</li> </ul>	
Q5	No comment as we oppose inclusion.	
Q6	<p>We fully support this change as we share ESAs concerns at the perception that these are regarded as accurate forecasts in the market and could involve accusations of mis-selling even though manufacturers do not themselves believe that the returns indicated will be achieved.</p> <p>Sample possible presentations are also provided which we support. Again, we emphasise the importance of permitting the document size to expand to 4 pages to incorporate these changes.</p>	

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<p>Q7</p>	<p>It seems irrational to suppress the previous performance of the fund when simulating future performance – therefore we would not agree with this proposal. If adopted we would expect that definitive guidance as to the calculation or sourcing of the risk free rate of return be provided.</p> <p>The proposal re the addition of a probability graph showing a range of results could be cumbersome to prepare and may not be clear to “basic” level investors. Our view is that it would be best to retain the four outcomes, with perhaps an enhanced wording disclosure that many outcomes are possible.</p> <p>The proposal to extend the period used to measure performance in our view is likely to lead to greater periods of simulated performance being used in the performance scenarios and would place additional data gathering requirements on product manufacturers for a limited gain, if any. We would therefore propose that the existing maximum period of 5 years be retained.</p>	
<p>Q8</p>	<p>No further comment on top of what we outlined above.</p>	
<p>Q9</p>	<p>Merging of Category 2 and 3 for MRM calculations into a single “bootstrap” style calculation: This seems to introduce a particularly onerous calculation on most funds manufacturers for a limited benefit which will potentially lead to little difference in MRM numbers. Consideration would also have to be given to adjusting performance scenarios as they are based upon the current approach. As the current methodologies have broad acceptance and are subject to little debate compared to other areas, we would see little need to change.</p> <p>Changes to disclosures for products with an auto-callable feature: This is a sensible measure which takes account of the specific features of autocallable products, and permits the presentation of performance scenarios to include indicators as to when the product would trigger a call. We would support the introduction of this suggestion.</p> <p>We would support the proposal to extend the explanatory text for additional risks to 300 characters.</p>	

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	<p>We would support the proposal to allow 100 characters of plain language to better explain how performance fees are structures/calculated.</p> <p>Use of 3% growth rate in RIY calculation: This proposal overlaps somewhat with the proposal contained in “Future performance scenarios anchored in the risk-free rate of return”. Whatever approach is decided it would make sense to use the same rate, be it moderate performance, risk free rate or 3% for both circumstances to ensure consistency across the document.</p>	
Q10	<p>We are not in favour of the requirement to continue producing UCITS KIIDs while at the same time producing PRIIPs KIDs for the same products. This, in our view, will only contribute to higher costs for manufacturers and confusion for investors. We understand that post release of the consultation paper, a proposal has emanated from the European Parliament suggesting that the UCITS exemption be extended for two years.</p> <p>Our view is that it is preferable to only require UCITS manufacturers to prepare PRIIPs KIDs after the full review has taken place. Rather than a general exemption of two years, we would prefer a scenario whereby an exemption is given until 1 year after the passing into law of a revised PRIIPs RTS and Annex, post the promised full review.</p> <p>We welcome the targeted review and believe it should lead to a new RTS and Annex in Q1 2019 but that it should only apply to the current products which prepare PRIIPs KIDs.</p>	
Q11	No comment.	
Q12	No comment.	
Q13	As referenced above the inclusion of past performance will require the permitted length of the PRIIPs KID to be extended from 3 to 4 pages.	