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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 2019  ESMA 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 | Innova Financial Solutions (sinan.gabel@ifs.dk) |
| Activity | Audit/Legal/Individual |
| Are you representing an association? |  |
| Country/Region | Denmark |

# Introduction

Please make your introductory comments below, if any:

<ESA\_COMMENT\_PKID\_1>

I prefer the current methodology to the presented alternatives.

However, on a 2 year horizon one could very likely have a new AI-based approach ready for further market testing and consultation, see my comments below in Question 22.

<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>

No. In our company we have already made a complete and automated end-to-end digital solution covering the current PRIIP KID rules, UCITS KID rules and some related MiFID II rules. It has been in production for nearly two years. See more at riskdocuments.com. The ESAs may have full and free access to the system if it would be of any interest, or we can provide a video demonstration of the automation. It takes less than 5 seconds to produce hundreds of PRIIP KIDs and this includes all analytical calculations, market data filtering, static data filtering, production of tables & diagrams, layout of document with texts, and conversion to .pdf format, and dissemination of documents to storage.

<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>

Yes, in some parts, most importantly the translated language versions. In our current digital solution for the KID we have had to make cut-and-pastes of each “fixed” texts (i.e. texts that are given by the legislation) and for each language version. We store these legal fixed texts, in the given range of languages, in a database that can store information in the so-called .json format. In the current PRIIP legislation some images have been included in the Regulation and we cannot copy and paste from these images so we have to manually re-type the texts into our database, thus it would help greatly if there were always texts versions of the required texts for the PRIIP KID reports.

<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>

It may be a good idea to have a “kick-start” mid-2021 in order to enable better preparation for the “big bang” in 2022.

<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 may be a good idea.

<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>

In order to enable equal access to provide digital services to the industry it would be beneficial if market data (including dividend streams) and cost data (at an aggregate level that enables the correct analytical calculations for the PRIIP KIDs) would be made accessible to participants, best if free of charge. Also if certain associations make market data and cost data calculations for a single or group of investment product companies, that they publish their market data and cost data methodologies (this should be detailed enough so “any” person would be able to reproduce the results). Else it can be difficult for new entrants (e.g. Fintech companies) to suggest new and better digital solutions to the said group of associated investment product companies: generally to make suggestions for new solutions it is necessary to understand the current state. Good if some examples of “best practice” cost breakdowns would be made for widely used legal entities such as UCITS Funds.

<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>

Re. *intermediate scenarios*: yes, should be included;

Re. *indicate estimated probability*: possibly fine;

Re. *stress scenario*: yes, it should be included to illustrate when things go really bad;

Re. *past performance:* yes, should be included (fits also with a likely transition from UCITS KIIDs);

Re. *illustrative approach (not based on probabilities) to future performance scenarios*: I do not favor the illustrative approach.

<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>

(a) A structured product typically has some underlying index or indexes that determine the client payoff. At the intermediate scenario it could be assumed that the client could exit the structured product and all elements of the structured product are estimated (calculated) as though the structured product is sold (“realised”) at the time of the intermediate scenario.

For example, if a structured product pays a return in case the index has exceeded some threshold (barrier) at the future date (the recommended holding period) then it would be necessary to reduce that threshold at the intermediate scenario (because it would otherwise be less likely to break that threshold earlier in time).

If there are many indexes then it is easiest to weight-sum index components at every historical time period, and make Category 2 performance scenarios based on that weight-summed index. (Else one could include correlations between the index components in the calculations and effectively make Monte Carlo simulations instead i.e. not use the simple Category 2 performance scenario calculations.)

These (preliminary) Category 2 performance scenarios on the underlying “bundled” index are then run through the time-adjusted payoff function to get the Category 3 PRIIP performance scenarios.

(b) moderate performance scenario as this is the most likely.

<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 current method for the stress scenario seems fine.

Perhaps revise 2017/653, Annex IV 10.d and 11. because there is mix of 90th, 95th and 99th percentiles => simplify to a single percentile e.g. 99 percentile (or 1 percentile depending how you view the distribution of returns).

<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>

The USA and the EU EURO zone have been using national bank monetary quantitative easing and thereby “artificially” reducing the reference rates: the question is if the reference rates in these situations really can be “true” reflections of country risks. I do not know.

<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>

It may become an impractical solution based on a somewhat arbitrary set of components.

The current solution in 2017/653 seems much more staightforward and simple through the use of historical returns in time series.

<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>

It is important that the data becomes available to all market participants (re. Q5 above).

<ESA\_QUESTION\_PKID\_11>

1. : How should share buyback rates be estimated?

<ESA\_QUESTION\_PKID\_12>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

Implied volatility from option prices could be used as alternatives or as a weighting factor. There should be some requirements to liquidity (volume, turn-over) in typically out-of-the-money options that may be thinly traded.

<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>

TYPE YOUR TEXT HERE

<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>

I favor either (a) a system that is “fixed” (not changed); or (b) a system that has some flexibility to the specific investment product in question: here back testing methods on the specific investment product could be used to make adjustments to the (future) performance scenarios such that the parameters (whatever model) are calibrated to the specific investment product such that the back tests perform within a reasonable “band”.

<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>

The main idea with the PRIIP KID is to provide information to the investor: investors know or should know that it is impossible to predict rare events like “Brexit”, however it is better than nothing to provide a set of simulated performance scenarios even if they are not perfect.

<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>

The simplified approach does not convey the needed information to the investor, namely investment product specific information. Thus I believe this is useless and would make the PRIIP KID unnecessary (a standard investment product “fact sheet” would do).

<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>

TYPE YOUR TEXT HERE

<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>

An option would be to make a cut-off point and not go further into the future than e.g. 5 years for the performance scenarios. All products should ideally be treated within a unified system and not be treated differently.

<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>

No, I am not in favor of the Dividend yield method and neither the Maximum growth rate method.

<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>

I am doing some research on using neural network models (currently so-called deep LSTM models) for predictions and I believe they will soon be a viable choice for making performance predictions. I have not tried to make volatility predictions with these models but they should also be better for this compared to “classical” analytical or Monte Carlo models.

One way AI models could be used would be to have a set of AI model parameters that have already been trained, and then all market participants used the same set of AI model parameters and the same range of AI models to make the regulatory reporting. This would actually be rather straightforward and relatively simple to utilize. AI models are able to find non-linear patterns to a scale that no other “classical” model can. And the good thing is that one could train the AI models using all available data i.e. all investment product time series.

A common AI model could also be the basis from which market participants train the AI model further, this is known as so-called “transfer learning” (it is widely used for image recognition i.e. to use a base model for image recognition and then train the base model further using own images, in our case own investment product time series).

I understand that it may take a couple of years to develop such a model but it is relatively quick to write down what it takes to make such a framework from a data, modelling and technical perspective.

<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>

No.

<ESA\_QUESTION\_PKID\_23>

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

<ESA\_QUESTION\_PKID\_24>

No.

<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>

I prefer the statistical approach because it ensures a unified approach to all PRIIPs i.e. I do not agree to using illustrative performance scenarios for a subset of PRIIPs including structured products. There really is nothing major from a technical / analytical perspective that hinders the use of a statistical approach for structured products.

<ESA\_QUESTION\_PKID\_25>

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

<ESA\_QUESTION\_PKID\_26>

Yes. One could show the past performance in a diagram as a line-curve, and then add the three/four predicted future performances in the same diagram thus placing the past and the future performances in the same diagram. That would be very informative and also provide insight into how the past is projected into a likely future.

<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>

TYPE YOUR TEXT HERE

<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>

Showing an average past performance would make it more difficult to compare products that have different past performance history (time length), so no.

<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>

Cost elements not shown in the diagram (because it is not possible for some reason) should be commented with text: approximately impact on past performance and reason.

<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>

That would depend on the methodologies used in the final regulation, the more unified the method the less further explanation should be 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>

No, it should be clear from the text in the Products section whether it is actively or passively managed i.e. it should not be necessary to repeat in the performance scenario section.

<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>

TYPE YOUR TEXT HERE

<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>

No, because any fixed intermediate time period would be arbitrary and not related to the specific PRIIP. I conveys relevant information to the investor that often there is a saving by keeping the product a little longer due to possible high entry costs.

<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>

TYPE YOUR TEXT HERE

<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>

Both are informative.

<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>

It should not be necessary as there are standard investment amounts for the presentations (i.e. it should be obvious to the investor).

<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>

TYPE YOUR TEXT HERE

<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>

If I have understood the question correctly then no. The costs related to normal administration of the properties should not be included, at least property administration costs that would be present also in case the property was not packaged and sold in a PRIIP.

<ESA\_QUESTION\_PKID\_38>

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

<ESA\_QUESTION\_PKID\_39>

It seems fine.

<ESA\_QUESTION\_PKID\_39>

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

<ESA\_QUESTION\_PKID\_40>

TYPE YOUR TEXT HERE

<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>

The current version is easy to view quickly. The proposed changes may require more detailed attention from the reader.

<ESA\_QUESTION\_PKID\_41>

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

<ESA\_QUESTION\_PKID\_42>

Perhaps more detailed cost information could be provided on a website i.e. in the PRIIP KID there would a text explaining where to obtain more detailed cost information, and this more detailed cost information would follow a standardised layout and contents in line with MiFID II and PRIIP KID (and other?).

<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>

I agree that market movements that occur while a transaction is taking place can be characterised as market risk, and that this can have positive and negative effects on the returns: one of the aspects that can be a little tricky is if there are clear trends in the assets being bought or sold during a period of time.

Let us assume that within a given year there is a clear upward trend in the price of e.g. BMW shares. In case there is a (continued) long lag between the decision-time to buy BMW shares in the fund and the actual purchase-time then that would result in (continuous) negative impacts on the return of the fund to the investor. In other words, the randomness (of positive/negative return effects) will not apply in this case. We often have periods of upwards or negative trends in the major share indexes or bond prices so this market risk should probably not be calculated as a loss/profit element on the cost side. Probably better to label this effect as market risk due to slow (lagged) trade execution; it will in any case show in the returns of the fund.

In other words, one could possibly have a text in the PRIIP KID that states what is the longest lag in time between a trading decision and the actual trade execution that could occur in the fund. That would be a simplified approach which could be used in some cases perhaps.

However, I am not fully up-to-date on this issue, and do not work with costs in detail, so the above is just what comes to my mind.

<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>

I strongly recommend to replace the UCITS KIID with the PRIIP KID i.e. only to have one report to make, both for retail and if any, also to professionals.

<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>

Updated documents should be sent to the existing customer (customer must provide a valid digital address, should not be sent by physical post).

<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>

Generally best to do things in a unified way ie. extend to all PRIIP types.

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_49>

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

<ESA\_QUESTION\_PKID\_50>

Yes, it is an improvement because it is more option-specific to more investors.

<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>

Instead of having only generic information on certain PRIIPs it would be better that a dynamic website is established where the client can enter his/her information and get accurate option-specific information.

It is not difficult to setup such a website. Either there could be a link within the “static” and printed (.pdf) PRIIP KID to such a website to get the accurate option-specific information, or the complete PRIIP KID could be generated on-the-fly depending on the option choice of the client. (Our current system would be able to generate such documents near-instantly).

<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>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_52>

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

<ESA\_QUESTION\_PKID\_53>

The visual layout in Section 11, “What are the costs?” is good.

<ESA\_QUESTION\_PKID\_53>

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

<ESA\_QUESTION\_PKID\_54>

Re. Section 11, “Composition of Costs”: Where ranges of the percentages vary a lot, several percent, it would make sense to specify which options the actual percentages relate to.

<ESA\_QUESTION\_PKID\_54>

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

<ESA\_QUESTION\_PKID\_55>

TYPE YOUR TEXT HERE

<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>

If we have access to data and we have the analytical formulas then it is relatively fast for us to make the changes to the analytical calculations, and to put this into production as a cloud-based digital solution. We have done this for the current PRIIP Regulation (among other). The same goes for changes in the KID template (the layout and contents).

PS we prefer a statistical approach to a components-based approach.

Yes, we could make an estimate of the costs but it would be much lower than for the general industry as we utilize new technology, already have a modular digital solution (riskdocuments.com) to adjust, and have a small organisation i.e. the cost estimate would not be representative for the industry.

<ESA\_QUESTION\_PKID\_56>

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

<ESA\_QUESTION\_PKID\_57>

TYPE YOUR TEXT HERE

<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)