	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:	Association française des Sociétés de Placement Immobilier - ASPIM	
Disclosure of comments:	Please indicate if your comments should be treated as confidential: no	Public
	Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a question or a cell, leave the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to CP-18-005@eiopa.europa.eu** **Our IT tool does not allow processing of any other formats.**	
Reference	**Comment**	
General Comments	ASPIM is the French Association of non-listed real estate investment funds, especially SCPI (French close-ended real estate funds) and OPCI (French open-ended real estate funds). Its purpose is to represent and promote the interests of investors together with specialized management companies all approved by French Financial Market Authority (AMF). In relation with the French and international authorities in charge of all topics (real estate asset management and fund regulatory) interesting its members, ASPIM seeks to demonstrate the whole contribution to the French economy of this professional sector.	

	Created in 1975 and based in Paris, ASPIM gathers today about 85 members. This industry represents about € 151 Bn. www.aspim.fr ASPIM would like to reiterate its request to the ESMA regarding the treatment of the property management costs for non-listed real estate investment funds. The present position is based on the principles established by the PRIIPs' regulation: - the comparability between all the products of investment covered by the regulation; and - the precision in the information provided by PRIIPs product's manufacturer to non-professional investors. From these principles flow the following conclusions: - the non-listed real estate investment funds do not have to be the object of an upper level of requirement with regard to the other investment funds; - operating costs of real estate assets (incidental expenses and maintenance costs) are incurred by any real estate owner: they are not specific to investment fund management and thus, should not be taken into account, nor be disclosed to the investor through the PRIIPs KID; - operating expenses of a building (maintenance & repair, insurances, taxes and household waste) is a constituent element of the net return of a real estate asset. The scenarios of performance take into account all these property charges; and - costs and charges disclosed in the PRIIPs' KID must be taken into account only once, according to the principle of non-double counting of cost set forth in point 77 of the PRIIPs' RTS.	
Q1	ASPIM agrees that information on past performance should be included in the KID where it is available, because it is more understandable for the retail client and easier to clearly explain by the distributor to the retail client.	

Q2	ASPIM considers that challenges can be faced for: - new products: how do you provide information on its performance? - products with tax benefit: ASPIM propose to add a specific narrative for this kind of products: "performances exclude any tax benefit".	
Q3	ASPIM considers that it is not appropriate for this information on past performance to be based on the approach currently used in the KII.	
Q4	ASPIM considers that if past performance no exist, information should not be simulated for past performance. Information should be only based on past facts only.	
Q5	ASPIM reiterates its comments in relation to Q4 above.	
Q6	ASPIM considers these amendments to the narrative explanations to be an improvement on the current performance scenario approach.	
Q7	<u>Risk free rate method</u> ASPIM does not support the risk free rate methodology, as it does not illustrate the differences between asset classes, as the ESAs acknowledge it in the benefits and costs analysis, especially for equity investments. <u>Limiting the number of scenarios</u> We do support the limitation of the number of scenarios*, as it is easier and simpler for a client to understand but we think that the <u>unfavorable scenario</u> should be used instead of the stressed scenario as:	

	- The stressed scenario is being calculated according to a different formula and based on different assumptions than the other scenario - The range of possible performances would be unsymmetrical and distorted downward *"A range of returns "– highest and lowest- is easier to grasp than 4 scenarios. The range should be accompanied with a disclaimer highlighting that this is a probability; e.g. "X% of the returns have been within this range in the last 5 years", therefore this would educate the investor with the notion of range of returns and probability. <u>Extending the historical period used to measure performance</u> Some ASPIM members see some value in extending the historical period used to measure performance for certain specific products . This means that a potential future regime (which also assumes performance scenarios to be in place for linear products) would have to provide sufficient flexibility, such as: - (1) 5-year baseline scenario of performance data that would remain the de-facto standard for all PRIIPs. ~~- (2) However, PRIIPs with a relevant performance history exceeding 5 years may be allowed to base their calculation on longer periods up to 10 years.~~ - (3) Flexibility must be given to PRIIPs invested in real assets (real estate, infrastructure, etc.). For these types of PRIIPs it should be possible to link the observation period to the length of the economic cycle (depending on sufficient data). - (4) For specific products(such as closed-end products, such as private equity products), we believe that extending the historical period up to the equivalent of the maturity of the specific product would provide more relevant information.	
Q8	ASPIM highlights the difficulty for non-listed real estate investment funds to cope with the scenario performance methodology but also with the risk indicator and the cost calculation.	

	Special attention should be dedicated to this asset class and adapted measures would be relevant in regard to the PRIIPS requests.	
Q9	<u>MRM calculation for regular investment or premium PRIIPS</u> ASPIM agrees with the idea of taking into account the fact that invested amounts accumulated over time reduces the risk and that a separate MRM could be calculated to show this. <u>Products with autocallable features</u> Yes, we agree. <u>Narratives for the Summary Risk Indicator</u> ASPIM agrees with the extension of the SRI narrative to 300 characters from 200, which will give higher flexibility for particular cases if needed. <u>Narrative for Performance fees- composition of costs table</u> ASPIM agrees with the change of the performance fee narrative to: "The impact of the performance fee. We take these from your investment if *[insert a brief explanation of the conditions under which performance fees are charged with a of maximum 100 characters in plain language]"* <u>Growth assumption for the reduction in yield (RIY) calculation</u> ASPIM does not support the proposition to include a unique performance scenario of 3 % for calculating the RIY: - No fundamental reason for the choice of 3% - It doesn't show the differences between asset classes - Difficult to explain to a retail client	

	We think that the calculation of the RIY should be based on a zero performance scenario. The concept of the RIY (reduction in Yield) used to display costs to the investor is complex and unclear. The fact that the costs include a time horizon and a yield represents a new disclosure that clients are not familiar with and that they could easily misunderstood. While we understand the reasoning and the added value of the RIY, we think we should also give the consumer a cost disclosure he's familiar with. The costs currently disclosed are purely theoretical; consumers should be given the opportunity to see and understand the costs without any theoretical assumption.	
Q10	We do welcome including some UCITS KIID narratives into the KID PRIIPS but, due to the time constraints, we think it cannot be properly selected and implemented in the scheduled calendar. That is why we do call for a report of the extension to UCITS until then.	
Q11		
Q12		
Q13	ASPIM would like to state that the switch over from the UCITS KIID to the PRIIP KID will carry substantial costs for the fund industry. This is exacerbated by the Commission's and ESAs' rushed timeline to make this shift happen before the end of 2019. As many IT budgets have already been decided for the next calendar year, such massive IT projects will consume unnecessary amounts of money and resources. Furthermore, given that many Real Estate ManCos have delegated the production of the UCITS KIID to third parties, we are hearing that there is already a bottleneck for all of these service providers to successfully manage the transition to the PRIIP KID for the vast number of UCITS and AIFs by 2019. The situation is not made easier by the fact that there are many unresolved questions after having	

	gone through the ESAs' consultation that make contingency planning for the "targeted" amendments even harder.	