

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:	ANASF – Associazione nazionale consulenti finanziari	
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"> ⇒ 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 <u>empty</u>. ⇒ 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>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-18-005@eiopa.europa.eu</p> <p>Our IT tool does not allow processing of any other formats.</p>		
Reference	Comment	
General Comments		
Q1	Yes, we agree that information on past performance should be included, considering that this is already the case with the KII for investment funds. More precisely we think that this information should be included in all KIDs: when data from the past are not available, a back test concerning the product could be proposed (outcome estimate simulating the performance that the product would have in the past).	
Q2	In order to harmonize the availability of information for all KIDs, when information on past performance are not available, simulations can provide for a viable remedy, also on the basis of data on platforms with publicly available information on similar funds, as explained in Q1.	

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Q3	Yes, we agree.	
Q4	Yes, we think it is important to include in the KID information on simulated past performance where actual past performance is not available. In this way the availability of information could be harmonized among all KIDs.	
Q5	As mentioned in Q1, also in light of MiFID II new requirements concerning the identification of the target market and the resulting definition of investment or portfolio style, a back test concerning the product could be proposed (outcome estimate simulating the performance that the product would have in the past) over a time interval of minimum three years and maximum five years; alternatively data on platforms with publicly available information on similar funds could be used. This would ensure consistency with the methodology already required for the estimate of future performance scenarios; it would also take into account that, in light of the high degree of innovation, a lot of products on the market have recently been launched, thereby making the time interval of less than five years the only significant one. A statement should also be included to clearly explain that data are simulated because the product was launched in [year].	
Q6	With regard to the proposed amendment, we propose to modify the heading before the Table in this way: Market developments in the future cannot be accurately predicted. These future scenarios are only an indication of the possible range of possible returns. The scenarios are based on possible market developments in the future: values are indicative. We propose the following amendment to the narrative explanation under the table: This table indicates how your investment could perform over the next [recommended holding period] years in different market circumstances, assuming that you invest EUR [...] [per year]. [These are estimates based on relevant data from the past [x] years and does not take into account the situation where we are not able to pay you the cases whereby reimbursements could be suspended.] We also propose to add in the table the information concerning “gross returns”, i.e. what you can	

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	get “before” the costs, considering possible variability of costs.	
Q7	<p>We agree with the proposal to add also a graph with future performance scenarios: this graph should not replace the table but should be added to it.</p> <p>With regard to the explanatory text under the graph, we propose the following amendment:</p> <p>This graph presents the a range of possible outcomes over the next [recommended holding period] years, assuming that you invest 10.000 EUR, defined on the basis of the performance of financial markets over the previous 5 years. What you will actually get back will depend on how the product actually performs in the future. Actual future performance could be lower than described in the stressed environment or higher than described in the favourable environment. The figures shown include all the costs of the product itself, and includes the costs of your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back. ***</p> <p>*** In the text under consultation bold character is used only for the first half of the sentence. We do not agree with this choice; we think it is more appropriate not to use bold character at all, or use it for the whole sentence.</p>	
Q8	<p>We agree with the proposal aimed at adding a graph, although we propose a bar chart or a histogram instead of an area chart, similarly to what already happens with the KII and also consistently with the proposal, in this consultation paper, aimed at adding a graph with past performance in the KID. For each year up to the recommended holding period, two/four coloured bars should be shown (e.g. a red bar for the stress scenario, a blue bar for the favourable scenario).</p> <p>Also for the graph the introductory text should be amended in this way: Market developments in the future cannot be accurately predicted. These future scenarios are only an indication of the possible range of possible returns. The scenarios are based on possible market developments in the future: values are indicative.</p> <p>We do not agree with the option involving the use of future performance scenarios anchored in the risk-free rate of return, also considering a market context that, in these years, has led to a</p>	

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	<p>negative risk-free rate. This option, as mentioned in the consultation paper, would also add a potential discrepancy between the past performance information and the projections under future performance scenarios.</p>	
<p>Q9</p>	<p>We agree with the proposal concerning the extension to max. 300 characters of the narrative for the Summary Risk Indicator provided that plain and synthetic language is used to explain the risk factors which are not captured by the Indicator. I.e. these risk factors should be listed and briefly explained (e.g. liquidity risk, currency risk ...).</p> <p>We agree with the proposal to change the narrative for performance fees. At the same time, we believe that the manufacturer should use a plain and synthetic language in the KID.</p> <p>We do not agree with the proposal concerning the growth assumption for the RIY calculation: any use of given specific data (i.e. that the performance should be 3%) in a simulation is inappropriate and misleading, and also unrealistic in specific market conditions, for example when the risk-free rate is negative. Under these circumstances a viable option is the use of the notion of maximum drawdown, in order to show the maximum loss, over the analysed period, from a previous peak, so as to highlight the potential for recovery and underpin professional considerations.</p> <p>We agree with the idea of amending the Regulation with regard to the heading in the KID Template; nonetheless we believe that the headings “Recommended Holding Period” or “Expiry date” are more appropriate than “Term” in order to improve investors’ understanding of this information.</p> <p>With regard to the section “What is this product?” we highlight the need to declare, using a plain and concise language for the investor, the aims and investment styles of the product, thereby avoiding technical jargon.</p>	
<p>Q10</p>		
<p>Q11</p>		
<p>Q12</p>		

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Q13		
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