

# Response form for the Joint Consultation Paper concerning amendments to the PRIIPs KID





JOINT COMMITTEE OF THE EUROPEAN  
SUPERVISORY AUTHORITIES

## 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<sup>1</sup> (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<sup>2</sup> (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.

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<sup>1</sup> 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

<sup>2</sup> 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.

- 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](#) 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<sup>3</sup>. Further information on data protection can be found under the [Legal notice](#) section of the EBA website and under the [Legal notice](#) section of the EIOPA website and under the [Legal notice](#) section of the ESMA website.

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<sup>3</sup> 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.

## General information about respondent

Name of the company / organisation	University of Hagen
Activity	
Are you representing an association?	<input type="checkbox"/>
Country/Region	Germany

## Introduction

**Please make your introductory comments below, if any:**

<ESA\_COMMENT\_PKID\_1>

We appreciate the opportunity to respond to ESMA's Consultation Paper concerning amendments to the PRIIPs KID. Following the confusion and loss of confidence in the wake of the financial crisis, it was not least the implementation of MiFID that led to an increase in investor protection and the restoration of consumer confidence. Supervision has already made enormous progress in standardising and comparing information on retail financial products. We very much welcome the fact that the supervisory authority is not satisfied with these successes and continues to try to increase investor protection within the European Union.

For several years, we have been dealing with the regulation of structured products from an academic perspective. In particular, we have analysed issuer margins, reflecting investor costs, of structured products. In a recent study in cooperation with Börse Stuttgart (Baule, R. and Münchhalfen, P.: What is your desire? Retail investor preferences in structured products, Working Paper, University of Hagen 2020), we have analysed investor preferences in an experimental setting, using simplified KIDs based on the current PRIIPs regulation. As one major finding, the disclosed costs have the largest impact on investor decisions. We therefore highly appreciate the obligation to disclose this figure in the KIDs. Regarding the definition of costs, we have some remarks (Q42). Further, we comment on several aspects regarding the calculation and presentation of performance scenarios, in particular for Category 3 PRIIPs. Especially, we think that the approach of calculating expected returns should be reconsidered.

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<ESA\_COMMENT\_PKID\_1>

**Q1 : Are there provisions in the PRIIPs Regulation or Delegated Regulation that hinder the use of digital solutions for the KID?**

<ESA\_QUESTION\_PKID\_1>  
TYPE YOUR TEXT HERE  
<ESA\_QUESTION\_PKID\_1>

**Q2 : 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>  
TYPE YOUR TEXT HERE  
<ESA\_QUESTION\_PKID\_2>

**Q3 : 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>  
TYPE YOUR TEXT HERE  
<ESA\_QUESTION\_PKID\_3>

**Q4 : 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>  
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<ESA\_QUESTION\_PKID\_4>

**Q5 : 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>  
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<ESA\_QUESTION\_PKID\_5>

**Q6 : 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>

We support the proposal to restructure the scenarios. In its current form, the scenarios add little information, as the meaning of 'unfavorable', 'moderate', and 'favorable' is not clear. As a minimum, we would therefore appreciate an explanation of the scenarios (e.g., 'In 10 out of 100 cases, your payoff will be below this value').

While a larger number of displayed scenarios might lead to an information overload on one hand, it yet gives an incomplete impression of the outcome distribution on the other. Therefore, we suggest an alternative graphical visualisation of future performance scenarios. This could be achieved by a simple probability diagram of the future performance, as suggested by Anic, V. and Wallmeier, M., Perceived attractiveness of structured financial products: The role of presentation format and reference instruments, Journal of Behavioral Finance 21 (2020), 78–102,

<https://www.tandfonline.com/doi/full/10.1080/15427560.2019.1629441>. The authors conclude “that participants who are confronted with probability histograms are more aware of the balance of risk and return in fairly priced products and less inclined to focus on individual aspects”. We agree with their thoughts and suggest the usage of probability diagrams to visualize the risk-return structure of a PRIIP.  
<ESA\_QUESTION\_PKID\_6>

**Q7 : 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>

For Category 3 PRIIPs, intermediate scenarios should be excluded because of information overload. In the ‘What are the costs?’ section, costs should be calculated based on a holding until the recommend holding period, which will be until maturity in most cases.

<ESA\_QUESTION\_PKID\_7>

**Q8 : 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>

Yes. The current stress scenario is opaque and of little value for the investor. A stress scenario for example could represent a 1% Value-at-Risk. To add actual stress, a simple approach would be preferable – for example, increasing the volatility by 50% by multiplying all historical return with 1.5. (See also our remarks to Q14.)

<ESA\_QUESTION\_PKID\_8>

**Q9 : Do you agree with how the reference rate is specified? If not, how should it be specified?**

<ESA\_QUESTION\_PKID\_9>

Yes.

<ESA\_QUESTION\_PKID\_9>

**Q10 : 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>

The general approach of determining the risk premium by future expected yields makes sense. However, the rules to define the risk premium are questionable. While referring to “academic evidence”, the rules are based on a statement of a single (yet reputable and influential) paper of Cochrane (2011). Cochrane himself says, “I have more questions than answers. This paper is more an agenda than a summary”. Furthermore, the adaption of Cochrane’s ideas in the consultative document is questionable. Regarding the equity proposal, considering dividend yields as an indicator for expected returns is, let’s say, interesting. Cochrane does not say that the dividend yield is identical with the risk premium. Instead, he presents empirical results which say that on average, a 1 percent increase in dividend yields increases the gross return of a stock by 3.8 percent (Table 1). In the approach outlined in the consultative document (Annex IV 13 (b) (i)), this factor is set (intentionally or not, in any case without explanation) equal to 2.0. The reason is the following: The risk-neutral return of a stock is the risk-free rate, *reduced* by the dividend yield. According to ANNEX IV 13 (b) (i), the actual return to be applied is the risk-free reference rate *plus* the dividend yield (if investors receive this dividend yield, hence, if the gross return is considered). Thus, the implicitly assumed risk premium is twice the dividend yield. All in all, the approach appears somehow arbitrary. Besides the dividend yield, Cochrane himself discusses a number of other factors to explain expected returns, for example value or momentum. He concludes, “Most of the puzzles and anomalies

that we face amount to discount-rate variation we do not understand". It appears questionable for the purpose of defining regulatory standards to calculate performance scenarios to pick one single factor out of the 'factor zoo' and assign its coefficient a conservative value.

While the proposal for equities is questionable, the proposal for bonds makes no sense. Consider a 1-year bond with coupon 10% when interest rates are 0%. The bond will trade at 110%. At maturity, it will trade at par (clean), and the bondholders receive 100% notional plus 10% coupon – equal to the initial price. Thus, their expected return is 0%, and it makes no sense assuming that the expected return of a bond is the coupon rate.

For commodities, what do you mean with the 'expected' forward rate or price ANNEX IV 13 (b) (iii)? If you (most likely) mean the observable futures price, the implied expected yield is given under the risk-neutral measure. Hence, the implied risk premium over the expected return in a risk-neutral world is zero. While this approach might be okay for the purpose of calculating future performance scenarios, one should be aware of this.

PLEASE RECONSIDER THE APPROACH!

We acknowledge that alternatives are hard to find. Estimating expected returns – that is in the end, asset pricing, – is still one of the most challenging tasks in financial theory and practice. Having said that, for the purpose of calculating performance scenarios in PRIIPs, defining regulatory standard values for risk premiums might do the job not worse than more complex approaches and might thus be superior in the spirit of Occam's razor. For example, you might say that for any equity security, the risk premium to be plugged in is 3%. (And, for bonds, it should be 0%!) In any case, the risk premium should be defined as an add-on to the risk-neutral expected return, which is not in all cases the risk-free rate (see Q19).

<ESA\_QUESTION\_PKID\_10>

**Q11 : 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>

If you do stick to dividend rates as a factor for explaining expected returns, historical data should be used for at least three reasons: First, the empirical evidence is based on historical data (e.g., Cochrane, 2011). Second, historical data is readily available, transparent, and comparable. Third, using historical data is consistent with the general approach of calculating future performance scenarios based on historical returns.

<ESA\_QUESTION\_PKID\_11>

**Q12 : How should share buyback rates be estimated?**

<ESA\_QUESTION\_PKID\_12>

Share buybacks must not be treated equivalent to dividends: When a company pays out dividends, the stock price falls; when it buys back shares, the stock price tends to rise. Furthermore, share buyback programs are usually single events and not as steady as dividends, which are paid quarterly or annually with only minor variations. And, most importantly, share buybacks have little theoretical or empirical foundation in the asset pricing literature: Share buybacks are similar to dividend increases, but dividend growth does not forecast returns, according to your quotation of Cochrane (2011). For these reasons, share buyback rates should be completely left out of consideration.

<ESA\_QUESTION\_PKID\_12>

**Q13 : 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>

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<ESA\_QUESTION\_PKID\_13>

**Q14 : 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>

No. Implied volatilities for the purpose of performance scenario calculation are problematic for at least two reasons: First, as already implied by the question, they are not available for many equities for longer time horizons. Second, implied volatilities refer to the probability distribution under the risk-neutral measure. This is not what is needed: The future performance should be calculated under the physical (real-world) measure.

However, we acknowledge that implied volatilities more rapidly reflect changing environments, for example in crisis periods. Therefore, they might be useful to calculate the stress scenario (see Q8): If, for example, the one-year implied volatility is above the applied historical volatility, the stress scenario (and only the stress scenario) could be calculated with historical returns multiplied by the factor (implied vol / historical vol).

<ESA\_QUESTION\_PKID\_14>

**Q15 : Do you think compensatory mechanisms for unforeseen methodological faults are needed? If yes, please explain why.**

<ESA\_QUESTION\_PKID\_15>

No.

<ESA\_QUESTION\_PKID\_15>

**Q16 : 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>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_16>

**Q17 : 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>

If any, manufactures could be allowed to reduce the outcome in one of the scenarios, but they should not be allowed to increase it.

<ESA\_QUESTION\_PKID\_17>

**Q18 : 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>

We highly appreciate a simplified approach (see Q10).

<ESA\_QUESTION\_PKID\_18>



**Q19 : 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>

We highly appreciate a single table of growth rates (see Q10). However, one should keep in mind that risk premiums are to be added to the expected return in a risk-neutral world, which is not necessarily the risk-free reference rate. For equities, the risk-neutral expected return is the risk-free rate minus the dividend yield; for commodities it is affected by storage costs and convenience yields and can be implied from observed futures prices; for FX rates, it is the difference between the domestic and the foreign interest rate.

<ESA\_QUESTION\_PKID\_19>

**Q20 : 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>

No. A simplified method could equally be applied to all types of products.

<ESA\_QUESTION\_PKID\_20>

**Q21 : 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. For the reason of complexity reduction, a single table with risk premiums would do the job.

<ESA\_QUESTION\_PKID\_21>

**Q22 : 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>

No.

<ESA\_QUESTION\_PKID\_22>

**Q23 : Do you think illustrative scenarios should be included in the KID as well as probabilistic scenarios for structured products?**

<ESA\_QUESTION\_PKID\_23>

Illustrative scenarios have a different meaning than probabilistic scenarios: The former explain the design of the product, the latter show possible outcomes. Thus, illustrative scenarios could be used in the 'What kind of product is this?' section by the discretion of the manufacturer.

<ESA\_QUESTION\_PKID\_23>

**Q24 : If not, do you think illustrative scenarios should replace probabilistic scenarios for structured products?**

<ESA\_QUESTION\_PKID\_24>

No. They have a different meaning (see Q24).

<ESA\_QUESTION\_PKID\_24>

**Q25 : 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>

No. Category 3 PRIIPs are very heterogeneous. Some have barriers, others have stochastic payout dates (e.g., autocallables or express certificates), others have multiple underlyings. Illustrative performance scenarios are not easily defined for such products and might add little value for investors.

<ESA\_QUESTION\_PKID\_25>

**Q26 : Would you be in favour of including information on past performance in the KID?**

<ESA\_QUESTION\_PKID\_26>

No. Past performance is usually a biased indicator for future performance.

<ESA\_QUESTION\_PKID\_26>

**Q27 : 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>

No.

<ESA\_QUESTION\_PKID\_27>

**Q28 : 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>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_28>

**Q29 : 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>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_29>

**Q30 : 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>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_30>

**Q31 : 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<sup>4</sup>?**

<ESA\_QUESTION\_PKID\_31>  
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<ESA\_QUESTION\_PKID\_31>

**Q32 : 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>  
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<ESA\_QUESTION\_PKID\_32>

**Q33 : 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>  
TYPE YOUR TEXT HERE  
<ESA\_QUESTION\_PKID\_33>

**Q34 : 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>  
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<ESA\_QUESTION\_PKID\_34>

**Q35 : 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>  
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<ESA\_QUESTION\_PKID\_35>

**Q36 : 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>  
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<ESA\_QUESTION\_PKID\_36>

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<sup>4</sup> 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](https://www.esma.europa.eu/sites/default/files/library/esma34-43-392_qa_ucits_directive.pdf)

**Q37 : 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>

**Q38 : 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>  
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<ESA\_QUESTION\_PKID\_38>

**Q39 : Do you agree with the ESAs' preferred option 3 to revise the cost tables?**

<ESA\_QUESTION\_PKID\_39>  
TYPE YOUR TEXT HERE  
<ESA\_QUESTION\_PKID\_39>

**Q40 : If not, which option do you prefer, and why?**

<ESA\_QUESTION\_PKID\_40>  
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<ESA\_QUESTION\_PKID\_40>

**Q41 : 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>  
TYPE YOUR TEXT HERE  
<ESA\_QUESTION\_PKID\_41>

**Q42 : Do you have other comments on the proposed changes to the cost tables?**

<ESA\_QUESTION\_PKID\_42>

As mentioned in the introduction, our research shows that costs are highly important for investors. To achieve regulatory aims, the calculation of costs must be comparable across different products, and, even more important, different manufacturers. In this regard we have concerns with the current definition of entry costs for structured products, as given in the current RTS (Delegated Regulation (EU) 2017/653, Annex VI, Article 29). A first screening of cost disclosures in current KIDs indicates that different manufacturers might have different interpretation of the entry costs.

First, the one-off entry costs mix costs originally incurred by the issuer (e.g., (b) structuring costs) and costs directly transferred to the investor (e.g., (f) implicit premium paid to the issuer). Second, some positions are unclear. For example, does (e) costs for capital guarantee cover costs for a protection against the default risk of the issuer? Third, some positions, such as marketing costs, are difficult to quantify, because they are not individually attributable to a product, but are overhead. Fourth, the internal costs of the manufacturer are irrelevant for the investor. For the investor, total costs are the premium paid over the theoretical value of the product.

We therefore highly recommend to redefine the entry costs for the investor exactly in this way: Entry costs are the difference between the offered product price and the fair value of the product among professional

market participants. It should be made clear that (i) this fair value has to reflect current market conditions, (ii) is not affected by any internal costs such as structuring or hedging costs, (iii) reflects the default risk of the issuer, and (iv) is, wherever necessary, calculated based on accepted models, which are calibrated to market prices (or, mid-point market quotes) of traded instruments. On request, the calculation methodology has to be disclosed in detail to supervisory authorities.

<ESA\_QUESTION\_PKID\_42>

**Q43 : What are your views on the appropriate levels of these thresholds? Please provide a justification for your response.**

<ESA\_QUESTION\_PKID\_43>

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<ESA\_QUESTION\_PKID\_43>

**Q44 : 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>

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<ESA\_QUESTION\_PKID\_44>

**Q45 : 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>

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<ESA\_QUESTION\_PKID\_45>

**Q46 : 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>

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<ESA\_QUESTION\_PKID\_46>

**Q47 : 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>

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<ESA\_QUESTION\_PKID\_47>

**Q48 : 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>  
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<ESA\_QUESTION\_PKID\_48>

**Q49 : 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>  
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<ESA\_QUESTION\_PKID\_49>

**Q50 : Do you think this proposal would be an improvement on the current approach?**

<ESA\_QUESTION\_PKID\_50>  
TYPE YOUR TEXT HERE  
<ESA\_QUESTION\_PKID\_50>

**Q51 : 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>  
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<ESA\_QUESTION\_PKID\_51>

**Q52 : 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>  
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<ESA\_QUESTION\_PKID\_52>

**Q53 : Do you think this proposal would be an improvement on the current approach?**

<ESA\_QUESTION\_PKID\_53>  
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**Q54 : Are there other approaches or revisions to the requirements for MOPs that should be considered?**

<ESA\_QUESTION\_PKID\_54>  
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**Q55 : Do you have any comments on the preliminary assessment of costs and benefits?**

<ESA\_QUESTION\_PKID\_55>  
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<ESA\_QUESTION\_PKID\_55>

**Q56 : 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>  
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**Q57 : Are there significant benefits or costs you are aware of that have not been addressed?**

<ESA\_QUESTION\_PKID\_57>  
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