PANTHEON

By email only to CP-18-005@eiopa.europa.eu

6 December 2018

Joint Consultation Paper concerning amendments to the PRIIPs KID

Dear Sirs,

I write in my capacity as Partner of Pantheon Ventures ("Pantheon") and the Partner responsible for Pantheon International Plc ("PIP"), a FTSE 250 investment trust which is managed by Pantheon Ventures.

Pantheon Ventures ("Pantheon") is an international investor in private equity, infrastructure and real assets that invests on behalf of over 510 institutional investors (as at 30 June 2018), including public and private pension plans, insurance companies, endowments and foundations. Pantheon has been delivering private market solutions internationally across a broad range of private investment strategies for over 35 years and has $42.3 billion in assets under management (as at 30 June 2018). Pantheon's investment strategies include primary fund programmes, secondaries, co-investments, infrastructure, real assets and customised programmes. Pantheon is headquartered in London and has offices in San Francisco, Hong Kong, Bogotá, Seoul, Tokyo and New York.

Pantheon manages and advises Pantheon International Plc ("PIP"), an investment trust which was launched in 1987 and is the longest established private equity fund-of-funds on the London Stock Exchange. As at 31 October 2018, PIP had a market capitalisation of just over £1bn and net assets of £1.4bn. As shareholders of PIP, retail investors gain exposure to a global portfolio of unlisted assets managed by some of the world's leading private equity managers. Private equity is an illiquid asset class that is difficult for retail investors to access. Private equity can generate impressive returns and PIP has delivered annual average NAV growth (net of all fees) of 11.9% since its inception over 30 years ago. By investing in a fund-of-funds investment trust such as PIP, investors are able to gain exposure to private equity by buying publicly tradeable shares in an investment company in which risk is carefully managed through diversification and mitigated through active portfolio management by PIP's manager, Pantheon.

Pantheon, which is deemed to be the manufacturer of the PRIIP, welcomes the opportunity to submit its concerns in relation to the PRIIPs Regulation and the resulting Key Information Document (KID). While Pantheon supports any regulation that is designed to increase transparency of information and improve shareholders' understanding of the products that they are investing in, it believes that the KID

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in its current form is misleading and is more likely to create confusion rather than offer clarity. Private equity is an important component of the equity market and, in their current form, the disclosures made in the KID could be damaging and, if taken out of context, could create a barrier to investors who may otherwise have concluded that the addition of private equity to their portfolios would be beneficial, based on its historic record of having generated excellent long-term net performance.

PIP is a member of The Association of Investment Companies (the "AIC") and LPeC trade bodies and we fully support their stances on this matter. Please find enclosed a copy of PIP's KID that we published on 1 January 2018 as well as the submission made to ESA by LPeC, which we regard as addressing the key points and a reflection of our own concerns in regards to the PRIIPs regulation in its current form.

Pantheon urges ESA to suspend the KIDs in their current form until the rules can be changed or a more suitable form of disclosure can be found. Indeed this could be an extension of the "Information for Investors" document that investment companies such as PIP are already required to provide as an AIF, under the EU's Alternative Investment Fund Managers Directive ("AIFMD"). Alternatively, or in addition, this could take the form of a summary similar to that presented in a prospectus.

I look forward to learning the outcome of the ESA's investigation into this matter and I am available at any time to discuss the points raised in more detail.

Yours sincerely

Andrew Lebus
Partner, Pantheon Ventures (UK) LLP

Incl: PIP Key Information Document
LPeC submission to ESA

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Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Name of product: Ordinary Shares in Pantheon International Plc (PIP)
Name of PRIIP manufacturer: Pantheon Ventures (UK) LLP, **ISIN:** GB0004148507
Website: www.piplc.com, Call +44 (0)20 3356 1800 for more information
Competent Authority of the PRIIP Manufacturer in relation to the KID: Financial Conduct Authority

Date of production of the KID: 1 January 2018

You are about to purchase a product that is not simple and may be difficult to understand

What is this product?

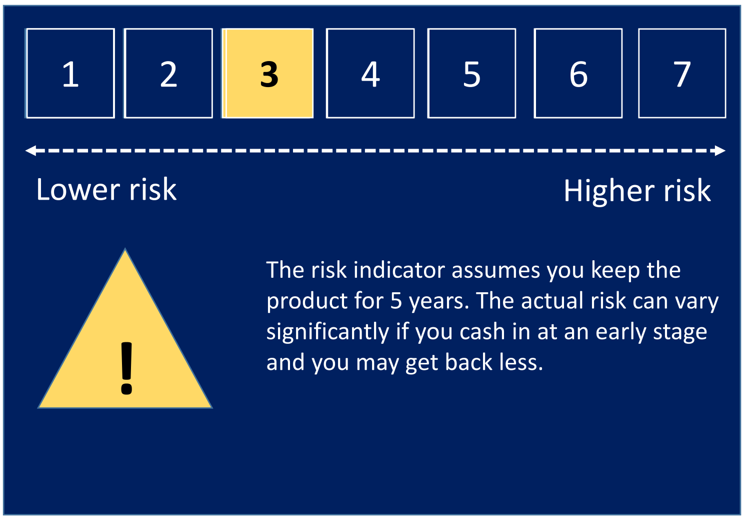
Type: Ordinary shares in a public company incorporated in England and Wales with Company number 2147984. The Company is not expecting to pay you and you are expected to generate returns through selling your shares through a bank or stockbroker. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it (i.e. bid-offer spread) and there can be no guarantee that you will get back any or all of the amount invested on a sale of shares in the Company.

Objectives: PIP's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and directly into private companies.

Intended retail investor: This product is for retail and professional investors who have a long-term investment horizon, understand the illiquid nature of private equity compared to other asset classes, have basic capital markets knowledge or experience in investing in shares and have the ability to bear investment losses as a result of any potential stock market volatility.

What are the risks and what could I get in return?

Risk indicator



The recommended holding period is at least 5 years.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the market or because we are not able to pay you.

We have classified this product as 3 out of 7 which is a medium low risk class. This rates the potential losses from future performance at a medium low level, and poor market conditions are likely to impact your returns. The price at which PIP's shares trade may not reflect its prevailing net asset value per share.

Other material risks to PIP include investment funding risk, long-term nature of private equity, valuation uncertainty, use of gearing, FX risk, taxation & non-regulation of underlying investments.

Performance scenarios

The table shows the money that you could get back over the next 5 years under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. **The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment.**

The stress scenario shows what you might get back in extreme market circumstances and it does not take into account the situation where we are not able to pay you.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Investment Scenarios		**1 year**	**3 years**	**5 years (Recommended holding period)**
Stress scenario	**What you might get back after costs** Average return each year	£6,244 -38%	£6,311 -14%	£5,450 -11%
Unfavourable scenario	**What you might get back after costs** Average return each year	£10,328 3%	£13,097 9%	£17,136 11%
Moderate scenario	**What you might get back after costs** Average return each year	£11,834 18%	£16,588 18%	£23,250 18%
Favourable scenario	**What you might get back after costs** Average return each year	£13,563 36%	£21,013 28%	£31,553 26%

What happens if Pantheon is unable to pay out?

As a shareholder of PIP, you would not be able to make a claim to the Financial Services Compensation Scheme about PIP in the event that PIP is unable to pay any dividends or other returns that it may elect to pay from time to time, or if it were unable to pay any amounts due to you on a winding up of the Company. If you sell your shares on the London Stock Exchange, your bank or stockbroker will receive cash on delivery of your shares and should pass that cash on to you.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. **The figures are estimates and may change in the future.**

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment Scenarios (£10,000)	**If you cash in after 1 year**	**If you cash in after 3 years**	**If you cash in at the end of 5 years**
Total costs	£394	£1,183	£1,972
Impact on return (RIY) per year	3.94%	3.94%	3.94%

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- The meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Entry costs	Nil	The impact of the costs you pay when entering your investment. However, your broker may charge a fee and you may be subject to Stamp Duty Reserve Tax.
	Exit costs	Nil	The impact of the costs of exiting your investment when it matures. However, your broker may charge a fee and you may be subject to a tax charge.
Ongoing costs	Portfolio transaction costs	0.05%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	3.89%	The impact of the costs that we take each year for managing your investments as well as the direct and indirect costs of the PRIIP. This includes management fees and carried interests charged by third party managers.
Incidental costs	Performance fees	Nil	The impact of the performance fee. We take these from your investment if the product outperforms its benchmark of the applicable "high-water mark" by 110%.
	Carried interests	Nil	The impact of carried interests. No carried interest is charged by PIP's manager.

How long should I hold it and can I take money out early?

Recommended holding period: At least 5 years.

Listed private equity funds are designed to be long-term investments and the returns from them can be volatile during their life. With limited exceptions, a five year investment horizon is the minimum period recommended by LPEQ, the trade body for listed private equity funds.

As PIP's shares are listed on the London Stock Exchange, you can expect to sell them at any time through your bank or stockbroker.

How can I complain?

As a shareholder of PIP, you do not have the right to complain to the Financial Ombudsman Service (FOCS) about the management of PIP. Complaints about the Company or the Key Information Document should be sent to:

The Company Secretary, Company Matters, Beaufort House, 51 New North Road, Exeter, EX4 4EP

You may also lodge your complaint via the website: www.piplc.com or by email to pip.ir@pantheon.com.

Other relevant information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules.

Further information on the principal risks to which PIP is exposed and on the performance fee relating to PIP is contained within the Company's annual report which is available online at www.piplc.com.

The distributor will provide you with additional documents where necessary.

Investors should be aware that past performance does not guarantee future performance and loss of principal may occur.

LPEC
Listed Private Capital

By email only to CP-18-005@eiopa.europa.eu

6 December 2018

Dear Sirs

I write in my capacity as Chief Executive Officer of Listed Private Capital ("**LPeC**"), together with Aaron Stocks, the Chairman of our regulatory committee, in response to the Joint Consultation Paper concerning amendments to the PRIIPS KID published in November 2018 (the "**Joint Consultation Paper**").

LPeC

LPeC was originally founded as LPEQ in 2006 to raise understanding of private equity investment trusts, primarily in the UK. In June 2018, the company reconstituted as LPeC in line with market developments and evolving investment strategies to deepen public market investor understanding of the attractiveness of the private capital markets.

LPeC's membership is comprised of listed private equity investment companies and listed private capital companies, which are listed on regulated European stock exchanges and whose shareholders obtain an investment return that is generally derived from (i) selling shares in the Company to a third party through a stock market transaction at a price that is likely to be different than the price at which such shares were acquired; and (ii) any dividends received during the period of ownership of such shares ("**Listed Private Capital Companies**"), and managers of such Listed Private Capital Companies. The LPeC membership has therefore spent a considerable amount of time over the past fifteen months preparing for, and monitoring compliance with, the PRIIPs Regulation. Our regulatory committee has engaged with the UK Financial Conduct Authority (the "**FCA**") to discuss our significant concerns on behalf of our UK members.

Our members produce detailed shareholder reports and financial statements and comply with the requirements of the Prospectus Directive, the Prospectus Regulation, the Market Abuse Regulation and the Transparency Directive (all as implemented in the UK). They therefore already offer significantly more investor transparency than their private equivalents. Much of the information they disclose is mandated by law and regulation or, in the case of matters such as the "ongoing charges ratio" are the subject of guidance and a calculation methodology recommended by an industry body and adopted across the industry. The information typically appears in a relatively standardised form, thus allowing investors to make direct comparisons between our members' funds.

Preliminary comments

We welcome the opportunity to respond to the specific points raised in the Joint Consultation Paper. We also wish to take the opportunity to draw to the ESAs' attention our members' general views and concerns with respect to the application of the PRIIPs Regulation to shares in Listed Private Capital Companies.

These concerns are not simply self-serving attempts to avoid regulation, rather they are serious concerns that the prescribed disclosures, and particularly the performance scenario disclosures, may result in less sophisticated investors making investment decisions on overly optimistic and potentially misleading assumptions.

Our members' concerns are shared by many independent commentators whom the ESAs will be aware have emphatically highlighted many shortcomings of the PRIIPs Regulation as it applies to various products, particularly listed investment companies. By way of example, LPeC draws the ESAs' attention to the Numis equity research note of 5 January 2018 entitled "Are you kidding: KIDs – Misleading to Investors", a copy of which is enclosed with this letter; in particular, LPeC would highlight the observation that the performance scenarios required by the PRIIPs Regulation "often appear highly optimistic" given they are based on the strong share price returns the market has enjoyed over the past five years.

Closed-ended listed companies should be outside the scope of the PRIIPs Regulation

The overall perception of the industry is that the PRIIPs Regulation does not easily accommodate shares of listed investment companies (see below for specific examples of this) and the inescapable conclusion is that such investments ought to be outside the scope of the PRIIPs Regulation. We understand that BaFIN and the AMF have concluded that the shares of our members listed in Germany and Paris respectively are outside the scope of the PRIIPs Regulation. We therefore consider that the National Competent Authorities must have the jurisdiction and power to make an equivalent ruling, an outcome which would be consistent with the views of BaFIN and the AMF and would furthermore avoid regulatory conflict (between the KID regime and the disclosures required of listed companies under the legislation highlighted above).

Lack of comparability

Having discussed approaches to compliance with the PRIIPs Regulation with our members, our view is that the difficulties of applying the requirements of the regulation to our members' shares and the limited guidance and Q&As published by the ESAs result in a divergence in interpretation of the regulation. This divergence in interpretation has resulted in KIDs, even amongst our members, failing to be usefully comparable to a retail investor. This lack of comparability renders KIDs unfit for their key aim of improving comparability between different PRIIPs.

This problem is exacerbated when trying to compare a KID produced by a Listed Private Capital Company against a KID produced by an insurance product manufacturer or a listed bond manufacturer. Our members' "products" are listed company shares, which behave in a way that is completely different from a standard insurance-based product or listed bond.

Ameliorating potentially misleading disclosures

Not all of the National Competent Authorities have yet ruled our UK members' shares to be outside the scope of the PRIIPs Regulation to date, LPeC has worked with members to try to assist them to interpret the regulation despite it clearly not being designed to accommodate closed-ended listed investment companies. For example, the PRIIPs Regulation assumes that a customer gets paid all of its investment return by the "product manufacturer". Listed Private Capital Companies' products (listed shares) are commonly neither sold by their product manufacturer (indeed there is not always clarity as to who is the product manufacturer), nor bought or redeemed by them. Instead, investors typically receive the greatest proportion of their return by selling their shares on the securities exchange on which they are admitted to trading.

LPeC has produced a guide to assist members seeking to comply with the PRIIPs Regulation but wary of the potentially misleading nature of the prescribed disclosures when applied to members' shares. In addition, LPeC produced a sample format of KID , which , in order to seek to make the KID disclosures made by members clearer and more helpful to investors, intentionally departed from some of the mandatory language prescribed by the PRIIPs Regulation. We attach a copy of the Guide and template KID to this letter.

We believe that, if the production of KIDs is not suspended (either generally or in relation to specific products, such as our members' shares), then the ESAs should, at a minimum, endorse the modification of the prescribed disclosures where appropriate in order to enable product manufacturers to comply with the overarching requirement that the KID should not be misleading.

Urgent action required from the ESAs

For the reasons above, as well as those set out in responses below, we urge the ESAs to issue specific guidance (or specifically empower National Competent Authorities to do so) that closed-ended listed companies are exempt from the application of the PRIIPs Regulation or, failing that, that application of the PRIIPs Regulation to closed-ended listed companies should be suspended whilst more appropriate disclosure regulations are considered. We consider this matter to be urgent since there is a strong risk that retail investors are being misled by the KID disclosures mandated by the PRIIPs Regulation.

Specific responses to Joint Consultation Paper

Set out below are a list of certain questions raised in the Joint Consultation Paper, annotated with responses made on behalf of LPeC's members in the UK. We have no comment in response to questions which are not highlighted below.

Q1. *Do you agree that information on past performance should be included in the KID where it is available?*

Only if it is made clear that past performance is not a sufficient basis for considering future performance potential and is not therefore presented alongside future projections.

Retail investors are at risk of being misled if the sole performance information contained in the KID is a projection of potential returns extrapolated (without explicit acknowledgement) from movements in a listed investment company's historic share price.

A listed company's share price is not directly correlated to the performance of its underlying investments, and indeed the shares will typically trade at a discount (or premium) to the company's net asset value per share. A discount or premium might arise for a number of reasons, such as:

- an overhang in the shares (i.e. where supply exceeds demand because a major investor is known to be selling down its investment);
- changes in the personnel of a management team or the members of the board of directors;
- the identity of shareholders of the shares (e.g. passive index-trackers selling shares to activists); or
- general market sentiment (e.g. a risk-off period for equity markets generally).

Accordingly, a company's shares may (during the period measured) have undergone a material change in the discount to net asset value owing to a number of factors entirely independent of the performance of the company's underlying investments.

To illustrate the issues this could cause, imagine that over the five year period over which past performance is measured for the purposes of the KID, the discount to net asset value at which its shares trade narrows from, say, twenty-five per cent. to five per cent., perhaps because the company entered a FTSE index and became investible by a range of funds tracking that index. Such a share price increase would have a significant positive effect on the performance projections of the company used in the KID. However, the discount is unlikely to continue in the future to the same extent or at all and, more importantly, once the discount has been removed, it is very unlikely to continue at the same rate to create a premium to the share price (not least, because it is likely if the shares are trading at a premium that the investment company will issue more of them). Accordingly, the performance scenario produced by the relevant historic share price data is likely to be very unrealistic.

The material point is that movements in the share price discount or premium do not necessarily reflect underlying investment performance by an investment company and they are certainly not indicative of future investment performance. This is a further reason we believe that past share price performance should not be used as inputs to create future performance scenarios. More importantly, the use of past performance data is contrary to previous guidance relating to historic performance as a guide to future performance. Additionally, there may be real risks that investment managers are at risk of inadvertently providing forward guidance on performance.

This point is of particular importance in the context of KIDs issued by listed private equity companies, whose shares have generally traded at a material discount to their underlying net asset value since the 2008 financial crisis.

Q2. Are there challenges to include past performance information for certain types of PRIIPs?

See the response to Q1 above in relation to shares issued by listed companies. These issues, however, go beyond "challenges to including past performance information". All KIDs are potentially misleading to investors and some KIDs are definitely misleading to investors. This mis-selling scandal-in-waiting requires the ESAs urgent attention.

It is emphasised that listed companies have no ability to stop marketing their shares to retail investors. Their shares are listed and retail investors always have access to buy them. If the ESAs made clear that any product marked on its front cover "NOT DESIGNED FOR RETAIL INVESTORS" was exempt from PRIIPs this would improve the regime substantially.

Q3. Do you agree that it is appropriate for this information on past performance to be based on the approach currently used in the KII? If not, please explain your reasons and if an alternative presentation would be more appropriate and for which types of PRIIPs?

See the response to Q1 above in relation to shares issued by listed companies. The use of historic share prices as a guide to an investor's future returns are potentially misleading. An alternative presentation which does not address the potentially misleading nature of such data will not address the fundamental problem in reliance on a listed company's historic share price.

Q4. Do you think that information on simulated past performance should be included in the KID where actual past performance is not available? If not, please explain your reasons.

No. For the reasons noted in our response to Q1 above, the drivers of the share price of listed investment companies are infinitely greater than just performance of underlying investments.

It is therefore not possible to adequately simulate past performance of a listed company's shares. To do so would inevitably exclude key factors highlighted in the foregoing paragraphs (which would affect such simulated performance), rendering such data confusing and potentially misleading to retail investors.

Q5. If you think that information on simulated past performance should be included in the KID, what approach do you think should be used to simulate the past performance, and how should this be presented in the KID?

We do not agree that information on simulated past performance should be included in a KID produced in respect of shares issued by a Listed Private Capital Company.

Q6. Do you consider these amendments to the narrative explanation to be an improvement on the current performance scenario approach?

We make the following three comments in response to Q6:

(a) Section 4.1.5 makes clear that one of the principal aims of the KID is to allow for comparison between different types of PRIIP.

As the performance scenarios in the KID are, for our members, based upon the historic market prices of their shares, the scenarios do not provide a comparison of true underlying portfolio performance. Whilst our members agree that investors will have a keen interest in share price performance, the future performance of our members cannot be extrapolated from that in the medium or longer term, even if it might appear to be correlated in the very short term.

Comparability between funds could only be given on a medium or long-term basis if any performance scenario was driven off underlying portfolio performance rather than share price performance.

LPeC members typically showed returns over a year of over 30% in the favourable scenario and one was as high as 79%. LPeC believes that such return projections could clearly have the ability to mislead retail investors, as well as render KIDs uncomparable and therefore unfit to achieve the "comparison" aim highlighted above.

No narrative explanation can change the fundamental inputs and lack of guidance that result in the clearly divergent outputs produced by our members (all of which have been produced in accordance with existing guidance).

(b) Investors are very unlikely to know the calculations behind the preparation of performance scenarios and their underlying basis of preparation. They would assume that the methodology delivers comparable results between funds. As currently calculated, in most cases it does not.

Shares in Listed Private Capital Companies are an investment of a very different nature to products where a manufacturer pays out and generates returns for investors. If there is to be any performance information in relation to the shares included in the Key Information Document it should be prescribed by specific rules or guidance which relates to this particular type of investment (which nobody in the industry considers to be a "product"). Our members would welcome the opportunity to engage directly with relevant National Competent

Authorities to input on any guidance which would be relevant to them. We cannot envisage a situation where guidance in relation to past performance which applies to products which generate returns by paying out to their investors would be applicable to our members' shares.

(c) We note the Joint Consultation Paper's proposed inclusion of a paragraph along the following lines as a heading for the future performance scenarios:

"*Market developments in the future cannot be accurately predicted. These scenarios are only an indication of possible returns*".

We agree that the suggested sentence above is accurate, but on that basis would question how the inclusion of projected performance scenarios achieves the PRIIPs Regulation's ultimate aim of improving transparency in the investment market, and how helpful the performance scenarios therefore are in the hands of a retail investor.

Changes in the narrative explanations do not address fundamental concerns regarding the use of share price performance data to calculate the performance scenarios in the KID. We would suggest that the greater the need to explain or caveat the data in the KID, the greater the indication that such data are at best unhelpful and, at worst, misleading to retail investors. Our view is therefore that the fundamental problems with respect to performance scenario disclosures cannot be resolved simply by changing narrative explanations.

Q8. Do you have any views in how the presentation of the performance scenarios could otherwise be improved?

We note the ESA's concerns raised in paragraph 4.1.7 of the Joint Consultation Paper that:

"...some PRIIPs manufacturers have decided to supplement the information in the KID on the basis that the performance scenarios may be seen to provide too positive potential returns to retail investors in the current environment. While this may have been done with a view to protecting investors, some of these practices raise supervisory concerns in terms of their compliance with the KID template and the extent to which the contradict rather than complement the other information in the KID".

We further note the ESAs' intention to communicate its views on these practices prior to 2020. Before the ESAs communicate such views, we would highlight to the ESAs that compliance with the KID regime does not exist in a regulatory vacuum, and our members remain under a general duty not to publish information relating to their PRIIPs that will mislead investors (and particularly retail investors). For the reasons set out above we are concerned that information required to be disclosed in a KID has the potential to be misleading, and that the proposed amendments contained in the Joint Consultation Paper do not and cannot address the potentially misleading nature of the potential returns and performance scenario tables in a KID.

We therefore invite the ESAs to address this fundamental problem by, rather than mandating particular narrative explanations in different parts of a KID, endorsing the use of modified language in any case where a PRIIP manufacturer deems it appropriate to do so taking into account the manufacturer's regulatory obligation (and indeed the overarching requirement of the PRIIPs Regulation) not to publish misleading information.

For a specific example of when a Listed Private Capital Company would wish to make a narrative disclosure in order to mitigate against otherwise misleading data in a performance scenario table, please see the following paragraphs.

The presentation of performance scenarios for a Listed Private Capital Company are misleading in that they suggest that a Listed Private Capital Company PRIIP manufacturer is deducting internal costs from the performance as derived from historic share price performance. This is simply incorrect and, therefore, misleading.

To mitigate against this, a Listed Private Capital Company PRIIP manufacturer requires an opportunity to make clear that their manufacturers' costs are embedded within the company's net asset value and therefore do not directly affect the performance derived from owning shares.

Our members are also particularly concerned that carried interest costs should not be required to be included in performance scenarios where they would not reasonably be expected to arise, and therefore it would be misleading to include such data (most commonly this would be the case in stress and unfavourable scenarios).

Conclusion

As an organisation, LPeC is concerned that production of KIDs by its members leads investors to believe comparison between companies is simpler than it actually is, or encourages poor behaviour, such as failure to do further research and diligence before making an investment decision. If the only information available on investment companies is historic, that alone drives investors to do more research and make better informed investment decisions.

On the basis of the issues highlighted above, it is the unanimous view of the members of LPeC's Regulatory Committee who contributed to this response that, based on LPeC members' experiences of KIDs prepared in accordance with the PRIIPs Regulation:

1. the ESAs should issue clear guidance confirming that Listed Private Capital Companies should be exempt from the application of the PRIIPs Regulation (or that National Competent Authorities may in their discretion make such an exemption within their respective jurisdictions);

2. if the ESAs are not prepared to issue the guidance suggested at point 1 above, all regulatory obligations relating to the production of KIDs by Listed Private Capital Companies should be suspended whilst appropriate changes to the relevant rules are investigated and considered in order to achieve the ultimate aims of the PRIIPs Regulation described in Section 1 of the joint Consultation Paper; and

3. at the very least, the ESAs should (i) exempt Listed Private Capital Companies from having to produce projections as to investors' future returns based on the historic share price of such companies; and (ii) endorse the use of modified language in any case where a PRIIP manufacturer deems it appropriate to do so taking into account the manufacturer's regulatory obligation not to publish misleading information.

LPEC
LIMITED PARTNERS CAPITAL

Yours faithfully

Douwe Cosijn	**Aaron Stocks**
Chief Executive Officer	**Chairman of the Regulatory Committee**
LPeC	**LPeC**

Enc.