



JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

# **Roundtable on consultation of the European Supervisory Authorities (ESAs) to review the Key Information Document (KID) for packaged retail and insurance-based investment products (PRIIPs)**

**Date: 11 December 2019**

**Venue: EIOPA, Westhafenplatz 1, 60327 Frankfurt am Main**

## **Background**

A key information document (KID) needs to be provided to retail investors when they purchase packaged retail and insurance-based investment products (PRIIPs).

PRIIPs include most investment products, for example funds, structured products, unit-linked and with-profits life insurance contracts, and structured deposits. The ultimate aim of the KID is to improve transparency in the investment market. It is a mandatory, concise (maximum three-pages of A4) information document which should provide consumer-friendly information about the key features of investment products, including what the investor might get in return for their investment, the risks they are taking, and all the costs they will have to incur.

On 16 October 2019, the European Supervisory Authorities (ESAs) issued a [consultation paper](#) on amendments to the rules underpinning the preparation of the KID.

The aims of the review by the ESAs are to:

- Address issues that have been identified by stakeholders and supervisors since the implementation of the KID in 2018;
- Make specific changes to allow the rules to be applied to investment funds that are expected to have to prepare a KID from 1 January 2022 onwards.

## **Objectives**

The aim of the Roundtable is to discuss whether the proposals in the ESA consultation paper on draft amendments to Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 are likely to improve consumers' ability to understand and use the KID to make investment decisions.

As part of this review of the KID, the ESAs are working with the European Commission to undertake a consumer testing exercise, which is assessing different ways showing information on performance. Taking this into account, it is intended to focus during the Roundtable on the other key topic within the consultation paper, which is how information is presented about costs.

We hope that the Roundtable will provide a good opportunity for interesting and thought-provoking discussions and will help the ESAs to improve their policy proposals.

## **Participants**

The Roundtable is targeted at those with expertise in relation to consumer experiences and behaviours concerning disclosures for investment products or specifically the PRIIPs KID. We are therefore inviting representatives of consumer associations and academics with experiences in this field.

The event is not intended for representatives of the financial services industry.

From the supervisory side, the Roundtable will be attended by representatives of the ESA's working group on PRIIPs, comprising representatives from the ESAs and national competent authorities.

The language of the Roundtable is English.

## **Background and preparatory documents**

The rules for the PRIIPs KID are specified in the PRIIPs Regulation and supplementing by a Delegated Regulation and additional Level 3 guidance materials. Information about PRIIPs and these legislative measures can be found on the [website](#) of the Joint Committee of the ESAs.

Details of the ESAs proposals to amend the Delegated Regulation can be found in the consultation paper referred to above.

To facilitate the discussion, the ESAs will also circulate prior to the meeting some additional materials, including illustrative examples of how some of the proposals are expected to apply to some different types of investment products.

## **Duration**

The duration is one day (Timing: 9:15 to 16:00 CET).

## Draft programme

**Timeline: 9:15 – 16:00 (Registration from 8.30)**

**Meeting Room: 28/001**

	8:30	Registration and coffee
<b>1.</b>	9.15	<b>Welcome and introductory remarks</b> This short introduction will include an outline the nature of the ESAs' ongoing work on the KID and aims of the Roundtable discussion.
<b>2.</b>	9:30	<b>Information about costs disclosure</b> The aim of this item is to discuss the issues addressed in Section 8 of the consultation paper, including for example: <ul style="list-style-type: none"><li>• The presentation of total percentage costs in the form of a loss of yield (reduction in yield), how this cost indicator can be best presented or communicated, and whether alternatives should be considered in particular in the context of parallel disclosures under MiFID II;</li><li>• The benefits or drawbacks of the different options for presenting information on costs (Options 1-4 in Section 8.2.4), including the level of detail to provide on different types of costs, the potential use of different types of cost information (i.e. monetary figures or percentages figures with different bases) and how proposals can apply to different types of products;</li><li>• Whether and how information is presented on costs at different points in time during the investment period.</li></ul>
	12.00-13.00	Lunch break
<b>3.</b>	13.00	<b>Approach for Multi-option products (MOPs)</b> The aim of this item is to discuss the proposals set out in Section 10 of the consultation paper concerning products offering a range of options for investment (so-called 'MOPs'), and whether these are considered to be an improvement on the current approaches. In particular, it is intended to discuss:

		<ul style="list-style-type: none"> <li>• How to promote greater understanding of the implications of investing via a MOP, including the interaction between overall costs and the costs that are specific to an investment option;</li> <li>• The benefits or drawbacks of the proposal relating to the most commonly selected investment options, including how consumers may respond to this way of presenting information (Section 10.3.2).</li> </ul>
	14.10-14.30	Coffee break
<b>4.</b>	14.30-15.30	<p><b>Information about past and potential future performance</b></p> <p>The aim of this item is to discuss the main issues relating to the presentation of information on performance as addressed in Sections 5 to 7 of the consultation paper, including:</p> <ul style="list-style-type: none"> <li>• Whether the types of changes to the table showing potential future performance (performance scenarios) are an improvement to the current presentation and suggestions to further improve or adjust the approach;</li> <li>• Whether different types of information should be presented on performance, in particular the circumstances under which past performance should be shown and in what form.</li> </ul>
<b>5.</b>	15.30-15.55	<p><b>Other issues</b></p> <p>This aim of this item is to allow participants to raise any other issues relating the KID, including those not addressed in the consultation paper.</p>
<b>6.</b>	15:55	<b>Closing remarks</b>
	16:00	End of the Roundtable