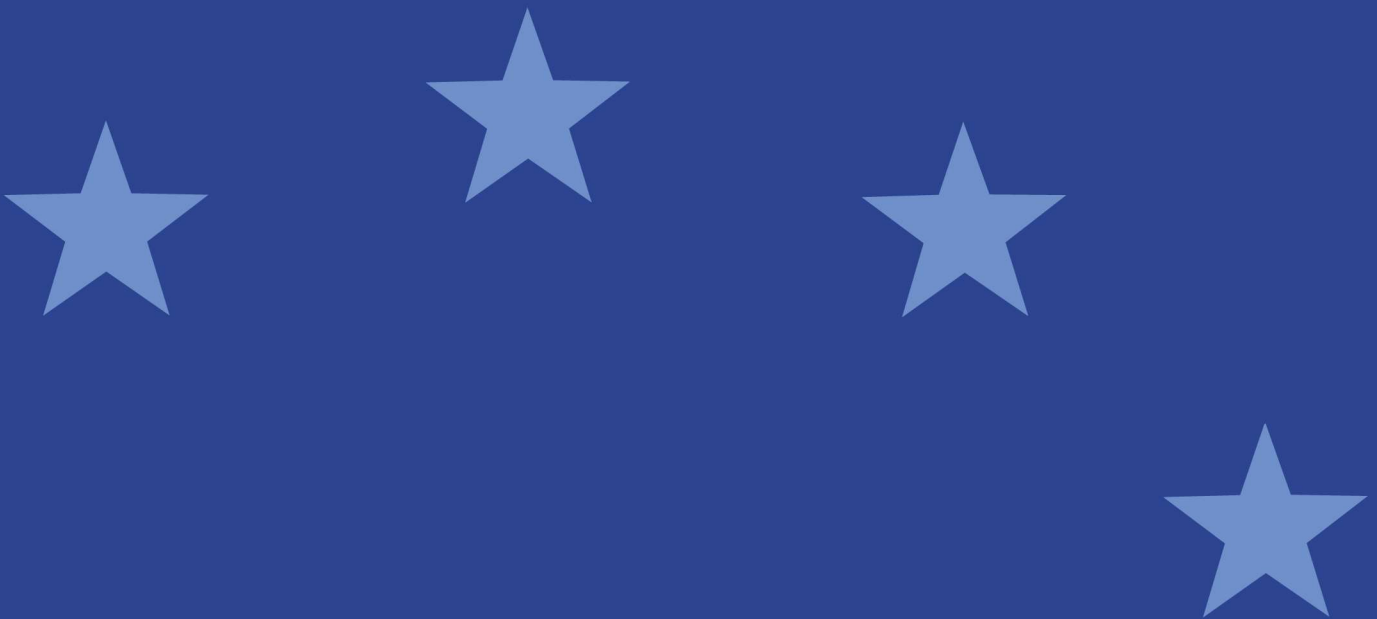


Response form for the Joint Consultation Paper concerning amendments to the PRIIPs KID





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 2017¹ (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 1286/2014² (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:

- Q1** Insert your responses to the questions in the Consultation Paper in the present response form.
- Q2** 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.
- Q3** 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.
- Q4** 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.

¹ 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

² 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.

- Q5** 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**.
- Q6** 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) 2018/1725³. 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.

³ 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	Bundesverband der Volks- und Raiffeisenbanken
Activity	Banking sector
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Germany

Introduction

Please make your introductory comments below, if any:

<ESA_COMMENT_PKID_1>

The Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) welcomes the opportunity to respond to the ESAs' joint consultation paper concerning amendments to the PRIIPs KID. We appreciate the possibility to provide our input regarding Level 2 amendments. At the same time, we would have liked to see a review of the Level 1 requirements, as this causes a lot of the current problems associated with PRIIPs.

<ESA_COMMENT_PKID_1>

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

<ESA_QUESTION_PKID_1>

There are two provisions in the PRIIPs Regulation, that hinder the use of digital solutions for the KID. We consider, that these obstacles can only be solved by a Level 1 review.

The first obstacle is contained in Art. 14 (2) (a) according to which the KID has to be provided on paper, unless the retail investor requests otherwise. With a view to a digital solution, the standard provision should be in electronic form, possibly with an opt-out solution for those, who prefer paper form.

The second provision, that is a barrier to digitalisation, is Art. 14 (5)(b) PRIIPs Regulation. According to this in online distribution the retail investor can choose whether to receive the information on paper or via a website. The possibility of receiving information on paper means a media disruption in online distribution.

<ESA_QUESTION_PKID_1>

2) : 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>

For the German market, other formats exist, with which data is passed on from the manufacturers to the distributors. This against the background, that the content of the KIDs is not suitable for IT-based extraction. The transfer of data is carried out by central service providers.

<ESA_QUESTION_PKID_2>

3) : 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>

Changes to the KID should only be made after a comprehensive review and after having designed a coherent legal concept. This should include a level 1 review, too. Sufficient time should be taken for the revision. There must also be sufficient time to implement the amended rules (at least 1 year). Should a meaningful revision of the PRIIPs rules require more time than the beginning of 2022, this should be taken in the interest of a reasonable result.

<ESA_QUESTION_PKID_3>

4) : 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>

We oppose the gradual introduction of new provisions, because this would be unnecessarily time-consuming and costly. As said in question 3, changes to the KID should only be made after a comprehensive review and after having designed a coherent legal concept. This should include a level 1 review, too. Sufficient time should be taken for the revision. There must also be sufficient time to implement the amended rules (at least 1 year after publication). Should a meaningful revision of the PRIIPs regulations require more time than beginning of 2022, it should be taken in the interest of a reasonable result.

<ESA_QUESTION_PKID_4>

5) : 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>

The material issues, that are not addressed in this consultation paper, are as follows:

1) Comprehensive review, including Level 1

Existing problems cannot only be solved by a level 2 review. There must be a comprehensive review, including all relevant regulations. Against the background of Art. 33 (1) it may have been a political decision to limit the review to level 2 provisions. This restriction will lead to ongoing errors with the KIDs.

2) Scope of the PRIIPs Regulation

The scope of the PRIIPs Regulation should be clearly defined. Concerning simple bonds with make-whole clause, the ESAs gave guidance (JC-2019-64) in order to reduce legal uncertainty. However, in the context of the review, it is necessary, that clarifications are given at legislative level.

3) Adaptions with respect to funds

At the latest with the extension of the PRIIPs Regulation to funds, the Level I requirements must also be put to the test. The PRIIPs Regulation is clearly not tailored to funds, which becomes clear in some provisions (e.g. the regulation on savings plans in Art. 13 para. 4, which does not go with the mass-produced fund savings plan, see also the answer to question 45).

4) Equality of paper-based and electronically provision

The PRIIP Regulation contains a priority for the paper-based provision of KIDs. This high consumption of resources is incomprehensible in view of increasing digitisation and the sustainability goals pursued by the EU. Level I legislators should also act here and provide for the electronic provision of documents as an equal alternative (cf. also the answer to question 1).

5) Removal of the three-page restriction

The CP proposes several measures, that would lead to an expansion of the content. These additions can be implemented, if the restriction of KIDs to three pages is abandoned. Another solution is to keep the content so short that the 3-page limit is respected.

6) Adjustment of the Level II requirements for OTC derivatives

The CP does not deal with OTC derivatives, although the ESAs themselves have established in their Q&A that the existing requirements do not fit and that the KIDs created on the basis of the legal requirements may create a false understanding of the product among customers. For this reason, the ESAs have made adjustments to the legally required text modules in their Q&A. At least these modifications must be included in the Level II texts; in addition, further need for adaptation should be examined. For example, the calculation of performance and costs on the basis of a nominal value of €10.000 is of little practical relevance, when in practice nominal values of €500.000 and more are usually agreed.

In addition, the distinction to Exchange Trades Funds (ETDs) should be abandoned. At Level 2, generic KIDs for OTC derivatives should be confirmed accordingly. Logically consistent, the performance scenarios for OTC derivatives, which on the current basis lead to partly absurd and confusing results for investors, would then also have to be abandoned.

7) Historical costs

According to Annex VI, No 83 PRIIPs-RTS, information on the ratios applicable during previous years/periods must be published in the place indicated in the KID as a general source of further information available to the investor on request.

The purpose of publishing ratios for previous years/periods in accordance with Annex VI, No. 83 PRIIPs-RTS is, among other things, to make calculations based on ex-post figures verifiable. This follows from Annex VI, No. 81 and 82 PRIIPs-RTS. According to No. 81, the ratios are in principle calculated at least once a year on an ex-post basis. No. 82 PRIIPs-RTS further states that current cost calculations, which the PRIIP manufacturer considers suitable for this purpose, are to be used as the basis for the ex-post figures, whereby the figures may in principle be based on the costs stated in the profit and loss account for the PRIIP published in the last annual or semi-annual report.

For the majority of structured securities, the KIDs are recalculated regularly, i.e. at relatively short intervals, or even daily for a large number of structured securities, and, if changes need to be made, revised and republished. When calculating the costs for these products, the daily costs are taken into account in each case, so that the publication of "historical" cost ratios, on the basis of which the respective costs are calculated in the KIDs, is dispensable.

8) Competent authority Art. 8 (3) (a) PRIIPs Regulation

Art. 8 (3) (a) of the PRIIPs Regulation requires that the KID must provide information about the competent authority of the PRIIP. The PRIIPs Regulation does not contain a definition of the competent authority. As a general rule the competent authority should be the competent authority of the Member State, where the PRIIP manufacturer is established (irrespective of whether that PRIIP manufacturer carries out activities across borders). This view has been confirmed by Commission in recital 22 in the Guidelines on the application of the PRIIP Regulation.

Since some supervisory authorities in host Member States have challenged PRIIPs KIDs, which were prepared by manufacturers established in other Member States and asked the manufacturers to amend the PRIIPs KIDs, it should be clarified that supervisory authorities in host Member States may not require changes to KIDs whose manufacturer is established in another Member State.

9) "Making available" (Art. 5 No. 1 PRIIPs Regulation)

The term "is made available" (or "making available") is not defined or further explained in the PRIIPs Regulation. In fact, recitals 1 and 2 of the PRIIPs Regulation do not use the term "making available" but "offer". This wording implies that an activist element is required.

It is unclear, whether and to what extent a PRIIP manufacturer has to accept liability for any (unintended) third-party offerings (distributor) to retail investors, in particular for products designed by the manufacturer only for institutional investors. We seek clarification that a third-party offeror's misconduct in the distribution chain must not be attributed to the manufacturer, if, e.g., the manufacturer has designed the product for eligible counterparties/professional clients and has determined the target market accordingly and, therefore, does not produce a KID.

10) 10,000 Euro or equivalent in another currency (Annex VI No. 90/91 PRIIPs Delegated Regulation)

In the case of PRIIPs denominated in non-euro currencies, an "amount of similar magnitude" to EUR 10,000 and which is cleanly divisible by 1,000 is to be used for the calculation of performance scenarios and cost presentation. It remains, however, in our view unclear whether EUR 10,000 must be converted into the foreign currency at the respective exchange rate for foreign currency products.

We recommend, that the reference amounts should be fixed in the individual currencies so that PRIIPs denominated in the same currency can be compared as far as possible. These fixed reference amounts could be included directly in the revised PRIIPs Delegated Regulation, for example in a table. This table could then be updated, where necessary, and be published on the websites of the ESAs.

<ESA_QUESTION_PKID_5>

6) : 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>

TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_6>

7) : 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>
Intermediate scenarios should be omitted. In many cases they lead to hardly comprehensible results. Beside there is the problem of information overload, which is also addressed by ESAs at various points.
<ESA_QUESTION_PKID_7>

8) : 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>
We see no need for a stress scenario. If the stress scenarios should nevertheless be adhered to, at least a uniform calculation method would have to be applied, i.e. the same drift should be applied in all scenarios.
<ESA_QUESTION_PKID_8>

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

<ESA_QUESTION_PKID_9>
No, we don't agree with the proposal, since a country-specific curve can lead to inconsistent/incomparable results between manufacturers and between different underlyings that are quoted in the same currency due to the differences in government yield curves.
<ESA_QUESTION_PKID_9>

10) : 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>
TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_10>

11) : 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 dividends are to be estimated, we suggest to use historical dividends in order to eliminate potential differences in expected dividends from either internal or external sources.
<ESA_QUESTION_PKID_11>

12) : How should share buyback rates be estimated?

<ESA_QUESTION_PKID_12>
We suggest not to include buyback rates
<ESA_QUESTION_PKID_12>

13) : 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>
TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_13>

14) : 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>
We suggest to use historical returns as source for future variance.
<ESA_QUESTION_PKID_14>

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

<ESA_QUESTION_PKID_15>
The ESAs correctly recognise that, the proposed probability-based approaches are unlikely to produce plausible results for all products. Instead of abandoning the approach that has been identified as not leading to plausible results, corrections to the results are proposed. This should be rejected for several reasons:

- corrections lead to -as correctly recognised by the ESAs - insufficient comparability
- The corrections only mitigate or conceal the problems of the probability-based approach. However, the problems are not eliminated.
- The corrections eliminate outliers upwards or downwards. However, this can make the figures look even more realistic for the investors, making it even more likely, that they might draw inaccurate conclusions.
- The probability-based approach would be taken ad absurdum if probability-based values were first calculated on the basis of a complex procedure and then modified by a corrective.

<ESA_QUESTION_PKID_15>

16) : 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 ANSWER HERE
<ESA_QUESTION_PKID_16>

17) : 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 the stress scenario is to be kept, the growth rate of the other performance scenario should be equal to the growth rate of the stress scenario.

<ESA_QUESTION_PKID_17>

18) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_18>

19) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_19>

20) : 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, the methodology should be compatible for Category 2 and Category 3 products and should not differentiate between short- and long-term.

<ESA_QUESTION_PKID_20>

21) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_21>

22) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_22>

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

<ESA_QUESTION_PKID_23>

The discussed methodological approaches all have advantages and disadvantages and all of them should be properly analysed and tested. We also think that due to the limitation to three pages in the PRIIPs Regulation, it is impossible to include illustrative scenarios into the KID in addition to the probabilistic scenarios.

<ESA_QUESTION_PKID_23>

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

<ESA_QUESTION_PKID_24>
TYPE YOUR ANSWER HERE
<ESA_QUESTION_PKID_24>

25) : 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>
Our opinion is, that it would hinder comparability if illustrative scenarios were limited to Category 3 PRIIPs.
<ESA_QUESTION_PKID_25>

26) : Would you be in favour of including information on past performance in the KID?

<ESA_QUESTION_PKID_26>
We are against the inclusion of past performance information in the KID as this would further deteriorate comparability between several PRIIPs.
<ESA_QUESTION_PKID_26>

27) : 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>
TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_27>

28) : 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 ANSWER HERE
<ESA_QUESTION_PKID_28>

29) : 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>

30) : 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>

31) : 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 Directive⁴?

<ESA_QUESTION_PKID_31>
TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_31>

32) : 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>
TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_32>

33) : 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>

34) : 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>
TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_34>

35) : 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>
TYPE YOUR TEXT HERE
<ESA_QUESTION_PKID_35>

36) : 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>

If the product was a financial instrument within the meaning of MIFID II, the presentation of cost should be dispensed in the KID.

⁴ 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

<ESA_QUESTION_PKID_36>

37) : 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>

38) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_38>

39) : 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>

40) : If not, which option do you prefer, and why?

<ESA_QUESTION_PKID_40>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_40>

41) : 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>

42) : Do you have other comments on the proposed changes to the cost tables?

<ESA_QUESTION_PKID_42>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_42>

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

<ESA_QUESTION_PKID_43>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_43>

44) : 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>

In the PRIIP Regulation, the legislator made the decision, that only retail investors need a KID. This is in line with the assumption in Art.56 (1), subparagraph 2 MiFID Delegated Regulation (EU) 2017/565, that professionals have sufficient knowledge and experience. This assumption also shows that professional clients do not have an information deficit and therefore do not require product information.

This must also apply to UCITS, meaning, that the KID should be the sole information sheet for funds and should only be provided to retail investors.

<ESA_QUESTION_PKID_44>

45) : 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>

The legislator has created its very sensible regulations for funds to provide essential investor information (wAI) for savings plans. These take into account, that fund savings plans are a mass retail business. For example, one big German bank has a total of approximately 4.5 million savings plans in its portfolio. Electronic communication was only agreed with just under 21 percent of the securities account holders concerned.

The scheme also takes account of the fact, that the investor only makes an investment decision when concluding a savings plan. This correct assessment should also be reflected to the PRIIPs Regulation, if it is also applicable to funds in the future. The PRIIPs Regulation also makes clear at several points, that the KID should be the basis of the investment decision. See the following examples:

- Recital 15: "Retail investors should be provided with the information necessary for them to make an informed investment decisions and compare different PRIIPs;..."
- Recital 17: "The key information document should be drawn up in a standardised format which allows retail investors to compare different PRIIPs, ...".
- The legislative intent is also clear from the Level 2 text (DeIVO (EU) 2017/653), which in Article 17 sets out detailed requirements regarding the time at which the KID is made available. Recital 24 reads as follows: "The key information document should be made available to retail investors sufficiently prior to their investment decision, so that they can understand the relevant information about the PRIIP and incorporate it into their decision-making. ..."

In the case of savings plans, the customer makes an investment decision only when the contract is concluded, but not when the individual savings instalments are executed. Once the savings plan has been completed, the customer has the PRIIP in his account and can therefore see how the product is developing (performance) and what costs are incurred (annual cost reporting). If the market changes, he can also

see how the product reacts to risk factors. Therefore we see no need to make the KID available again after the conclusion of the contract/ execution instalments.

If the legislator deems it necessary to provide the KID also during the term of the savings plan, it should amend the current provision (Art. 13 (4) PRIIPs Regulation) in such a way that the renewed provision of the KID is only necessary in the event of a substantial change. In this context, it should also be sufficient to make the relevant KID available to savings plan customers once a year (e.g. with the annual deposit statement/ ex post cost reporting). This would enable the institutions to combine the expensive mailing of the KID with other recurring information.

<ESA_QUESTION_PKID_45>

46) : 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>

The requirements should not be extended to other types of PRIIPs since they are mainly fund-specific.

<ESA_QUESTION_PKID_46>

47) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_47>

48) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_48>

49) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_49>

50) : 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>

51) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_51>

52) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_52>

53) : Do you think this proposal would be an improvement on the current approach?

<ESA_QUESTION_PKID_53>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_53>

54) : Are there other approaches or revisions to the requirements for MOPs that should be considered?

<ESA_QUESTION_PKID_54>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_54>

55) : Do you have any comments on the preliminary assessment of costs and benefits?

<ESA_QUESTION_PKID_55>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_55>

56) : 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>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_56>

57) : Are there significant benefits or costs you are aware of that have not been addressed?

<ESA_QUESTION_PKID_57>

TYPE YOUR TEXT HERE

<ESA_QUESTION_PKID_57>