	Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60)		**Deadline** **6 December 2018** **23:55 CET**
Name of Company:	Business Europe		
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public	
	Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a question or a cell, leave the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to CP-18-005@eiopa.europa.eu** **Our IT tool does not allow processing of any other formats.**		
Reference	**Comment**		
General Comments	This comment relates to the treatment of corporate bonds under the PRIIPs Regulation and more specifically the possibility that inclusion of certain well-established standard terms and conditions in these bonds would cause them to fall within the scope of the Regulation. Companies issue bonds to fund their investments through capital markets. Typically, corporate issuers also seek investments from retail investors, providing them with an opportunity to invest directly in investment-grade corporate bonds in a transparent and cost-effective way. In return, this provides corporate issuers access to an important, stable, and diversified investor base for their funding needs.		

	We have concerns that the inclusion of certain well-established standard terms and conditions in these bonds would cause them to fall within the scope of the PRIIPs Regulation. As a result, a KID would have to be published by the issuer. Preparing the KID is very burdensome, especially for smaller issuers, and would expose companies to significant liability risks if the information turns out to be incorrect. Consequently, it is to be expected that corporate issuers would exclude retail investors from those bonds that are likely to fall under the PRIIPs Regulation cutting off an important funding source, jeopardising the objectives of the CMU. To avoid these negative consequences, we urge the regulator to clarify the scope of the Regulation in the context of corporate bonds and confirm that the use of certain well-established standard terms and conditions that are commonly included in these bonds do not cause these bonds to fall under the Regulation. Many national regulators are reluctant in providing clear guidelines and corporates quickly need legal clarity about bond issuance to continue investing and creating jobs. To be more specific, BusinessEurope believes that the inclusion of market standard redemption rights (e.g. make-whole clauses) of the issuer in corporate bonds should not preclude selling these bonds to retail investors. They simply provide legal certainty for investors in case the issuer wishes to buy back an existing bond before maturity without financially harming them. Furthermore, as the sole inclusion of standard tax clauses should not make an instrument complex, the exclusion of tax call clauses should be confirmed. They grant an additional redemption right in case of a change of the tax treatment of the bond. Similarly, caps and floors on the interest rate should be allowed as these features relate to the regular interest payments and not to the amount repayable at maturity which for corporate bonds is in general the nominal value. Callable and putable bonds should also be allowed, as well as a 0%-floor for floating rate notes. In our view, Sub Bonds and Convertibles should in general also be allowed as instruments for retail. These well-established standard terms have not caused any problems in terms of investor protection in the past. They should therefore not fall into the scope the regulation. Lastly, we are especially concerned about the fact that the rules are retroactive in so far	

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	as that existing bonds that are in the market and that are considered “packaged” would either need to be re-fitted (with the burdensome documentation effort) or not be sold anymore to retail investors. This would seriously undermine the CMU objectives to promote corporate bonds as finance tools, also for smaller issuers.	
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