

PRIIPs draft RTS submitted to EC

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Why is the PRIIPs KID on the IRSG agenda (again)?

- Report back to you what changed since last IRSG meeting
- Opportunity for members to raise issues they might have
- Next steps: input IRSG very welcome

Draft RTS approved by the ESA boards, submitted to EC

- Balanced set of cross-sectoral methodologies
- All sectors had to give and take to find a compromise
- Result: major step forward in product disclosure

RTS content

The RTS outlines rules on:

- o A **summary risk indicator**, placing each PRIIP on a scale from 1 to 7, reflecting both credit and market risk
- o The inclusion of at least three **performance scenarios**, to indicate the range of possible pay-offs for each PRIIP and to allow comparisons
- o The inclusion of **summary figures to show the combined costs** of each PRIIP, and how these accumulate over time in monetary terms
- o How to handle **Multiple Option Products (MOPs)**

Main issues raised in reaction to RTS

- Timing challenges for manufacturers to be compliant
- Risk
 - Calibration of the Market Risk Measure (MRM)
 - Credit Risk Measure: treatment of insurers
- Rewards
 - For some insurance products performance scenarios can not be derived from the MRM calculations.
- Costs
 - Biometric Risk Premium: by itself not a cost, but costs involved

Next steps

- The ESAs started work on Q&As and other guidance
- This should help manufacturers in producing KIDs and harmonise the national approaches
- To assist in applying the methodologies we will produce example calculations for typical products and spreadsheets
- Collecting input from stakeholders and supervisors about issues in the practical application of the regulation
- IRSG can help here

Thank you for your attention. Any questions?