





Serious outstanding concerns with draft RTS for PRIIPs KID

-  Distorted risk indicator
-  Performance scenarios never consulted on before
-  Misleading presentation of costs and premiums
-  Unrealistic timeline

Outstanding issues must be solved **now**

- As it stands the draft RTS do not enhance product disclosure and will lead to misleading information being provided to consumers.
- Issues with risk indicator, performance scenarios and cost should be resolved in the RTS.
- Level 3 is meant to further explain and refine Level 2, not correct it.
- All issues stem from an unrealistic and rushed timeline.

Distorted Risk indicator

- Level 1 text of the Regulation: only risks “**materially** relevant to the PRIIP” should be presented in the KID.
- Market risk is the only truly relevant risk for insurance-based investment products.
- RTS uses credit ratings, but the vast majority of insurers are not rated.
- Provisions for better credit-risk class allocation (which recognises the safeguards and additional protection of SII to be taken into account) are poorly worded and therefore could be ineffective.

Performance scenarios not useful for consumers

- Performance scenario after one year would be entirely meaningless for the consumer – only the recommended holding period should be the focus.
- A death scenario is now included in the performance scenarios.
 - Already presented in the “what is this product” section with the extra insurance benefits.
- New section explaining performance scenarios that has never been put out to public consultation.

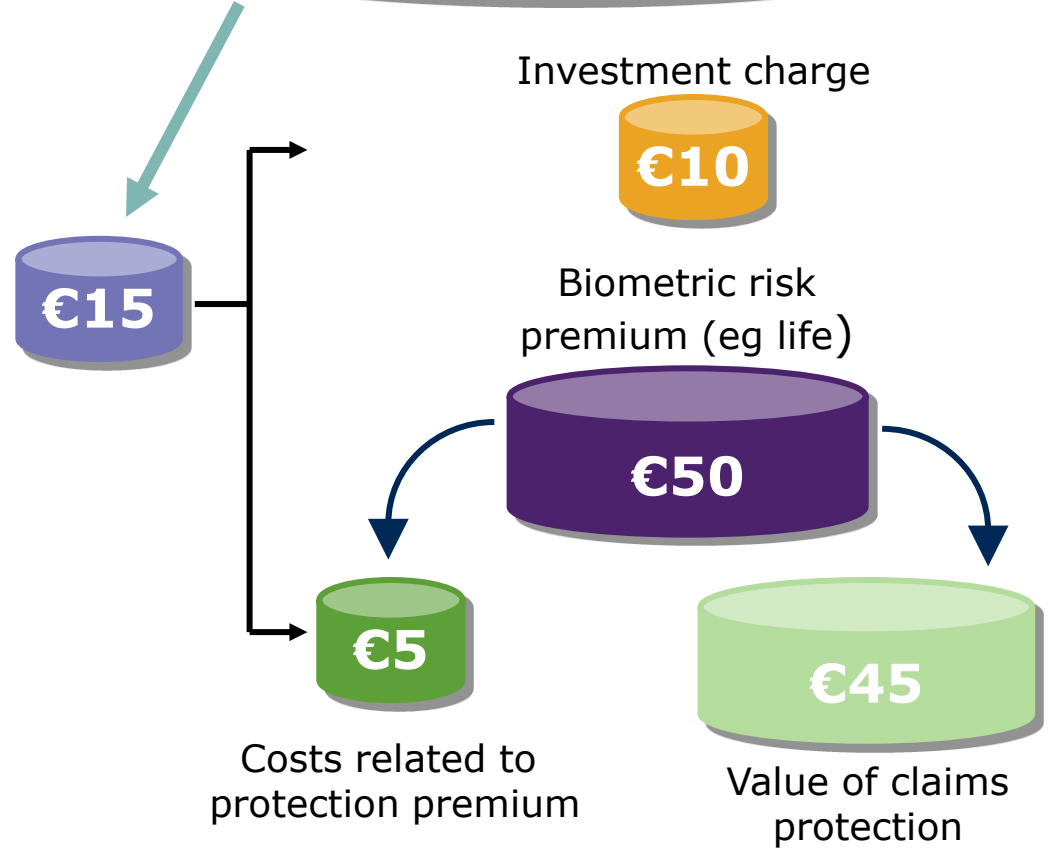
Cost

PRIIPs

Pure investment product



Insurance-based investment product



Meaningless comparison

PRIIPs

Pure investment product



Insurance-based investment product



Investment charge



Investment charge



Biometric risk premium (eg life)



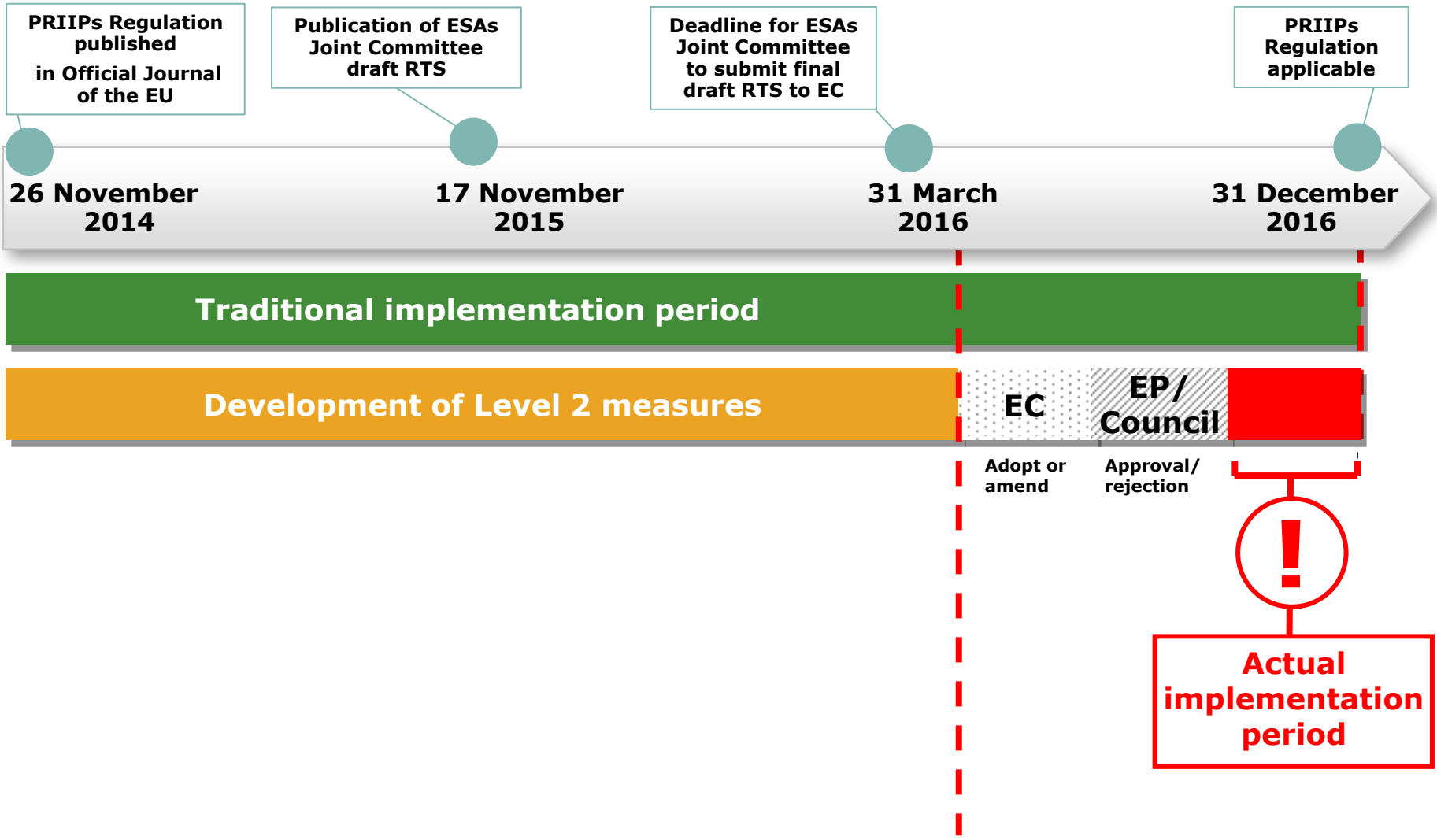
Company 1
€55

Company 2
€60

Company 3
€45

IDD

Implementation timeline



Actual submission date of final draft RTS: 7 April 2016