

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:	Austrian Federal Economic Chamber, Division Bank and Insurance	
Disclosure of comments:	Please indicate if your comments should be treated as confidential: Public	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ 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 <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question or a cell, leave the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-18-005@eiopa.europa.eu</p> <p>Our IT tool does not allow processing of any other formats.</p>		
Reference	Comment	
General Comments		
Q1	No objection.	
Q2	Yes, as stated in the text.	
Q3	No objection.	
Q4	No objection.	
Q5	We propose historical simulation resulting in price changes of the financial instrument rather than just showing the history of prices of the underlying(s).	
Q6	We strongly propose to focus on improving the calculation methodology.	

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	<p>Ad page 16 <i>“A new paragraph setting out the heading to be used for the future performance scenarios along the lines of: Above the table the following heading shall be used: ‘Simulated future performance’. Below the heading it shall be stated in bold letters, ‘Market developments in the future cannot be accurately predicted. These scenarios are only an indication of the range of possible returns’.”</i> We agree with the wording because it creates more transparency for the customer regarding what the performance scenarios really show.</p> <p><i>“This table indicates how your investment could perform over the next [recommended holding period] years in different market circumstances, assuming that you invest EUR [...] [per year]. [These are estimates based on relevant data from the past [x] years and does not take into account the situation where we are not able to pay you.] [Where applicable] (Where x is the number of years of underlying data used for the performance scenario calculations.) (Where applicable reflects that this narrative would not be applicable for certain PRIIPs, such as those falling within Annex II, Point 4(c)),”</i> We generally agree with the wording of the narrative explanations because it is easier to understand for the retail customer. Nevertheless, we would like to point out that “investment” is not suitable for all financial instruments within the scope of PRIIPs Regulation.</p>	
Q7	<p>We agree to using the risk-free rate of return. Moreover, at the end of the considered holding period, the product should be priced with implied volatilities rather than historical volatilities. For products with a maturity of more than five years or for products without a maturity, such as stocks or mutual funds, we agree with the proposal to use longer historical observation periods.</p> <p>Ad page 19 - limiting the presentation to two future performance scenarios We support the reduction to two performance scenarios including the proposed</p>	

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	narrative explanation because with two scenarios it is easier to understand for the retail customer, that the possible outcome of the product is with a certain likelihood somewhere between the two scenarios.	
Q8		
Q9		
Q10		
Q11		
Q12		
Q13		