| Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60) | | Deadline<br>6 December 2018<br>23:55 CET |
|---|---|---|
| Name of Company: | BNP PARIBAS | |
| Disclosure of comments: | Please indicate if your comments should be treated as confidential: | Public |
| | Please follow the following instructions for filling in the template:<br>⇨ Do **not** change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool<br>⇨ Leave the last column empty.<br>⇨ Please fill in your comment in the relevant row. If you have no comment on a question or a cell, leave the row empty.<br>⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.<br>**Please send the completed template, in Word Format, to CP-18-005@eiopa.europa.eu**<br>**Our IT tool does not allow processing of any other formats.** | |
| **Reference** | **Comment** | |
| General Comments | BNP Paribas Group (www.bnpparibas.com) is a European leader in banking and financial services, with a significant and growing presence in the United States and leading positions in Asia. The Group has one of the largest international banking networks, with a presence in over 75 countries and nearly 190,000 employees including 147,000 in Europe - among whom 18,000 in Italy, 16,500 in Belgium, 58,000 in France and 3,700 in Luxembourg. BNP Paribas enjoys key positions in Corporate and Investment Banking, Private Banking & Asset Management, Insurance, Securities Services and Retail Banking.<br><br>BNP PARIBAS welcomes the opportunity to give feedbacks on ESAs' Joint Committee's (hereafter "ESAs") proposed amendments to the PRIIPs KID. Indeed, BNP PARIBAS is particularly attentive to this regulation which has a considerable impact on its activities. | |

| | | |
|---|---|---|
| | Prior to answering to the specific questions in the Joint Consultation Paper, BNP PARIBAS would like to draw the Joint Committee's attention on the following issues:<br><br>- in BNP PARIBAS' view, it does not seem appropriate to make changes that will be called into question by the revision of the PRIIPs regulation;- the PRIIPs regulation is "young" and its implementation has called for significant IT developments,<br>- considering that any changes or amendments to the KIDs will trigger substantial costs and IT developments and may require as well commercial efforts to explain the changes to retail investors (in order to avoid confusion), it is of the utmost importance that any such changes or amendments become mandatory:<br>i) not before at least 1 year following their publication and<br>ii) for the KIDs to be provided to retail investors in connection with new PRIIPs only.<br>Any outstanding KIDs should remain valid without the need to amend them until maturity of the PRIIPs.<br>- however, some aspects of the current RTS lead to unsatisfactory results in the indicators calculations and these should be addressed with no delay (drift impacts on performance scenarios, nul or negative performance scenarios impacts on RIY). | |
| Q1 | We believe that information on past performance is primarily relevant for actively managed funds, where the management quality is reflected in the past performance, as per the UCITS directive.<br><br>However, for PRIIPs Categories I (derivatives) and III (non-linear investment product), and certain insurance-based investment products simulating past performance is generally not feasible, or when possible, could lead to misleading results as described in our answer to question 2.<br><br>In our view, only non-structured UCITS (Category II PRIIPs) and Category IV PRIIPs, information on past performance should be included in the KID where it is available :<br>- For UCITS Category II PRIIPs we believe that the information on past performance should optionnally be added to the future simulated performance scenarios.<br><br>- For Category IV PRIIPs, the current PRIIPs performance scenarios are misleading and the | |

| | | |
|---|---|---|
| | use of past performance data alongside forward-looking performance scenarios potentially increases confusion for retail investors, so we believe that the information on past performance should replace the future performance scenarios. | |
| Q2 | Yes, for the below types of PRIIPs, applying a concept of past performance is very challenging or could be misleading.<br><br>Regarding insurance-based investment products: We anticipate problems with providing past performance data for certain products. For products with guarantees and products with biometric protection such as death cover, the performance of the product is driven by the promised guarantee and biometric performance respectively rather than the market performance of the underlying assets. Although it is possible to simulate past performance data for these products, we question the utility in providing this information because it does not reflect the overall features of the product.<br><br>- Regarding all Category III products : the past performance data of a structured product does not exist before the product is issued. It would be misleading to do any assumptions on past performance of a securities that legally does not exist, and has, at the date of the issuance, no price history.<br><br>- For all Category I derivatives: there is no past price for the instrument since these are bespoke bilateral contracts (OTC), or exchange traded. Displaying the past price of the underlying would be misleading.<br><br>We would also like to point out that back-tests (i.e. simulated past performance) raise concerns of investor protection, as well as large technical challenges, explained below in more details.<br><br>Indeed:<br>- Category I and Category III PRIIPs do not have price history;<br>- any back tests for structured products, whether they are hold-to-maturity products or trading products, lead to results that are not comparable to Category II funds which have an | |

actual price history;
- any form of back testing of Category III PRIIPs involves discretionary elements;
- computational feasibility considerations, including past market data;
- complying with the maximum of 3 pages in the event the ESAs were to require manufacturers to show the current performance scenarios alongside the PRIIP's past performance.

**No actual price history of product does not mean a back-test should be the alternative:**
For all Category I and Category III PRIIPs, the historical actual prices/NAV of derivatives or structured products do not exist before the product is issued.
Back-tests (simulated past performance) simply cannot be done for some products due to limited or no historical data for all Category I derivatives (listed options and warrants prior to their issuance/listing), and Category 3 PRIIPs.

**Funds price history is not comparable with simulated back-test of a formula based derivative payout**
As for simulated past performance (i.e., back testing) based on a hypothetical daily issuance of a product with similar features to the PRIIP on each day of the back testing period and calculating its performance at the recommended holding period, apart from the drawbacks listed in the consultation paper, it is important to underline that the meaning of the simulated results is different from those shown in the UCITS KIID. While the latter shows annual performance of each year over the last 10 years, the daily back test shows the performance at the end of the recommended holding period, which typically corresponds to the product's maturity for fixed-term products (e.g. 5-year return).

**Back-testing of structured products (when possible to compute) involves discretionary elements**
The performance of a structured product depends on its price and/or the levels of its price dependent parameters (e.g., the participation rate or cap in a capped participation product). In order to meaningfully back test a structured product these parameters have to be adjusted to reflect the prevailing market conditions at the time of the hypothetical issuance of the product. In the case of a daily issuance on each day of the back testing period, a fresh price would have to be calculated

| | | |
|---|---|---|
| | every day. As a full snapshot of all inputs used by a bank's pricing engine may not be readily available for each day in the back testing period, any repricing would necessarily involve assumptions and degree of discretion. It would potentially also impose significant demands on manufacturers' IT infrastructures, as it would require them to perform daily recalculations of historical prices for a large product set.<br>If, on the other hand, a simpler methodology applying the current payoff to the back-test, were to be used, the historical prices would not be comparable to the product's current price, thereby reducing the utility of the back test.<br><br>**Back-test computational issues**<br>Many Category III PRIIPs manufacturers have invested heavily to ensure that the required PRIIP KID risk figures can be calculated on a daily basis for the large product universe offered continuously to investors (i.e. update requirements apply). The simulations required for a PRIIP's SRI and performance scenarios would further exacerbate the already significant infrastructure challenges posed by the need to calculate historical product prices.<br>Selection bias against products designed to benefit investors in current market conditions<br>It is important to note that this selection bias would not only favor PRIIPs specifically designed to perform well in a given historical period, but risks randomly penalizing any PRIIP that is designed and priced on a forward-looking basis.<br><br>**Showing the historical price of the underlying**<br>We would like to underlinenote that if the ESAs decided to prescribe back tests not for the PRIIP itself, but for the reference asset (i.e., the second possibility mentioned in the CP), it will mislead investors insofar as they might mistakenly compare them with the product's performance of a PRIIPs Category II.<br><br>**Space constraints**<br>While manufacturers of structured products have succeeded to fit the PRIIP KID on three pages, many PRIIPs push up against that page limit. If the ESAs were to require manufacturers to show the current performance scenarios alongside the PRIIP's past performance, it may be impossible to meet the page limit without reducing the font size to a level that impairs readability. | |

| | | |
|---|---|---|
| | | |
| Q3 | Yes, only non-structured UCITS, Category II PRIIPs should be allowed to display past performance information based on the approach currently used in the UCITS KII.<br><br>For all other PRIIPs (including Category I, Category III structured securities and structured funds), displaying past performance would be either technically impossible or very complex (leading to non-comparability), and misleading. Indeed, this is consistent with the approach taken by UCITS Regulation which explicitly prohibits the use of past performance for structured UCITS (Commission Regulation (EU) no 583/2010 of 1 July 2010 – Article 36 §1: “The key investor information document for structured UCITS shall not contain the ‘Past performance’ section”). | |
| Q4 | We do not think that information on simulated past performance should be included in the KID where actual past performance is not available.<br><br>Simulated past performance for Category I and Category III PRIIPs structured securities and structured funds) should not be included. We refer to our concerns set forth in response to question 2 and question 3 above. | |
| Q5 | We do not think that information on simulated past performance should be included in the KID where actual past performance is not available.<br><br>We refer to our concerns set forth in responses to question 2 and question 3 above. | |
| Q6 | - Regarding insurance-based investment products, we would suggest that manufacturers be able to use narrative explainations suitable for insurance products in all sections of the KID.<br><br>- Regarding the other PRIIPs, these amendments to the narrative explainations are an improvement on the current performance approach and will improve the clarity of the scenarios presented in the KID. However attention should be paid that the proposed | |

narrative should also cover PRIIPS with a recommended period of less than one year which does not seem to be the case at present. Therefore we suggest to slightly amend the wording appearing in section 6.1.2 on page 38 of the CP by deleting the word "years" in the very first part of the language meant to be inserted after the data table.

*Section 6.1.2 - page 38*
***Simulated future performance***
*Market developments in the future cannot be accurately predicted. These scenarios are only an indication of the range of possible returns.*
*[ table to insert ]*
*This table presents the range of possible outcomes over the next [recommended holding period] ~~years~~, assuming that you invest 10.000 EUR, defined on the basis of the performance of financial markets over the previous 5 years. What you will actually get back will depend on how the product performs in the future. Actual future performance could be lower than described in the stressed environment or higher than described in the favourable environment.*
*The figures shown include all the costs of the product itself, and includes the costs of your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.*

In addition to the above proposed narrative by the ESAs, we suggest to :

- Explain in the KID what these scenarios represent: we keep hearing feedback from many distributors and advisors that it is unclear what scenario represent. We suggest to add:
  *"These scenario are based on future simulations. The stress scenario represents the worse 1% case at year 1 and 5% cases in any subsequent holding period. The negative scenario represents the worse 10% cases. The moderate scenario represents the median case, and the positive scenario the 10% best cases"*

- Keep part of [Element C]: *"What you get will vary depending on how long you*

| | | |
|---|---|---|
| | *keep the investment/product".*<br><br>NB: We would welcome new mandatory narrative to be prescribed and translated through official RTS addendum to avoid national interpretations / discrepancies among manufacturers.<br><br>NB2 : Note that for OTC derivatives, reference to performance rather that « what you get back » should remain possible. | |
| Q7 | - **Regarding insurance-based investment products:**<br><br>We consider that the risk-free rate of return methodology and presentation of the future performance scenarios could be misleading for retail investors (the risk-free rate of return hypothesis is too pessimistic).<br><br>We think that the amended approach and presentation for future performance scenarios to highlight the range of outcomes is not a relevant information for retail investors given the large number of possible and different results.<br><br>Finally, even if the extension of the historical period used to measure performance from five to ten years may reduce in some cases the issues of "financial cycles", we consider that this information could be misleading for retail investors in funds whose performance is down or up for more than 10 years.<br><br>- **Regarding the other PRIIPs:**<br><br>**Values showed in scenario table**<br>In our view, the methodology for calculating performance scenarios can be slightly improved. However, the current methodology was adopted after careful consideration of the ESAs and a number of in-depth consultations with stakeholders (over more than 2 years) where such topic was | |

| | | |
|---|---|---|
| | already considered:<br><br>- Discussion paper JC/DP/2014/02 (17 Nov 2014)<br>- Technical discussion paper JC DP 2015 01 (23 June 2015)<br>- Joint consultation on KIDs: JC 2015 073 (11 November 2015)<br><br>Changing the drift assumption as this stage would be contradictory to the work delivered by the ESAs over more than 2 years consultation process. In addition changing the drift has costs beyond IT costs, the costs of explaining again to all distributors and their financial advisors, a different methodology than than the one we explained them since 1st January 2018: this would look very "unprofessional".<br><br>We are of the view that simple minor adaptations could help:<br><br>**SOLUTION 1**<br>Remove the historical drift in ***the unfavourable scenario only*** to make it comparable to the stressed scenario which already has zero drift. This solution:<br>(i) allows to avoid the pro-cyclical effect of the historical drift and resolves the issue of too optimistic results on downside especially ;<br>(ii) results in always presenting sufficient diversification between the different scenarios by keeping the historical drift in the neutral and positive scenario (which was the ESA decision following the above mentioned 3 consultations) ;<br>(iii) does not imply a change in the results of the moderate performance scenario (as a reminder, any change made to the moderate scenario would also have impacts on the developments to calculate costs); and more generally<br>(iv) does not imply modifying on a large scale the IT developments already carried out.<br><br>**SOLUTION 2 (consistent with previous EUSIPA recommendation)**<br><br>EUSIPA reply to Q4 of JC DP 2015 01 was that in favour of the ESA proposal for option b) | |

Reference to EUSIPA previous reply on this :

Link: https://eusipa.org/wp-content/uploads/ESA_TDP_PRIIPs_EUSIPA_REPLYFORM-1.pdf

Technical JC DP 2015 link: https://esas-joint-committee.europa.eu/Publications/Consultations/JC%20DP%202015%2001.pdf

> perspective, the asset will grow at the risk neutral rate adjusted by a risk premium. With respect to the specification of asset growth rates, there are several choices that can be considered:
>
> a. The asset grows at the risk free rate (with the hypothesis that the risk-premium is equal to zero)
> b. The asset grows at the risk free rate adjusted for an asset specific risk premiums (with the hypothesis that the risk premium is different from zero and constant)
> c. The asset grows at the risk free rate adjusted for an asset specific risk premiums adjusted for current market conditions (with the hypothesis that the risk premium is different from zero and time dependent).

whereby the asset grows at the risk free rate adjusted by an asset specific risk premium, constant and explicitly set by regulators (e.g. for equities the risk premium should probably be between 4% and 7% p.a.). This has only benefits :

(i) All manufacturers use the same equity risk premium and would be simple to implement.

(ii) Consistency with economic theory : some asset classes have more risk, hence more return than others : investors in equity linked assets rationally invest in these asset class because they believe that equities carry a risk premium, and expect returns above risk free rate.

(iii) Yet, this solution, though more robust, would, to be legally binding, require a re-drafting of the Level 2 RTS.

| | | |
|---|---|---|
| | **Extension of histor1ical data window**<br><br>As for the extension of the historical period, we favour keeping 5 years of data.<br><br>Using 10 years would bring no major benefits, since trends in broad equity indices will not be greatly affected. However, since it will lead to more cases of insufficient market data, should the use of 10 years of data for the bootstrap be the option decided in a revision of RTS Level 2, the minimal required period specified in the current RTS (e.g. 2-year daily data) should not be changed. | |
| Q8 | Currently, the RYI being based on the Moderate Performance makes its display mandatory in the Performance scenario section to be able to explain the RYI calculation. The Favorable and Unfavorable or Stress scenario are also required to indicate a range of possible outcomes.<br>Hence we would only be considering limiting the presentation to fewer scenarios if the RYI logic is revisited (costs are displayed as direct costs).<br><br>Until then, we note that the current table with 4 scenarios is well understood by distributors and advisors and changing this in the RTS would cause regulatory disruption Structured products issuers, distributors and insurers offering these products in MOPs now need a period of regulatory stability.<br><br>Please also note the following limitation we foresee with the proposed modification :<br><br>**Problem of showing only 2 scenarios for Categories I and III PRIIPs**<br><br>- Limiting the performance scenarios to two extreme scenarios would not allow to properly reflect the range of possible outcomes, as well as certain other important features (e.g., barriers and early redemption features, which are not very well reflected in the summary risk indicator).<br><br>- Significant adaptations will be required to the KID revision process (triggered by changes in the moderate scenarios), although these have already been implemented for products already | |

| | | |
|---|---|---|
| | subject to PRIIPS.<br><br>- Additionally : the narrative should foresee a "variant" for OTC derivatives, where, often, no amount is invested.<br><br>**Problems of graphical presentation**<br>- Graphs cannot be used to present future simulated performance<br><br>- This is not compatible with the KID update requirements when KIDs produced under the original RTS with the 4 raw table scenario will need to be updated : Manufacturers cannot run 2 KID generation systems in parallel, one with the 4 raw table scenario to update original KIDs, and one with graph. | |
| Q9 | **MRM calculation for regular investment ou premium PRIIPs**<br><br>It is not clear whether the solution proposed on the market risk measure will be of benefit to consumers. There is a possibility that the suggested amendments might not capture the actual risk of such products. However it is hard to asses this as it is not immediately clear how the formula as proposed by the ESAs would be applied. A thorough assessment would need to be carried out before any changes are made.<br><br>**Performance scenarios for Autocallable products**<br><br>- **<u>Remark #1</u>**<br><br>The illustration of the Consultation Paper shows that autocalled path are pushed to only up to next intermediate holding period, but not to the RHP. The example says that in the moderate scenario, the product ends at year 2, and this value is pushed at year 3 (IHP) and then the RHP is left blank. This disregards a basic concept that that the 50% percentile over the 10,000 path could be a more favourable value than an autocall at year 2 (assume 2x 7.5% = 15% return) , it could be an autocall | |

at year 3 (22.5% return).

| Investment [ ] | | | | |
|---|---|---|---|---|
| Scenarios | | 1 year | [3] years | [5] years (Recommended holding period) |
| **Stress scenario** | **What you might get back after costs** | X € | X € | X € |
| | Average return each year | -X % | -X % | -X % |
| **Unfavourable scenario** | **What you might get back after costs** | X € | X € | X € |
| | Average return each year | -X % | -X % | -X % |
| **Moderate scenario** | **What you might get back after costs** | X € | X € | |
| | Average return each year | X % | X % | |
| **Favourable scenario** | **What you might get back after costs** | X € | | |
| | Average return each year | X % | | |

RiY =?

*In the stress and unfavourable scenarios the product reaches the recommended holding period (5 years)*
*In the moderate scenario the product ends at year 2. The performance shown under 3 years shows what you might get when the product ends at year 2.*
*In the favourable scenario the product ends at year 1.*

In addition, to comply with point 24 (c) of ANNEX IV in the RTS, for the same scenario line (i.e. stress, unfavourable, moderate and favourable) the vast majority of manufacturers have implemented a methodology that can lead to a situation where different paths from among the 10,000 scenarios are selected at different holding periods, which is the correct thing to do because a scenario where the product is called after one year might be compatible with the 90$^{th}$ percentile, while at the three-year holding period, a scenario called after two years might be compatible with the 90$^{th}$ percentile. This concept is missing from the consultation paper’s suggested illustration.

- **Remark #2**

In addition this approach of “hiding the cells” after the next holding period after the autocall date causes a problem on the moderate scenario at year 5 in this example: you do not disclose to the investor on what scenario level the RIY(5 years) is computed.

| | | |
|---|---|---|
| | For the presentation of RIY, the preliminary assessment of the ESAs, is that it "*would be relevant to assume that the product is held until the recommended holding period"*, with a view to ensuring that the retail investor is aware of all of the potential product costs. The *sentence in italic* is contradicting the table illustration just above: if ESAs recommend to assume product is held to the RHP / maturity, then this should be illustrated in the scenario as well by having scenarios at the RHP as well. This can be achieved thanks to the solution below.<br><br>Convergence on autocallable scenarios agreed at EUSIPA level<br>As a general matter, we would refer to the EUSIPA recommendations with respect to autocallable products for our view as to how autocallable products should be handled (recommendation 4 from the Sept. 2018 recommendations document published by EUSIPA).<br>A. Auto-call payments should not accrue interest to the RHP, in other words no reinvestment assumption should be made and the value of the autocall payment should be displayed as it is i.e. "What you see is what you get approach".<br><br>**Narratives for the SRI**<br>BNP PARIBAS is not against this proposal, but nevertheless questions its relevance. It is important to consider the 3-page limit before adding more information within KIDs. This should be more than 300. This does not contradict the 3 pages constraints for OTC derivatives for instance, as it would allow to move risk factors tot he risk section from the product description.<br><br>**Narratives for performance fee**<br>No specific comments as we do not issue structured products with such feature.<br><br>NB : again, if the ESAs want to change the narrative, we would welcome a narrative to be prescribed and translated through official RTS addendum to avoid national interpretations / discrepancies among manufacturers. | |

**Growth assumption of 3% for RIY calculation**

Regarding point 4.2.1 growth assumption for the RIY calculation. The latest 19 July 2018 Q&A aimed at solving the problem of RIY being equal to 0% when the moderate scenario is zero, by using a 3% growth scenario instead of the moderate scenario displayed. While the intention is welcome, the solution proposed by the ESA is not robust: it works only to a case of a total loss, and even in this case, it lead to inconsistency with RIY calculations of other cases, due to a discontinuity (or threshold) effect: Moderate scenario = 100 EUR (1%) => no use of the assumption, vs Moderate scenario = 0 EUR , use of the 3% growth assumption.

This threshold effect is detrimental and difficult to justify to retail clients.

For these reasons, BNP PARIBAS proposes a robust alternative solution. In our view, the only viable solution to the structural problem caused by the RIY (a concept we opposed against since 2015), cannot be a “quick fix”, but rather a disclosure of “raw costs” (i.e. MIFID costs) in addition to the RIY table.

We therefore suggest as an option:

(1) First to reword the terminology used in **Cost over time table** or the calculation methodology as “impact on return” to be more accurate and less confusing;

**Rewording of RIY Table** (in green)

| **Investment EUR 10 000** | If you cash in after 1 year | If you cash in after 3 years | If you cash in at RHP |
|---|---|---|---|
| ~~**Total costs**~~ **Impact on return expressed in currency terms** | EUR X | EUR X | EUR X |

| | | | |
|---|---|---|---|
| **Impact on return (RIY) per year** | x% | x% | x% |

<u>and</u>

(2) to add an optional annex to present the raw costs, calculated using the total expense ratio (TER) method in % and cumulative EUR amount. The TER is currently used for UCITS funds, this would allow better comparability with the current UCITS KII regime.

**<u>Optional table to be added in annex to the KID to show the "MIFID costs"</u>**:

*"The below table shows the raw costs and annual total expense ratio of the product. The TER represent the annualized equivalent cost of the product, which is different from the impact on return (Reduction in Yield) displayed in the previous table. TERs can be compared to across all types of Priips."*

| **Investment EUR 10 000** | If you cash in after 1 year | If you cash in after 3 years | If you cash in at RHP |
|---|---|---|---|
| **Total cumulative cost** | EUR Y | EUR Y | EUR Y |
| **Total Expense Ratio (TER)** expressed in % per annum | y% | y% | y% |

**Regarding section "4.2.2. Other minor amendments"**

- We do not see any drawback to include a line to state the term i.e. tenor or maturity of the product in the "What is this product section" as for structured products, this is already provided in the dates (issue date and maturity date) displayed.

| | | |
|---|---|---|
| | **General other amendments driven by BNP PARIBAS**<br>- We propose to include the clarifications provided by the ESAs in the latest Q&A document regarding the presentation annualized vs. de-annualized performance to be included in the new RTS, explaining the rule should apply on the residual RHP and not the initial RHP.<br>- Given that structured products are already subject to PRIIPs while UCIT funds are not yet, we believe it is important that in terms of calendar the application of the amended RTS allows for both to use the same method at the same time (i.e. amended RTS provided sufficiently ahead of the enforcement date for UCIT funds). | |
| Q10 | For reasons of comparability, the costs tables needs to be unified between UCITS regulation and PRIIPs. UCITS presents raw costs per annum (i.e. a TER), which are clear and easier to understand, while PRIIPs presents RIY, which was a new concept. This topic has not been discussed in the consultation paper.<br><br>BNP PARIBAS proposal is to address it by adding as an option a TER table in the KID. | |
| Q11 | We believe the benefits and costs analysis is comprehensive. | |
| Q12 | Regarding PRIIPs category II UCITS which have an actual NAV history, cost of including information on past performance (when track record is available) would be fairly limited.<br><br>Regarding the other PRIIPs, the inclusion of past performance could create misleading results. Regardless, from a technical point of view, including the past performance using one of the methodologies described in the consultation paper might prove technically impossible for all Category III (structured funds or structured products), MOPs, or Category I (derivatives). | |

| | Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60) | Deadline<br>6 December 2018<br>23:55 CET |
|---|---|---|
| Q13 | The RTS needs to provide clarity regarding the redundancy of documents that will be produced by UCITS funds from 1st Jan 2020 when the Article 32 exemption expires, after unification of UCITS directive and PRIIPs regulation.<br><br>Non-retail investors currently receive KII Documents for UCITS, while KIDs are only provided for PRIIPs and only to retail investors. Clearly, maintaining both documents and methodologies concurrently poses a significant additional costs, with potential misleading differences. | |