

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:	Vzbv	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	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	<p>The Federation of German Consumer Organisations (vzbv) is a non-governmental organisation that acts as an umbrella organisation for 41 German consumer associations. vzbv represents the interests of consumers in Germany vis-a-vis the regulators, the private sector and civil society. For lack of resources, vzbv will not be able to join a debate on the technical details of the PRIIPs KID. However, the following general statement is within the scope of our available data and resources:</p> <p>As consumer representatives, vzbv strongly endorses the PRIIPs regulation, because it offers the chance to establish true comparability between investment products. Presently, consumer information on investment products is fragmented. Changing this is</p>	

Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60)

**Deadline
6 December 2018
23:55 CET**

a major achievement for consumer protection on financial markets in Europe. This comparability needs to include UCITS to realise its full effect, and it should do so as soon as possible. However, the information presented to consumers needs to be accurate for the comparability of products to be reliable and useful. The current state of the PRIIPs KID provides cause for concern, due to the misleading nature of its future performance scenarios¹ and the confusing transaction-cost calculations. Consumers would not benefit from the mass implementation of information documents, which suggest questionable prognoses to them.

To alleviate these issues immediately, vzbv suggests that the future performance scenarios, for products that evidently show misleading scenarios, should be set to zero, for the time being. While this is not accurate information either, it is preferable to suggesting absurdly high performance to consumers.

Regarding the long term, vzbv believes that the most viable way forward is for the ESAs to provide technical support to a comprehensive level 1 review of the PRIIPs Regulation. This Review should be completed within a two years timeframe, for the duration of which the exemption for UCITS from PRIIPs may be extended, and should result in three main points:

1. The certainty that the exemption of UCITS from the PRIIPs Regulation will end upon completion of the review, and that the UCITS KIID be phased out at the same time.
2. That the future performance scenarios should be replaced by reliable data on the product, in a way that may, for example, be more similar to the current UCITS KIID.
3. That the transaction-cost calculations or their presentation should be reworked, to yield more easily understandable results.

¹ (German) <https://www.marktwaechter.de/pressemeldung/performance-szenarien-basisinformationsblaettern-nicht-nachvollziehbar>

Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60)

**Deadline
6 December 2018
23:55 CET**

Q1	<p>The addition of past performance in the KID would help insofar, as it would provide a baseline of data to the consumer, which is actually true. However the proposed solution of adding past performance on top of future performance scenarios does not address the issue caused by having future performance included in the first place.</p> <p>One of the main reasons cited against including past performance scenarios is that consumers may falsely project past performance into the future and thus be misinformed. However, even though the KID offers several possible scenarios instead of just one linear extension of the past, the underlying fallacy is the same. The presence of a future performance suggests a false sense of knowledge about the future, which is a disservice to consumers. Because it is impossible to predict the future, the KID should forego any pretence of being able to do so. Future performance scenarios should therefore be removed from the KID entirely.</p>	
Q2		
Q3		
Q4		
Q5		
Q6		
Q7		
Q8		
Q9		
Q10		
Q11		
Q12		

**Comments Template for Joint Consultation Paper concerning amendments
to the PRIIPs KID (JC 2018 60)**

**Deadline
6 December 2018
23:55 CET**

Q13		
-----	--	--