

PRIIPs Consultation on draft RTS

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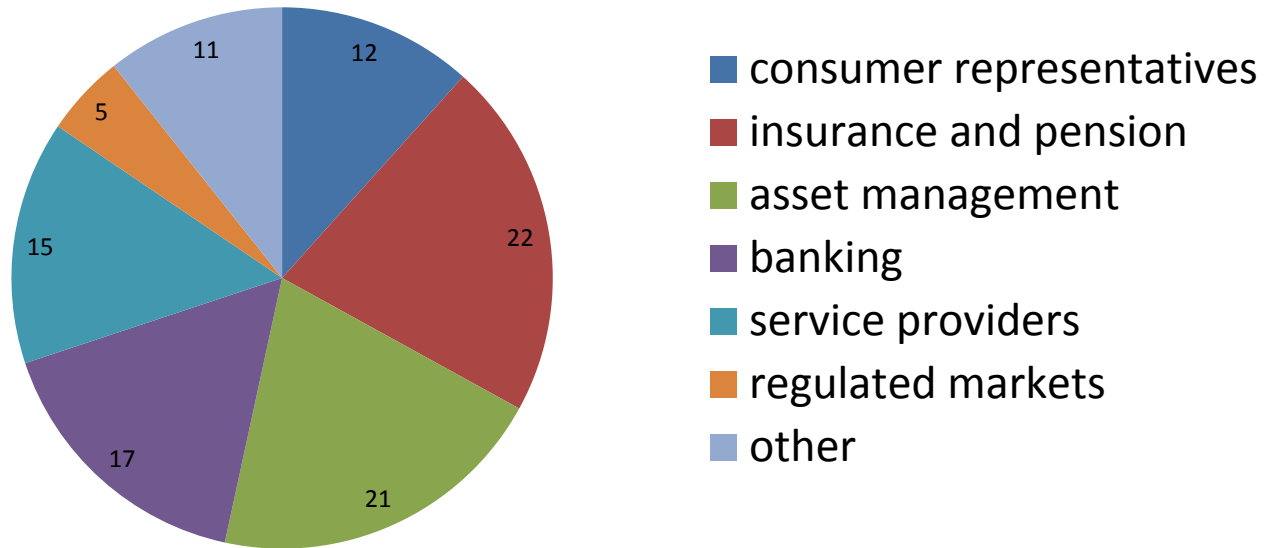
Introduction

- The PRIIPs Regulation applies from **31 December 2016**
- It requires highly-standardised '**Key Information Documents**' for packaged retail and insurance-based investment products (PRIIPs)
- The ESAs are jointly mandated to prepare **draft RTSs** on:
 - Presentation and content of the KID
 - Review and revision of the KID
 - Timing of delivery of the KID to consumers

Consultation Paper

- The ESAs launched a Consultation Paper on the draft RTS in November, running to end of January 2016
- The Paper outlines rules on:
 - A **summary risk indicator**, placing each PRIIP on a scale from 1 to 7, reflecting both credit and market risk
 - The inclusion of at least three realistic **performance scenarios**, to indicate the range of possible pay-offs for each PRIIP and to allow comparisons
 - The inclusion of **summary figures to show the combined costs** of each PRIIP, and how these accumulate over time in monetary terms
- The Consultation Paper is based on testing of different options in an extensive consumer testing study, undertaken with the Commission

- Over 100 reactions to Consultation Paper



- All public responses are online now

Main issues raised

- Timing challenges for manufacturers to be compliant
- Risk
 - Calibration of the Market Risk Measure (MRM)
 - Credit Risk Measure: treatment of insurers
- Rewards
 - More prescription: link with calculations for MRM
 - Include past performance?
- Costs
 - Biometric Risk Premium, cost or not?
 - Cost tables to complex
- Scope
 - derivatives

Next steps

- The ESAs will assess Consultation Paper responses, finalise and adopt the RTS and deliver to the Commission in March
- The timeline is very tight, with little room for contingencies
- The EC legal services already conducted an early legal review
- After delivering of the RTS the ESAs will work on Q&As to help manufacturers in producing KIDs and harmonise the national approaches

Thank you for your attention. Any questions?