



European Securities and
Markets Authority

Reply form for the Consultation Paper on PRIIPs Key Information Documents



10 November 2015

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the ESMA Consultation Paper on PRIIPs Key Information Documents, published on the ESMA website.

Instructions

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

- use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
- do not remove the tags of type <ESMA_QUESTION_PRIIPS_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
- if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

- if they respond to the question stated;
- contain a clear rationale, including on any related costs and benefits; and
- describe any alternatives that ESMA should consider

Naming protocol

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA_ PRIIPS _NAMEOFCOMPANY_NAMEOFDOCUMENT.

E.g. if the respondent were XXXX, the name of the reply form would be:

ESMA_ PRIIPS _XXXX_REPLYFORM or

ESMA_ PRIIPS _XXXX_ANNEX1

To help you navigate this document more easily, bookmarks are available in “Navigation Pane” for Word 2010 and in “Document Map” for Word 2007.

Deadline

Responses must reach us by **29 January 2016**.

All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your input/Consultations’.



Publication of responses

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the headings 'Legal notice' and 'Data protection'.



Introduction

Please make your introductory comments below, if any:

<ESMA_COMMENT_PRIIPS_1>
TYPE YOUR TEXT HERE
<ESMA_COMMENT_PRIIPS_1>

Question 1

Would you see merit in the ESAs clarifying further the criteria set out in Recital 18 mentioned above by way of guidelines?

<ESMA_QUESTION_PRIIPS_1>

Whilst EUSIPA is confident that firms are best placed to assess the level of product complexity that is appropriate for their intended target market – they will have to conduct this exercise under MIFID2 rules – we are preoccupied by the growing disparities in the approach on complexity among the various national competent authorities. This fragmentation of the national regulatory regimes is very detrimental to the development of cross-border offerings of PRIIPS. In this respect, we consider that an ESA initiative to develop common complexity criteria could be beneficial as it may usefully contribute to the harmonization of the product complexity rules.

If such this clarification exercise were to be launched, it should focus on ensuring a level-playing field among the various product types. We would notably urge that non-UCITS PRIIPS be not discriminated against their UCITS equivalents.

Finally, as concerns the complexity assessment, EUSIPA would recommend setting out clear high-level principles and avoiding unduly detailed and overly prescriptive methodologies. <ESMA_QUESTION_PRIIPS_1>

Question 2

- (i) *Would you agree with the assumptions used for the proposed default amounts? Are you of the opinion that these prescribed amounts should be amended? If yes, how and why?*
- (ii) *Would you favour an approach in which the prescribed standardised amount is the default option, unless the PRIIP has a known required investment amount and price which can be used instead?*

<ESMA_QUESTION_PRIIPS_2>

EUSIPA disagrees that EUR 15.000 should be used for single premium insurance-based investment products.

EUSIPA prefers the use of one single unit or the minimum denomination of a PRIIP. In case an amount has to be presented, we believe that EUR 1.000 or 10.000 EUR should be used for all types of PRIIPs (all insurance based, regular premium insurance products as well as single premium, UCITS/AIFs, and structured products) to ensure comparability. <ESMA_QUESTION_PRIIPS_2>

Question 3

For PRIIPs that fall into category II and for which the Cornish Fisher expansion is used as a methodology to compute the VaR equivalent Volatility do you think a bootstrapping approach should be used instead? Please explain the reasons for your opinion?

<ESMA_QUESTION_PRIIPS_3>

Concerning the choice of the risk methodology for PRIIPs, EUSIPA urges the ESAs to avoid introducing new risk methodologies, especially if they are not well-established market practices for the relevant product type, unless they bring:

- Clear benefits in terms of risk measurement (e.g. better differentiation than alternative easier methodologies) and
- More consistency and finally a level-playing field in the regulatory treatment of the various product classes.

Therefore we are in favour of one consistent methodology for all PRIIPs reflecting relevant product characteristics. A differentiation of methodologies between different PRIIPs categories is in our eyes not needed especially as we observe that the proposed approaches lead to similar results.

EUSIPA wishes to outline that for category II PRIIPS a bootstrapping approach leads to similar results as Cornish Fischer but is much simpler, given that it represents an historical simulation. At the same time, we

observe that bootstrapping leads to similar results as the well-established Black and Scholes methodology. Therefore we fail to see the benefit of implementing the bootstrapping approach.<ESMA_QUESTION_PRIIPS_3>

Question 4

Would you favour a different confidence interval to compute the VaR? If so, please explain which confidence interval you would use and state your reasons why.

<ESMA_QUESTION_PRIIPS_4>

EUSIPA takes the view that the VaR level only serves as a basis to calculate the VEV ("Volatility Equivalent to Value-at-Risk"), so the confidence interval is of low importance. As an adjustment of the level would result in changes in the classification scheme, EUSIPA sees no value-added of changing the VaR level.

<ESMA_QUESTION_PRIIPS_4>

Question 5

Are you of the view that the existence of a compensation or guarantee scheme should be taken into account in the credit risk assessment of a PRIIP? And if you agree, how would you propose to do so?

<ESMA_QUESTION_PRIIPS_5>

EUSIPA believes a reference to any type of compensation or guarantee scheme is not relevant when assessing the level of credit risk incurred.

The objective of such schemes is not to protect retail investors from the default of the issuer/product manufacturer as counterparty but to protect the retail investor from the default of the entity acting as cash or financial products' depository (as counterparty). It should be noted that issuer/product manufacturer and depository entities are in practice very often not identical.

Also, it is important to note that compensation schemes are generally capped (e.g. EUR 100,000 or an equivalent amount). They are not related to each PRIIP investment but concern the financial instruments accounts held in each credit institution.

Hence investors holding assets in excess of more than EUR 100,000 in one credit institution could be misled by a CRM risk class taking into account a compensation scheme.

Also the existence of a compensation scheme is already specified in section "What happens if [the name of the PRIIP manufacturer] is unable to pay out?". EUSIPA does not see the benefit of taking it into account in another section of the KID .

<ESMA_QUESTION_PRIIPS_5>

Question 6

Would you favour PRIIP manufacturers having the option to voluntarily increase the disclosed SRI? In which circumstances? Would such an approach entail unintended consequences?

<ESMA_QUESTION_PRIIPS_6>

EUSIPA takes the view that an option for a voluntary increase would in general not allow for comparable results any longer, as it may be the case that one manufacturer enacts such an SRI increase and another manufacturer offering an identical/similar product will leave the risk class unchanged.

However, we note that in certain circumstances and for specific product types, this option could be of interest, in particular for manufacturers of a limited number of products. A voluntary increase can make sense, for example, if the risk of a product for intermediate holding periods is larger than at the end of maturity. However, we do not take a view in this respect on any unintended consequences, as this has not been tested yet. (For example, we do not know if this option may triggers an overall precautionary upgrad-



ing of the risk categories resulting in a loss of granularity in the risk assessment of the various product types.)

<ESMA_QUESTION_PRIIPS_6>

Question 7

Do you agree with an adjustment of the credit risk for the tenor, and how would you propose to make such an adjustment?

<ESMA_QUESTION_PRIIPS_7>

Firstly, EUSIPA wishes to stress that such adjustments are clearly contrary to common market practice. Secondly, it should be noted on the technical level, that there is no linear relation between tenor and credit risk and that, consequently, there is no commonly agreed qualitative approach for such an adjustment of the CRM class according to the product tenor.

If at all, such adjustment could only be done on a quantitative basis (see response to question 9) for which a methodology however would need to be established first. <ESMA_QUESTION_PRIIPS_7>

Question 8

Do you agree with the scales of the classes MRM, CRM and SRI? If not, please specify your alternative proposal and include your reasoning.

<ESMA_QUESTION_PRIIPS_8>

We have concerns on the methodology chosen to compute the VaR for structured products but even more on the MRM and CRM scales.

Yet, considering the MRM scale, we believe that the volatility buckets are too conservative in the low and medium risk classes. They would thus not be in-line with the expectations of market participants. For instance, most risky products (meaning those where the investors can lose more than the invested capital, such as CFDs and short option positions) should not fall within the same risk class than all other PRIIPs. Generally equity-linked products of a medium market risk would, under the current volatility levels, systematically be grouped into highest risk levels, which is clearly not adequate.

As for readjusting the volatility levels EUSIPA strongly supports the proposal developed by our German members association DDV (see summary table hereunder) whose details and background data can be found under the following link. (full address:

<http://www.derivateverband.de/DE/MediaLibrary/Document/Politik/DDV%20PRIIPs%20Report%203.pdf>)

PROPOSED VOLATILITY THRESHOLDS

MRM Class	Proposed thresholds*	JC thresholds*
1	< 2.5%	< 0.5%
2	2.5 % - 5%	0.5% - 2%
3	5 % - 15%	2% - 5%
4	15% - 25%	5% - 10%
5	25% - 35%	10% - 15%
6	35% - 45%	15% - 25%
7	> 45%	>25%

* Thresholds for annualised volatility

The risk matrix presented in the Consultation Paper does further not find our approval for the reason that it does not distinguish sufficiently between the single risk levels. We are in particular not in agreement of the jump by 2 (overall risk) notches between the classes CR2 and CR3 for a market risk of 1 (MR1). As the before flaw is being found also in the alternatively proposed risk table we assume that the structural weakness continues to prevail there, too. Concluding we would suggest that in the final risk table a change of CRM or MRM by one notch consequently only triggers a one-notch change on the SRI.

<ESMA_QUESTION_PRIIPS_8>

Question 9

Are you of the opinion that for PRIIPs that offer a capital protection during their whole lifespan and can be redeemed against their initial investment at any time over the life of the PRIIP a qualitatively assessment and automatic allocation to MRM class 1 should be permitted?

Are you of the opinion that the criteria of the 5 year tenor is relevant, irrespective of the redemption characteristics?

<ESMA_QUESTION_PRIIPS_9>

We believe that this pre-categorization of certain products will hamper comparability and rather give space to unintended regulatory arbitrage. Due to the fact that these structures have to be quantitatively assessed in case of the given criteria, we prefer a consistent approach for all PRIIPs. Thus, every PRIIP with guarantee also has to be quantitatively assessed.

Therefore, we think that the 5 year tenor criteria is not very relevant in this categorization. Moreover, in the low rate and low inflation environment, there are currently very few principal protected PRIIPs with less than 8 years tenor being issued. Many life insurance products are principal protected but need to be held for more than 5 years to be eligible (e.g. France 8 years). Thus setting the maximum tenor at 5 years for MRM1 would lead to incomparable results and create a bias for many insurance products.

<ESMA_QUESTION_PRIIPS_9>

Question 10

Are you aware of other circumstances in which the credit risk assessment should be assumed to be mitigated? If so, please explain why and to what degree it should be assumed to be mitigated?

<ESMA_QUESTION_PRIIPS_10>

EUSIPA agrees that there are circumstances in which credit risk is mitigated. This is notably the case when there is collateralization. As the collateralization process is protective of investors, we believe it should be acknowledged in the credit assessment, for example by an upgrade of one or two CRM notches provided the issuer posts collateral at least at PRIIP mark-to-market value at any time, in a segregated collateral account.

We propose that generally credit risk should be reduced for any cases/scenarios for which there is such consequence already established under EU rules, for example the EU directive 2013/36 on capital requirements of banking institutions ("CRD IV").

Generally we would wish that CRM up- and downgrades following credit risk mitigation or increase are handled strictly in a balanced and unbiased way in line with general market-practice.

<ESMA_QUESTION_PRIIPS_10>

Question 11

Do you think that the look through approach to the assessment of credit risk for a PRIIP packaged into another PRIIP is appropriate?

<ESMA_QUESTION_PRIIPS_11>

EUSIPA agrees that the look-through approach for PRIIPs repackaging other PRIIPs is appropriate. It should be noted that consequently this overall requirement has to be applied to UCITS funds as well in order to allow for comparability. <ESMA_QUESTION_PRIIPS_11>

Question 12

Do you think the risk indicator should take into account currency risk when there is a difference between the currency of the PRIIP and the national currency of the investor targeted by the PRIIP manufacturer, even though this risk is not intrinsic to the PRIIP itself, but relates to the typical situation of the targeted investor?

<ESMA_QUESTION_PRIIPS_12>

EUSIPA is of the view that a risk indicator should, by definition, attempt to present a complex set of information pieces in a single simplified form.

EUSIPA notes that with the credit risk already included in this indicator, comparison with different products will no longer be based on the exact same criteria.

The inclusion of additional risk criteria not intrinsic within the risk indicator, such as foreign exchange volatility, would in our eyes further complicate a comparison among investment products.

Due to the operational complexity (i.e. need to adapt KIDs for the same PRIIPS distributed in various jurisdictions with different currencies), this inclusion would also severely hamper the development of cross-border offerings of retail products, a stipulated goal under the Capital Markets Union.

Finally, we believe that these risks could be disclosed in text form with a greater clarity. <ESMA_QUESTION_PRIIPS_12>

Question 13

Are you of the opinion that the current Consultation Paper sufficiently addresses this issue? Do you think it is made sufficiently clear that the value of a PRIIP could be significantly less compared to the guaranteed value during the life of the PRIIP? Several alternatives are analysed in the Impact Assessment under policy option 5: do you see any additional analysis for these assessment?

<ESMA_QUESTION_PRIIPS_13>

From a qualitative perspective EUSIPA is in line with the prescribed wording of article 9.

If regulators are interested in displaying aspects of early termination, EUSIPA would support the application of a quantitative methodology for doing so, with further details however in need to be discussed and/or developed. <ESMA_QUESTION_PRIIPS_13>

Question 14

Do you agree to use the performance fee, as prescribed in the cost section, as a basis for the calculations in the performance section (i.e. calculate the return of the benchmark for the moderate scenario in such a way that the return generates the performance fee as prescribed in the cost section)? Do you agree the same benchmark return should be used for calculating performance fees for the unfavourable and fa-

vourable scenarios, or would you propose another approach, for instance automatically setting the performance fees to zero for the unfavourable scenario? Please justify your proposal.

<ESMA_QUESTION_PRIIPS_14>

EUSIPA agrees that performance scenarios should be presented net of all implicit costs to avoid any misunderstanding by the investor. Implicit costs should be defined as the sum of costs upon which the manufacturer has control, including the performance fee.

The relevant assumptions for each performance scenario, especially but not limited to aspects of the underlying's evolution, should be stated clearly.

Regarding performance fees, they should only be disclosed in the scenario where they occur (most likely not in the negative scenario).<ESMA_QUESTION_PRIIPS_14>

Question 15

Given the number of tables displayed in the KID and the to a degree mixed consumer testing results on whether presentation of performance scenarios as a table or a graph would be most effective, do you think a presentation of the performance scenarios in the form of a graph should be preferred, or both a table and a graph?

<ESMA_QUESTION_PRIIPS_15>

EUSIPA disagrees with the usage of graphs and prefers a table presentation.

Graphs would create issues for PRIIPs where interim performance must be shown.

Only the table of Annex 4 - Appendix 1 should be required.

Also, EUSIPA considers that the difficulties linked to the presentation of interim performance scenarios should be further analyzed.

Scenarios on this basis would be highly problematic from a methodological perspective. Figures calculated on this basis would not provide reliable statements about the expected return of a product.

Instead EUSIPA suggests that, for products with fixed maturity dates, only one performance analysis should be required with reference to such maturity date.

EUSIPA would finally suggest to revise the wording of preamble 6 of the draft RTS insofar as its current wording (wrongly) implies that performance scenarios were to be regarded as making a forecast of future returns. <ESMA_QUESTION_PRIIPS_15>

Question 16

Do you agree with the scope of the assets mentioned in paragraph 25 of Annex VI on transaction costs for which this methodology is prescribed? If not, what alternative scope would you recommend?

<ESMA_QUESTION_PRIIPS_16>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_PRIIPS_16>

Question 17

Do you agree with the values of the figures included in this table? If not, which values would you suggest? (please note that this table could as well be included in guidelines, to allow for more flexibility in the revision of the figures)

<ESMA_QUESTION_PRIIPS_17>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_PRIIPS_17>

Question 18

Do you agree that the monetary values indicated in the first table are a sum of costs over the respective holding periods? Or should the values reflect annualized amounts? If you prefer annualized amounts, which method for annualisation should be used (e.g. arithmetic average or methods that consider discounting effects)?

<ESMA_QUESTION_PRIIPS_18>

To the understanding of EUSIPA, an annualised presentation is the most frequently used format for cost disclosure to retail investors in the financial industry. EUSIPA does not see a reason to change this standard approach. <ESMA_QUESTION_PRIIPS_18>

Question 19

Do you think that estimating the fair value of biometric risk premiums as stated in paragraph 55(b) of Annex VI would raise any technical or practical difficulties?

<ESMA_QUESTION_PRIIPS_19>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_PRIIPS_19>

Question 20

Knowing that the cost element of the biometric risk premium is included in the total costs calculation, how do you think the investor might be most efficiently informed about the other part of the biometric risk premium (i.e. the fair value), and/or the size of biometric risk premium overall? Do you consider it useful to include the fair value in a separate line in the first table, potentially below the RIY? Or should information on the fair value be disclosed in another part of the KID (for instance, the “What is this product?” section, where the draft RTS currently disclose biometric risk premiums in total, and/or in the performance section)? What accompanying narrative text do you think is needed, and where should this be placed, including specifically narrative text in the cost section?

<ESMA_QUESTION_PRIIPS_20>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_PRIIPS_20>

Question 21

Given evidence as to the difficulties consumers may have using percentage figures, would you prefer an alternative presentation of the second table, solely using monetary values instead? As with the first table, please also explain what difficulties you think might arise from calculating monetary values, and whether this should be on an annualized basis, and if so, how?

<ESMA_QUESTION_PRIIPS_21>

EUSIPA would agree with the percentages set out for table 2.

EUSIPA does not expect any difficulties in calculating the monetary value for Table 1. One important point is that for consistency reason, the total cost divided by the invested amount and per year must equal to the RIY (which is an annualized measure of cost). For clarification purposes we have inserted an example below detailing how we think Table 1 should be filled in for a 5 years structured product with fair value equal to 98% and selling price of 100%. We suggest adding to the table provided by the ESAs in the CP that all costs in % in the second table are expressed per year so that the sum adds up to the RIY (see red mark up in below table).

Selling Price	100%
Fair Value	98%
Tenor (years)	5

Investment €1000	If you cash in after 1 year	If you cash in after 5 years
One off cost	€ 20.00	€ 20.00
+Recurring Cost	€ -	€ -
+Incidental Cost	€ -	€ -
=Total Costs	€ 20.00	€ 20.00
RIY	2% p.a.	0.4% p.a.
One-off Costs	Entry Costs per year	0.40%
	Exit Costs per year	0.00%
Recurring Costs	Portfolio Transaction per year	0.00%
	Other Recurring Costs per year	0.00%
Incidental Cost	Performance fee per year	0.00%

However, considering the proposed breakdown of costs, EUSIPA wishes to express a strong concern relative to the quantity of information that would be given as such to the investor. In comparison to the risk assessment which encounters many types of risks summarized in one figure for sake of clarity, we are concerned that a breakdown of costs would lead to more confusion for a retail investor.

<ESMA_QUESTION_PRIIPS_21>

Question 22

Given the number of tables shown in the KID, do you think a more graphic presentation of the breakout table should be preferred?

<ESMA_QUESTION_PRIIPS_22>

EUSIPA does not recommend the use of a graph as the tables seem clear to us in their current form. A graphic presentation would rather be confusing.

As described in question 21, we wish to express here again a concern relative to the quantity of information that would be given to the investor with such a breakout table.

Concerning table 2, EUSIPA is not convinced it is necessary. However, should it be maintained, we believe it should specify that the breakdown “One-off Costs”, “Exit Costs”, Recurring Costs, Incidental Costs, relates to costs on an annualized basis.<ESMA_QUESTION_PRIIPS_22>

Question 23

The example presented above includes a possible way of showing the variability of performance fees, by showing the level for all three performance scenarios in the KID, highlighting the ‘moderate’ scenario,

which would be used for the calculation of the total costs. Do you believe that this additional information should be included in the KID?

<ESMA_QUESTION_PRIIPS_23>

EUSIPA is convinced that the KID is already a very complex document. Including further information will add further complexity. This is likely to be detrimental to the overall impact, no matter how useful the individual piece of information may be.

Moreover, there is also the risk that by highlighting the "moderate" scenario, investors may be induced to think that this represents a promise of this specific return.

This would be a highly undesirable outcome for both investors and regulators. No outcome should be flagged by the document as the outcome which an investor should rely on unless that return is formally committed to by the PRIIP manufacturer.<ESMA_QUESTION_PRIIPS_23>

Question 24

To reduce the volume of information, should the first and the second table of Annex VII be combined in one table? Should this be supplemented with a breakdown of costs as suggested in the graphic above?

<ESMA_QUESTION_PRIIPS_24>

EUSIPA would support, given the length restriction that will apply for KIDs, the presentation of the prescribed cost items in the KID be restricted to only one table (instead of two, as proposed in the Consultation Paper). As explained in Q23, we do not see the benefit of an additional graphic breakdown.<ESMA_QUESTION_PRIIPS_24>

Question 25

In relation to paragraph 68 a) of Annex VI: Shall the RTS specify that for structured products calculations for the cost free scenario have always to be based on an adjustment of the payments by the investor?

<ESMA_QUESTION_PRIIPS_25>

To the understanding of EUSIPA the RIY would be computed as an annualized Total Cost, defined broadly as The Total cost divided by the tenor of the product. This would ensure numbers in the cost table add up, and are comparable to UCITs funds.

EUSIPA believes that the calculation of the RIY (see paragraphs 66 and 68 of the consultation paper) should be rephrased and that the ESA should provide practical examples for structured products.<ESMA_QUESTION_PRIIPS_25>

Question 26

Regarding the first table of the cost section presented in Annex VII, would you favour a detailed presentation of the different types of costs, as suggested in the Annex, including a split between one-off, recurring and incidental costs? Alternatively, would you favour a shorter presentation of costs showing only the total costs and the RIY?

<ESMA_QUESTION_PRIIPS_26>

If the ESAs wish to keep the two tables, EUSIPA would favour a shorter presentation showing only the total cost, also given the length restriction to 3 pages.

Should the ESAs agree to have 2 tables merged into 1, which would from a EUSIPA point of view be the preferred solution, we believe the breakdown of the first table is appropriate.<ESMA_QUESTION_PRIIPS_26>

Question 27

Regarding the second table of the cost section presented in Annex VII, would you favour a presentation of the different types of costs showing RIY figures, as suggested in the Annex, or would you favour a presentation of costs under which each type of costs line would be expressed differently, and not as a RIY figure -expressed as a percentage of the initial invested amount, NAV, etc.?

<ESMA_QUESTION_PRIIPS_27>

EUSIPA takes the view that for consistency and clarity reasons, all types of costs in table 2 should be expressed on the same basis, i.e. an annualized percentage homogeneous to an RIY. This would ensure that all figures/cost items of Table 2 are adding up to the RIY calculated in the first table.<ESMA_QUESTION_PRIIPS_27>

Question 28

Do you have any comments on the problem definition provided in the Impact Assessment?

Are the policy issues that have been highlighted, in your view, the correct ones? If not, what issues would you highlight?

Do you have any views on the identified benefits and costs associated with each policy option?

Is there data or evidence on the highlighted impacts that you believe needs to be taken into account?

Do you have any views on the possible impacts for providers of underlying investments for multi-option products, and in particular indirect impacts for manufacturers of underlying investments used by these products, including where these manufacturers benefit from the arrangements foreseen until the end of 2019 under Article 32 of the PRIIPs Regulation?

Are there significant impacts you are aware of that have not been addressed in the Impact Assessment? Please provide data on their scale and extent as far as possible.

<ESMA_QUESTION_PRIIPS_28>

EUSIPA is of the opinion that while the issues related to risks, costs and performance scenarios have been largely dealt with under this consultation there are numerous items that urgently deserve attention and consideration in the implementation work-flow of ESAs and the EU Commission.

Insofar as these items are linked to problems rooted in the methodology used for establishing the approach set out in the Consultation Paper or to the alignment with Mifid2, reference on our criticism is made to the EUSIPA letter transferred to the EU institutions in advance of the ESA hearing on 09 November in Frankfurt, which can be found under the following link:

http://www.eusipa.org/images/Positions/EUSIPA_advance_comments_PRIIPs_hearing_09DEC2015_attachment_final.pdf

Insofar as our concerns are linked to issues not dealt with in the Consultation Paper we wish to draw attention to an upcoming short summary of such items. These include *inter alia*:



- Clarity on the PRIIPs product scope
- Home/host country principle - use of KIDs in other than their original market
- Guidance on content, and,
- Grandfathering.

This letter will be sent to the institutions and published on our website on 02 February 2016.<ESMA_QUESTION_PRIIPS_28>