



To: Mr Valdis Dombrovskis
Executive Vice-President for An Economy that Works for People
European Commission

cc Mr Andrea Beltramello, Member of cabinet of Executive Vice-President Valdis Dombrovskis
Mr John Berrigan, Acting Director-General
Mr Mario Nava, Director, Directorate B - Horizontal Policies
Mr Eric Ducoolombier, Head of unit, Directorate B - Retail financial services
Mr Ugo Bassi, Director, Directorate C - Financial Markets
Mr Sven Gentner, Head of unit, Directorate C - Asset management
Mr Martin Merlin, Director, Directorate D - Bank and Insurance
Mr Didier Millerot, Head of unit, Directorate D - Insurance and pensions
DG FISMA
European Commission

Subject: On-going review of the PRIIPs RTS

Brussels, 20 January 2020

Dear Executive Vice-President Dombrovskis,

The Joint Committee of the European Supervisory Authorities (the ESA's) recently held a consultation on potential changes to the regulatory technical standards (RTS) implementing the Packaged Retail and Insurance-based Investment Products Regulation (PRIIPs). We welcome the opportunity to provide input to this review of the RTS and our associations and members have engaged constructively in this process. We remain supportive of the overall objectives the PRIIPs Regulation seeks to achieve. However, we have serious concerns regarding this review, which is not mandated by the PRIIPs Regulation and which is taking place at the very moment when the Commission is scheduled to have completed the official review process of the PRIIPs framework in line with Article 33 of the Regulation. In our view the ESAs' current approach to amending the PRIIPs Key Information Document (KID) is fundamentally flawed and will not meet the PRIIPs Regulation's aim of providing information that is fair, clear and not misleading.

Consumer testing

Any changes to the PRIIPs KID must lead to concrete improvements in consumer understanding. The only way to ensure this is for all proposals to be subject to thorough consumer testing. We understand that the proposals on changes to the presentation of performance have been subject to some limited testing, but in our view this is insufficient. It is vital that new proposals are tested not in isolation but as part of the broader context of the complete information provided during the sale of a product. Given the broad and varied scope of the PRIIPs Regulation they must also be tested on a significant range of products in order to ensure they are suitable for all products in all markets. We understand that significant subsets of products have been excluded from the consumer testing.

We are also seriously concerned that the remaining proposals have not been subject to any testing at all. Changes to the presentation of costs and the treatment of multi-option products (MOPs) are fundamental to consumer understanding of the PRIIPs KID. While the ESAs purport to be introducing changes to benefit investors, there is simply no way of knowing whether consumers would see an improvement to the information provided in the KID without first testing all proposed changes.

We also question the timing of the current consumer testing as the proposals are still under development by the ESAs and are likely to be updated in light of feedback from stakeholders. This may result in the final RTS changes being introduced without any testing at all.

Constant changes

Since its entry into force two years ago, the PRIIPs framework has already been subject to a series of refinements and changes at European level as well as further requirements at national level. These create significant compliance burdens for companies, but more importantly are to the detriment of consumer understanding. A series of piecemeal changes leads to a loss of consumer trust in the PRIIPs KID and causes confusion as KIDs repeatedly change despite there being no material changes to products themselves. This view was supported by the European co-legislators when they recently delayed the application of UCITS funds for two calendar years to provide the Commission more time for its mandated review.

More fundamentally, the changes currently proposed to the PRIIPs RTS will not solve the overarching problems with the KID. We do not believe that technical changes focused only on specific aspects of the PRIIPs KID can be a substitute for tackling the more inherent problems with the broader framework. Rather than focusing on specific technical issues, there needs to be a more comprehensive assessment of the PRIIPs KID that looks at how the KID is received in practice and assesses whether there is a need to overhaul the entire document. Improving specific calculation methodologies within a flawed KID will still result in a poor-quality document.

Ensuring information is meaningful

We do not believe that a 'one-size-fits-all' approach will ever be able to make the PRIIPs KID work. The range of products, providers and national specificities captured by PRIIPs cannot always be accurately reflected by a single methodology or presentation format. The difficult balance between the PRIIPs objectives of providing comparability and meaningful product information is not struck in the current proposals.

Our industries remain ready to engage with you and your staff further on these issues as well as the review of PRIIPs more broadly. However, we would urge you to take our serious concerns with the current approach into account, and not introduce interim changes to the KID as a result of the current rushed RTS review. We invite you instead to conduct an analysis of the PRIIPs framework as part of the official review of the Regulation, and develop solutions that, based on solid evidence, will effectively improve consumer understanding and be workable for all PRIIPs in the different markets.

Yours sincerely,



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Wim Mijs
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Director General, Insurance Europe