



PRESS RELEASE

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PRIIPs: French consumers' protection and professional associations call the European institutions to improve the quality of the information in the Key Information Document (KID)

We believe the PRIIPs Regulation, which intends to enhance the transparency of investment products for retail investors, is a key tool to rebuild confidence in financial markets and to channel more retail savings towards investment solutions. The crucial importance of this piece of legislation led us to engage frequently with the European Commission (EC), the European Parliament (EP), and the European Supervisory Authorities (ESAs) in the past recent months.

We have noticed some positive changes proposed by the EC in the draft amended Regulatory technical standards (RTS) that were sent to the ESAs, such as the extension of the exemption for Undertakings for Collective Investment in Transferable Securities (UCITS) in the context of PRIIPs offering a range of investment options (MOPs) in conformity with level 1, and the removal of the historical bias into the performance scenario calculation methodology that were pointed out by the Members of the EP. However **we are still very worried that some rules defining the detailed contents of the PRIIPs KID will not achieve to give to investors meaningful, comprehensible and comparable information.**

The recent absence of consensus at the ESAs level on the RTS in progress demonstrates how key aspects of PRIIPs RTS are still unsolved and that alternative solutions should be explored before any implementation. Moreover, other key practical aspects for stakeholders are still ambiguous or pending in the proposed RTS, such as the application scope of the Regulation (stocks issues, the treatment of derivatives in particular those used for commercial hedging only), the absence of definition of an investment option underlying a MOP (e.g. mandates issue), etc.

What are the main requests from consumers' protection and professional associations?

PRIIPs KID methodologies are highly questionable such as, but not limited to, the calculation method for the performance scenarios and in particular for the "moderate" one which might not truly reflect what the investors could expect as returns and would not discriminate between different asset classes.

Although **past performance** does not guarantee future performance, we do believe they are an extremely valuable piece of factual information for investors in their investment decision. Indeed, investors want to know whether the product they intend to invest in has made any money or not before buying it. It is therefore very difficult to understand why investors should be deprived from such information in the PRIIPs KID.

In addition, in order to avoid a situation where the retail investors would have so much information that they would read none, we call for a **simplification of the treatment of MOPs**, by allowing the MOP manufacturer (1) to draft one generic KID for the MOP, describing the overall PRIIP, and (2) to refer to specific information, on the underlying investment options, that relates to these underlying options only. To fulfil this specific information obligation, when a fund is an investment option of a MOP, the MOP manufacturer should only display the document, drafted and made available by management companies, for any kind of MOPs (not only MOPs offering only UCITS as underlying options).

Granting a full exemption to funds, whose KIID is existing and well understood, until the end of the transitional period as foreseen by level 1 is key for both insurers and asset managers to prevent the practical implementing issues raised by the PRIIPs Regulation in the context of MOPs.

Last but not least, we also believe that the proposed **transaction costs calculation methodology**, including market movement in the transaction cost and mixing transaction costs with best execution duties, will generate purely fictitious figures and even negative costs. This information will make the investor believe he will make money, when he actually needs to pay for the brokerage fee for instance. A simple way to avoid displaying such negative and misleading figures, would be to apply to all PRIIPs the current methodology imposed by the draft level 2 RTS for new PRIIPs.

We believe, as representative associations of consumers, assets managers, banks, financial intermediaries and insurance companies, **it is necessary for the European institutions to achieve these changes in the revised RTS** so that PRIIPs KID become a sound, long lasting regulation which will help retail investors to truly understand and properly compare investment products.

Press Contacts :

AFG: Alexandra IMBERT (01 44 94 94 17) a.imbert@afg.asso.fr

AGEA: Grégoire DUPONT (01 70 98 48 18) gregoire.dupont@agea.fr

ANACOFI: Marie LALANDE (01 40 02 03 74) m.lalande@anacofi.asso.fr

BETTER FINANCE: Arnaud HOUDMONT (0032 514 3777) houdmont@betterfinance.eu

CNCGP: Catherine BESNARD (01 42 56 76 57) catherine.besnard@cncgp.fr

CNCIF: Cyrille DARRIGADE (06 20 17 40 41) cyrille.darrigade@gmail.com

La Cie des CGPI: Jean-Pierre RONDEAU (06 60 54 62 21) jprondeau@lacompaniedescgpi.fr

CSCA: Catherine DUFRENE (01 48 74 43 79) cdufrene@cscs.fr

FAIDER: Jean BERTON (01 56 68 85 10) berthon@faider.org

FBF: Céline CASTEX (01 48 00 52 66) ccastex@fbf.fr

FFA: Benoit DANTON (01 42 47 93 80) b.danton@ffa-assurance.fr