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| 10 November 2015 |

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| Reply form for the Consultation Paper on PRIIPs Key Information Documents |
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| Date: 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](http://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](http://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>

The Association *Française des Sociétés de Placement Immobilier* (ASPIM), which represents more than 50 French portfolio management companies managing real estate investment funds in France, thanks ESMA, EBA and EIOPA for the opportunity given to the French real estate asset management industry to provide further input on the setting-up of the Key Information Document (KID) that will be provided to retail investors in accordance with the PRIIPS Regulation.

ASPIM had provided a detailed answer on July 17, 2015 to ESMA, EBA and EIOPA on the Technical Discussion Paper on risk, performance scenarios and cost disclosure in KID explaining that the orientations submitted to consultation raised specific concerns with respect to the presentation of risks and costs regarding real estate investment funds in the KID.

In particular, ASPIM highlighted that (i) inadequate computation methods of a summary risk indicator, (ii) analysis of the illiquidity of an investment product only as a risk factor, added to (iii) identical methods of computation of costs between investment products with dramatically different underlying assets, would most likely flaw the presentation of the characteristics of real estate investment funds in the KID and impede appropriate comparability between real estate investment funds and other investment products. ASPIM’s answer can be found [here](https://www.esma.europa.eu/press-news/consultations/joint-committee-consultation-key-information-document-priips).

ASPIM read carefully the draft Commission Delegated Regulation appended to the Consultation Paper on PRIIPS Key Information Document laying down the regulatory technical standards with regard to the presentation, content, revision and provision of the key information document, specific underlying methodologies and information review in accordance with Regulation (UE) n° 1286/2014 issued on November 11, 2015.

ASPIM notes with regrets that some of its concerns expressed in its answer to the consultation on the Technical Discussion Paper on risk, performance scenarios and disclosure in KID were not taken into account by ESMA, EBA and EIOPA when working on the draft Commission Delegated Regulation.

In this respect, ASPIM would like again to stress that French real estate investment funds managers fully agree with the objectives pursued by the PRIIPS Regulation and are well aware of the difficulty of addressing appropriately all categories of investment products covered by the PRIIPS Regulation. However ASPIM considers that standardization of information at all costs would be detrimental to investors’ effective and accurate information and would be counterproductive.

Therefore, ASPIM would like to present again its views, on how costs, risks and performance should be disclosed for real estate investment funds and hopes that ESMA, EBA and EIOPA will take its concerns into consideration before submitting its draft Commission Delegated Regulation to the European Commission on March 31, 2016.

1. **Costs**

Firstly, ASPIM welcomes ESMA, EBA and EIOPA’s efforts to provide detailed lists of costs that should be integrated in the KID.

In this respect, ASPIM understands that paragraph 6 (b) of Annex IV of the draft Commission Delegation Regulation which specifies that payments to “*providers of property management services for real estate operating expenses and capital expenditure (if applicable)*” include fees paid to persons providing outsourced services but do not cover the operating expenses and the effective capital expenditure costs. ASPIM considers that this approach is appropriate. Indeed, such expenses do not constitute actual costs for a real estate fund but are designed to enhance the valuation of the real estate assets and participate in the performance of the fund.

Secondly, ASPIM considers that for real estate investment funds, on-going costs should be split between costs directly related to the management of the investment funds and costs related to the management of the underlying properties of the investment funds.

Indeed, real estate investment funds bear costs associated with the direct management of real estate assets while investment funds holding mainly financial instruments bear costs related to the management of such instruments, which are dramatically lower.

As a result, an aggregation of all on-going costs would make real estate investment funds appear much more expensive than investment funds dedicated to investments in financial instruments. However, such presentation would not put investors in a position to understand why there is a difference in the cost structure of real estate investment funds as opposed to other types of investment funds.

This is why investors should be in a position to compare what is actually comparable and make a distinction between costs associated with the investment product and costs associated with the management of the underlying properties.

Thirdly, ASPIM considers that transaction costs should not be included in the on-going costs for real estate investment funds. Indeed, specific acquisition costs are already integrated indirectly in the entry/exit costs as French accounting rules already provide that subscription premiums include research costs and acquisition costs.

Moreover, the draft Commission Delegated Regulation provides in paragraph 8 of Annex VI that “*Transaction costs shall be calculated on an annualized basis, based on an average of the transaction costs incurred by the PRIIP over the previous three years*”. However, a three-year annualization is not appropriate for real estate investment funds. Indeed, real estate investment funds do not aim at buying and selling real estate assets on a regular basis but rather tend to acquire real estate assets in the long run to get returns from rental fees. Also, real estate transactions are much longer to put in place.

As a result, depending on the investment strategy of its managers, a real estate investment fund may not engage in real estate transactions of several years and engage into several real estate transactions for the following years. As a result, transaction costs are difficult to estimate in advance and annualization on a three year period would most likely not be applicable for a given fund.

Overall, disclosing transaction costs in the in-going expenses for real estate investment funds is not meaningful for real estate investment funds.

1. **Risks**

ASPIM disagrees with the methodology provided in the draft Commission Delegated Regulation to compute the market risk for illiquid investment products.

In this respect, ASPIM would first like to stress that the methodology provided by ESMA, EBA and EIOPA on the draft Commission Delegated Regulation results in assigning the same or a very close risk class number for all types of investment funds whose underlying assets are illiquid or for which insufficient data is available to compute the market risk. Moreover the spectrum of volatilities considered to discriminate between risk classes appear to be absolutely too narrow at the low end. Volatilities are themselves subject to variations over time which motivates the use of heteroscedastic modeling in risk control procedures and such a narrow spectrum could mean very frequent changes in risk classes.

Also, ASPIM would like to stress the discrepancies that the draft Commission Delegated Regulation would create with other European Regulations if it were to be implemented. Indeed, Directive Solvency II already treats real estate investment funds as less risky products than traded corporate shares and private equity. Solvency capital requirements applicable under Directive Solvency II amounts to 25% for real estate investment funds with limited recourse to leverage effect while 39% is necessary for OECD traded stocks and 49% for private equity and stocks traded on emerging markets. Given this framework, it is totally contradictory to provide in the PRIIPS Regulation that real estate investment funds, depending on the liquidity offered, should be assigned to class 5 on the market risk scale, as private equity funds.

Besides, ASPIM would like to stress that the liquidity of an investment product should not only be based on the liquidity of the underlying assets and on the possibility to obtain the redemption of the units/shares subscribed in a said investment fund but also on the possibility to sell the investment on the secondary market and on the foreseeable price that an investor could obtain on this market.

In this respect, it should be reminded that many investors investing in French real estate investment funds keep their investments for more than 30 years to obtain regular distributions in the long-run and constitute retirement savings. The fact that the investors may not be entitled to obtain the redemption of their shares/units in a real estate investment fund does not mean that (i) the investment product is risky and does not provide secure and regular incomes, (ii) that a secondary market is not active and does not allow investors to liquidate their investment, and (iii) that the investors would make a loss when terminating their investment.

As a consequence, it clearly appears that the qualitative criteria selected by the ESMA, EBA, EIOPA to assess the market risk for illiquid investment products are not appropriate.

Overall, the computation and scale of the market risk for the summary risk indicator presented in the draft Commission Delegated Regulation is not satisfactory.

1. **Performance**

Finally, ASPIM would like to make several comments on the presentation of performance scenarios.

ASPIM considers that the approach followed in the draft Commission Delegated Regulation not to provide criteria and parameters that all PRIIPS manufacturers would have to comply with is appropriate. Indeed, it is clearly impossible to provide a set of parameters that would be relevant for all the categories of investment products falling into the scope of the PRIIPS Regulation. Indeed, the draft Commission Delegated Regulation should leave room for the industry to define in coordination with the national regulators criteria and parameters that are appropriate to each asset class.

However, ASPIM disagrees with the approach taken under paragraph IV of Annex IV which specifies that the performance scenarios should only be based on “*assumptions about future market conditions and price movements*”. Indeed, ASPIM believes that at least one of the scenarios presented in the KID should be based on historical data as these data are the most reliable data available, in particular, for real estate investment funds and constitute very valuable information for investors.

Besides, ASPIM disagrees with the presentation of performance in the KID in monetary values (the same comment applies for the presentation of costs). Indeed, performances presented in the prospective performance scenarios would be estimates for which no accurate figures may be computed.

Also, if monetary values are provided in the KID, it may be confusing for investors who may tend to consider these figures as effective while they only constitute estimates.

It should also be noted that, the default amount of 1 000 euros provided in the draft Commission Delegation Regulation may not be appropriate for every category of investment funds. This is why ASPIM believes percentages provided clearer information for investors.

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ASPIM hopes that ESMA, EBA and EIOPA will take the abovementioned arguments into consideration and provide the necessary adjustments to the draft Commission Delegated Regulation to ensure that information regarding real estate investment funds provided in the KID will not be inaccurate and misleading.

ASPIM has also provided answers to the specific questions raised by ESMA, EBA and EIOPA in the Joint Consultation Paper that will be found in the questionnaire below.

ASPIM would be happy to provide further input if ESMA, EBA and EIOPA wish so.

<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>

In ASPIM’s point of view, it is not necessary for ESMA, EBA and EIOPA to provide guidelines regarding the circumstances under which a comprehension alert should be included in the KID.

Indeed, Recital 18 of the PRIIPS Regulation is already clear and enables producers of investment products to themselves define whether it is necessary to include the comprehension alert in the KID or not.

Firstly, it specifies that a comprehension alert should be provided in a KID for a given investment product when such product is not simple and may be difficult to read.

Secondly, Recital 18 specifies that “*a product should be regarded as not being simple and as being difficult to understand in particular if it invests in underlying assets in which retail investors do not commonly invest, if it uses a number of different mechanisms to calculate the final return of the investment, creating a greater risk of misunderstanding on the part of the retail investor of if the investment’s pay-off takes advantage of retail investor’s behavioural biases, such as teaser rate followed by a much higher floating conditional rate, or an iterative formula*”.

Besides, ASPIM considers that providing further guidelines would be helpful for manufacturers of investment products.

In particular, if ESMA, EBA and EIOPA develop standardized criteria for all types of investment products, these criteria would most likely not be relevant for all classes of investment products. It is therefore better to stick with general criteria.

Moreover, ASPIM does not agree with the approach already taken by ESMA, EBA and EIOPA in its Discussion Paper of 17 November 2014 regarding the definition of a product that is not simple and difficult to understand.

Indeed, on page 75 of the Discussion Paper, ESMA, EBA and EIOPA state that an underlying asset that is not commonly invested in by retail investors should be understood as an investment product that is not listed in the assets in which a UCITS may invest. This approach is not acceptable for ASPIM as the UCITS list does not comprise all investment products that retail investors may commonly invest in.

In particular, retail investors buy real estate assets for their personal housing. Therefore, it cannot be stated that because real estate assets are not included in the list of the assets in which UCITS may invest, that retail investors do not commonly invest in real estate investment products.

As a result, the UCITS list is not fully relevant and should not be taken as a criterion to define whether an investment product is simple or not.

Overall, ASPIM considers that no additional list or criteria should be added as they would complicate the analysis and would not provide adequate standards applicable for all classes of investment products.

<ESMA\_QUESTION\_PRIIPS\_1>

***Question 2***

1. *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?*
2. *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>

 ASPIM disagrees with the presentation of absolute figures in the KID and with the presentation of a default of 1 000 euros.

In particular, absolute figures may wrongly lead investors to think that scenarios are personalized. Also, absolute figures are misleading for investors both in the performance scenarios and in the presentation of risks the amounts computed are only estimates.

In this respect, ASPIM considers that percentages facilitate comparison between different types of investment products and would offer clearer information to investors. Presentation of costs with percentages is already applicable for UCITS KIID and would also be relevant for other investment products covered by the PRIIPS Regulation.

 <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>

Not applicable to real estate investment funds that would fall into Category V because of the illiquidity of the underlying assets for which only qualitative criteria are used.

<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>

Not applicable to real estate investment funds that would fall into Category V because of the illiquidity of the underlying assets.

<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>

Yes. However, it would not be applicable to French real estate investment schemes in practice.

<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>

ASPIM disagrees with the possibility to voluntarily increase the disclosed SRI.

Indeed, by authorizing PRIIPS manufacturers to voluntarily increase the SRI, the latter would be in a position to provide a subjective analysis of their products. As a result, the core purpose of defining computation methodologies and guidelines in the Commission Delegation Regulation would be thwarted. Also, enabling PRIIPS manufacturers to adjust the SRI on a discretionary basis would most likely impede the reliability of the information disclosed in the KID.

In spite of the above, if ESMA, EBA and EIOPA enable PRIIPS manufacturers to increase the disclosed SRI it would be fair and proportionate to also enable PRIIPS manufacturers to decrease this indicator when there is evidence, for instance, that the methods of computation are inappropriate for a given investment fund and do not accurately reveal the risks associated with such investment product.

<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>

Not applicable for real estate investment funds.

<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>

ASPIM disagrees with the scale provided in the draft Commission Delegation Regulation. Please refer to section II of our introduction for a detailed presentation of our members’ opinion on this scale of the MRM. <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>

This question is not relevant for French real estate investment funds.

<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>

This question is not relevant for real estate investment firms. <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>

This question is not applicable for real estate investment funds. <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>

ASPIM does not consider that the currency risk should be taken into account.

Indeed, the KID is a document that is standardized for all eligible investors and does not contain any personalized item. If PRIIPS manufacturers were compelled to include currency risk in the risk indicator, they would have to differentiate KID depending on the jurisdiction where investors are located. This outcome would not be consistent with the purpose of the PRIIPS Regulation to provide standardized information for a given investment product.

In practice, ASPIM does not consider that currency risk is an issue for French real estate investment funds as these funds are subscribed by French investors and, as of today, are not expected to extend beyond the Euro Zone.

 <ESMA\_QUESTION\_PRIIPS\_12>

***Question 13***

*Are you of the opinion that the current Consultation Paper sufficiently addresses this issue? Do you 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>

This question is not applicable to real estate investment funds.

<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 favourable 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>

Performance fees are not relevant in the context of real estate investment funds.

<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>

ASPIM considers that there should not be a combination of both presentations as it would provide too much information for a three pages document. In most cases, including for illiquid investment products, the presentation as a table should be sufficient.

Besides, as already provided in the draft Commission Delegation Regulation, it should be clearly stated in the KID that performance scenarios and costs as well are provided for informational purposes only and are merely estimates based on prospective analyses.

Indeed, it is provided in Appendix 1 to Annex V of the draft Commission Delegation Regulation that “*the scenarios presented are not an exact indicator of future performance, but an estimation to that effect. What you get will vary depending on how the market performs and how long you keep the investment*”.

ASPIM considers that the abovementioned draft should be clarified in order to clearly indicate that the PRIIPS manufacturer will bear no liability of the estimates do not prove accurate over the time-frame of the investment.

 <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>

This question is not applicable to real estate investment funds.

<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>

This question is not applicable to real estate investment funds.

<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>

As indicated in section III of our introduction to this response paper, ASPIM does not consider appropriate to provide monetary values in the costs section of the KID and strongly supports providing only percentages, as for UCITS KIID.

If the presentation of costs in monetary amounts and absolute figures were still selected by the ESMA, EBA and EIOPA, ASPIM considers that the amounts should be annualized based on arithmetic average.

 <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>

This question is not applicable to real estate investment funds.

<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>

This question is not applicable to real estate investment funds. <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>

As explained in the introduction to this response paper, using monetary values is not the most appropriate method to ensure comparability between investment products.

Also, please refer to our answer to question 82 of the Technical Discussion Paper on this subject.

<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>

ASPIM does not believe that a graphical presentation of costs would provide a better understanding for investors. Therefore, it would be clearer to provide relevant percentages in a table.

<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>

Performance fees are not applicable to real estate investment funds.

<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>

It would indeed be helpful to provide only one table, as it is the case today for UCITS subject to the KID. However, the number of tables does not solve ASPIM’s concern regarding the breakdown of recurring costs between costs related to the direct management of the investment fund and costs related to the management of the underlying assets.

Please refer to section I of the introduction to this answer paper and to our answer from July 17, 2015 on the Technical Discussion Paper for further input on this subject.

<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>

No applicable to real estate investment funds which are not 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>

As explained in its answer to the Technical Discussion Paper on July 17, 2015, ASPIM considers that there should be a distinction between costs linked to the management of vehicles and costs linked to the management of the assets.

Please refer the introduction of this answer and to our answer to the Technical Discussion and to section I of our introduction to this response paper for a detailed presentation of our members’ opinion on this subject .

<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>

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<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>

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