European Securities and Markets Authority

EUROPEAN BANKING AUTHORITY

EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

Response form for the Joint Consultation Paper concerning amendments to the PRIIPs KID

16 October 2019

Date: 16 October 2019
ESMA 30-201-535

JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

Responding to this paper

The European Supervisory Authorities (ESAs) welcome comments on this consultation paper setting out proposed amendments to Commission Delegated Regulation (EU) 2017/653 of 8 March 2017[1] (hereinafter “PRIIPs Delegated Regulation”).

The consultation package includes:

- **The consultation paper**
- **Template for comments**

The ESAs invite comments on any aspect of this paper. Comments are most helpful if they:

- **contain a clear rationale; and**
- **describe any alternatives the ESAs should consider.**

When describing alternative approaches the ESAs encourage stakeholders to consider how the approach would achieve the aims of Regulation (EU) No 1286/2014[2] (hereinafter “PRIIPs Regulation”).

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- **Insert your responses to the questions in the Consultation Paper in the present response form.**
- **Please do not remove tags of the type <ESA_QUESTION_PKID_1>. Your response to each question has to be framed by the two tags corresponding to the question.**
- **If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.**
- **When you have drafted your response, name your response form according to the following convention: ESA_PKID_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESA_PKID_ABCD_RESPONSEFORM.**

[1] COMMISSION DELEGATED REGULATION (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents

[2] Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), OJ L 352, 9.12.2014, p. 1.

- **The consultation paper is available on the websites of the three ESAs and the Joint Committee. Comments on this consultation paper can be sent using the response form, via the** ESMA website **under the heading 'Your input - Consultations' by 13 January 2020.**

- **Contributions not provided in the template for comments, or after the deadline will not be processed.**

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725[3]. Further information on data protection can be found under the Legal notice section of the EBA website and under the Legal notice section of the EIOPA website and under the Legal notice section of the ESMA website.

[3] Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39.

General information about respondent

Name of the company / organisation	European Banking Federation
Activity	Banking sector
Are you representing an association?	yes
Country/Region	Europe

Introduction

Please make your introductory comments below, if any:

<ESA_COMMENT_**PKID**_1>

The European Banking Federation (EBF) is the voice of the European banking sector, bringing together 32 national banking associations in Europe that together represent a significant majority of all banking assets in Europe, with 3,500 banks - large and small, wholesale and retail, local and international – while employing approximately two million people. EBF members represent banks that make available loans to the European economy in excess of €20 trillion and that reliably handle more than 400 million payment transactions per day. Launched in 1960, the EBF is committed to a single market for financial services in the European Union and to supporting policies that foster economic growth.

The EBF would like to mention that PRIIPS is a concern for both funds industry and banking sector. However, since EBF is a banking association, questions relating to funds are not relevant for all of our members.

The EBF welcomes the opportunity of responding to the Joint Committees Consultation regarding certain amendments to PRIIPs regulatory technical standards. Before answering to the specific questions, we would however like to make the following general comments:

- The EBF welcomes the ESAs consultation on PRIIPS but wonders how this articulates with any level 1 change. The European Commission is supposed to present amendments to Level 1 which would be inconsistent with implementing Level 2 changes in 2021 (as mentioned in the consultation paper). The Level 1 revision should take place before any level 2 change in order not to double the implementation work and costs.

- The EBF supports that the amendments proposed in this Consultation Paper should be implemented at one point in time. In fact, we believe that a step-by-step approach would be more administratively burdensome and costly for firms. However, it is important to ensure that investment firms are given sufficient time to adapt to the new rules, as they will require substantive changes to IT systems.

- The EBF welcomes the ESA statement from 24 October 2019 regarding the PRIIPs scope for bonds but it would welcome further clarification as to the intended scope on Level 1. In fact, the EBF takes the view that an analysis of PRIIPs scope could be carried out also for other product types.

- The EBF regrets that the Commission has not conducted a more comprehensive consumer testing of the proposals in this Consultation Paper, in particular regarding the cost & charges information. Indeed, it would be most unfortunate if, even with the proposed amendments, the information included in the KID is not understood by retail clients. It is also problematic that consumer testing is not conducted at all on derivatives.

- Though the aim of comparability of the PRIIP KID documents is desirable – the comparability should only be a priority for de-facto comparable products. For instance, investors do not compare

OTC derivatives with investment funds and comparability at the cost of precision and adequate information should therefore not be the result. Having similar documents also sends a message that the products are comparable and could trigger confusion rather than clarity for investors especially when the terminology in the derivative markets are very different from investment products.

- The EBF would like to make a general comment on the articulation between PRIIPS and UCITS requirements: in the case a UCITS KID is required, the EBF does not the support the idea of duplicating the requirements with a PRIIPS KID. On top of being too burdensome for distributors, we believe it is confusing for clients.

The EBF would like to underline that the market structure in Member States differ e.g. depending on the tax legislation, pension and insurance systems and cultural behaviour. It is important not to make changes to PRIIPs at level 2 that could harm well-functioning local markets. For this reason, the EBF strongly objects to the proposed amendments regarding MOP (article 10) as they appear to be contrary to the PRIIPs Regulation at Level 1. The EBF would support a broad review of MOPs at the European level.

The EBF would also like to underline the fact that all new requirements such as PRIIPS demand a high level of data information. The need for data increases in parallel with regulatory requirements which then lead to an increase of data costs. Both the ESAs and the co-legislators should be aware of such side effect for market participants (regarding cost of market data, please see the EBF response to ESMA consultation dated September 2019).

In our experience, contradictory, overlapping and complex disclosure requirements may discourage retail clients from investing in financial instruments. Therefore, the EBF considers that it is important not to stop at the targeted amendments included in this Consultation Paper but to continue the work in the context of CMU 2.0. In fact, as advocated for in Markets4Europe (a private sector initiative identifying both the obstacles to a deeper CMU and the required reforms leading to better integrated markets) the EBF believes that requirements relating to clients' information should be reviewed as to be made more consistent and less overwhelming for clients. We believe that a higher quality of information should be favoured.

It should be noted that the industry (both manufacturers and distributors across EU) is heavily engaged in self-regulatory work through FinDatEx under the governance of EU wide associations including EBF. By such means, the industry seeks to develop better standards and a more harmonized framework for data exchange related to cost & charges and target market data under MIFID 2 and PRIIPS. The impact of new regulations such as MIFID 2 and PRIIPS is that this has become a truly massive data exercise between manufacturers and distributors. This data exercise should be taken into consideration by the legislators and the regulators when setting out the rules. Although the industry's self-regulatory work will take some time to finalize and implement, the regulator should remain aware of it and should take it into consideration.

<ESA_COMMENT_**PKID**_1>

Q1 : Are there provisions in the PRIIPs Regulation or Delegated Regulation that hinder the use of digital solutions for the KID?

<ESA_QUESTION_PKID_1>

Art 14 in the PRIIPs Regulation states that the default option in a physical meeting is that the retail investor shall receive the KID in paper format and that the retail investor in other circumstances can receive the KID through a durable medium other than paper or through the publication of the KID on a website. There are however several conditions to be fulfilled to be allowed to provide the KID in that manner, the most prominent being that the retail investor shall have chosen that type of medium in a way that can be evidenced. We would propose that the default option is for the retail investor to receive the KID in a digital format (either through a website or a durable medium) and that the KID should be provided to the retail investor in paper format only upon request. The overarching principle, from an investor protection perspective, should be that the retail investor actually receives the KID, as opposed to focusing on which format it is provided with. As a consequence, we believe PRIIPS level 1 should be amended.

<ESA_QUESTION_PKID_1>

Q2 : Do you agree that it would be helpful if KIDs were published in a form that would allow for the information to be readily extracted using an IT tool?

<ESA_QUESTION_PKID_2>

At this point, the EBF does not have a view on the usefulness of being able to extract information from the KID using an IT tool. However, the EBF supports the EU digital agenda and agrees that this matter should be further analysed. It should be noted here that many EBF members have good experience of using FinDatEx EMT for exchanging information between manufacturers and distributors under MiFID II.

<ESA_QUESTION_PKID_2>

Q3 : Do you think that the amendments proposed in the consultation paper should be implemented for existing PRIIPs as soon as possible before the end of 2021, or only at the beginning of 2022?

<ESA_QUESTION_PKID_3>

All changes should take place at the same time linked to the end of UCITS exemption, that is to say beginning 2022. Specifically, we strongly retain that a one-step approach in 2022 would be preferable, in order to implement simultaneously all Level 2 together with possible Level 1 regulatory changes.

Gradual changes would entail additional costs for the manufacturers, and they would be confusing to clients. We would also like to point out that there is always a risk for delays in the regulatory process. Firms should be allowed 12 months for implementation, starting as soon as all necessary rules are in place. Furthermore, we propose that changes are only considered by the ESAs when they can be part of a regularly planned (at least yearly) regulatory review and revision of KIDs. It should be avoided that the content of the KID is subject to a continuous amending process.

Therefore, the proposed amendments should only come into force in 01/01/2022, and for all products at the same time.

<ESA_QUESTION_PKID_3>

Q4 : Do you think that a graduated approach should be considered, whereby some of the requirements would be applied in a first step, followed by a second step at the beginning of 2022?

<ESA_QUESTION_PKID_4>

The EBF considers that a graduated approach would be very costly and burdensome for investment firms. Also, from a client perspective it is better to change the rules at one point in time, e.g. to facilitate comparability between products.

<ESA_QUESTION_PKID_4>

Q5 : Are there material issues that are not addressed in this consultation paper that you think should be part of this review of the PRIIPs Delegated Regulation? If so, please explain the issue and how it should be addressed.

<ESA_QUESTION_PKID_5>

<u>MiFID/PRIIPs alignment</u>

To some extent, the Consultation Paper includes proposals which would align MiFID II and PRIIPs as regards cost disclosure. The EBF supports the option where the total costs can be included in the PRIIPs tables for MiFID II instruments whilst allowing only the RYI to be used for other products where relevant, such as insurance contracts.

However, there are also other issues in relation to MiFID II/PRIIPs alignment which should be considered.

- FX contracts as means of payment/non-financial instrument;
- Notion of “market value” vs “arrival price”;
- Distance communication - rules should be the same;
- Inducements (cost or service);
- Language requirements;

<u>PRIIPs scope</u>

The EBF strongly supports that the co-legislators should introduce amendments to PRIIPs Regulation in order to better specify the instruments which fall within the scope of the Regulation. The EBF believes this is particularly relevant as far as bonds are concerned.

Bonds
It is very important that the PRIIPs scope is clarified by the Commission as soon as possible. This is important in order to avoid negative effects on liquidity of the corporate bond market as a result of the uncertainty regarding whether or not they fall under the scope of PRIIPs. The EBF supports the statement published by the Joint Committee dated 24 October 2019 and urges the Commission to take the initiatives which are required by changes to Level 1, in accordance with the ESAs statement.

<u>Client information consistency</u>

We also believe that interlinkage between this consultation and the review of the PRIIPs Level 1 Regulation is here missing. In addition hereto, we would also expect an initiative of the ESAs in order to avoid a duplication of similar but not equal obligatory pre-contractual information requirements pursuant to UCITS (KII) and PRIIPs (KID).

<ESA_QUESTION_PKID_5>

Q6 : Do you have comments on the modifications to the presentation of future performance scenarios being considered? Should other factors or changes be considered?

<ESA_QUESTION_PKID_6>

Consumer testing is extremely limited in cases of both content and markets to be tested. Testing in parallel with the consultation on proposed changes gives only a partial view. When it comes to the modifications considered we have the following comments:

1. <u>Intermediate scenarios (future scenarios for periods shorter than the recommended holding period) should be included</u>

   For structured products, Intermediate Holding Periods (IHPs) are an important part of the Performance Scenarios section. Retail investors tend to change their minds regarding their investments. They may regret holding a product for the Recommended Holding Period (RHP). Therefore, it is important to reflect the effect of high volatility in the short-term. For example, the performance of an equity fund over a 5-year period in the unfavourable scenario might be around minus 5% per annum – a relatively moderate negative performance that an investor might feel comfortable with. However, the same equity fund will experience a much higher loss of 30% in the unfavourable scenario after one year. Presenting only the returns on the RHP will not demonstrate this phenomenon and it will not warn investors about the effect of their intention to exit early.
   For less complex products, other solutions could be preferable.

2. <u>To indicate in the performance scenario table the estimated probability of each scenario</u>

   The EBF is of the opinion that it would be valuable for investors to also know the probability of the respective performance scenarios.

3. <u>A fourth (stress) scenario should be included or alternatively a row showing the minimum investment return;</u>

   The fourth stress scenario should not be excluded as is better explains the potential performance or outcome for e.g. structured products where different barriers may come into play in the stressed scenario, but not in the other three scenarios. The method for calculating the stressed scenario should be changed, however, so that it is based on the same method as the other three scenarios. Actually, whether or not to keep the intermediate scenario should be assessed according to the improvement of consumer protection and understanding of the characteristics and risks of the product.

   A stressed scenario should be excluded for all other products than structured products in order to avoid confusing investors. Its original inclusion stemmed from the current scenarios being considered to yield too positive outcomes. With changes to the underlying methodologies, its inclusion will no longer be necessary anymore. Also, its deletion should help avoiding confusion between the unfavourable and stress scenario. Moreover, to compensate for this the KID must clearly state that the unfavourable scenario is not the worst possible outcome.

4. <u>Past performance should be included in addition to forward looking performance scenarios</u>

   Positive that past performance is not proposed for Category 1 and 3, this is something that the EBF has argued for previously. For Category 2 past performance should be presented when there is indeed sufficient historical data and that it is relevant to present.

   Further, it is important that the past performance is presented together with a text stating clearly that past performance is not a guarantee for future performance. Also, the past performance should be presented for each year respectively and not as one average for the entire period since that would be contradictory to MiFID II.

5. Whether or not an illustrative approach (not based on probabilities) to future performance scenarios should be illustrated;

   We are not in favour of the proposed illustrative ("what-if") methodology.

<ESA_QUESTION_PKID_6>

Q7 : If intermediate scenarios are to be included, how should they be calculated for Category 3 PRIIPs (e.g. structured products)? If intermediate scenarios are not shown in the performance section, which performance assumption should be used for the 'What are the costs?' section?

<ESA_QUESTION_PKID_7>

For structured products, Intermediate Holding Periods (IHPs) are an important part of the Performance Scenarios section. Retail investors tend to change their minds regarding their investments. They may regret holding a product for the Recommended Holding Period (RHP). Therefore, it is important to reflect the effect of high volatility in the short-term. For example, the performance of an equity fund over a 5-year period in the unfavourable scenario might be around minus 5% per annum – a relatively moderate negative performance that an investor might feel comfortable with. However, the same equity fund will experience a much higher loss of 30% in the unfavourable scenario after one year. Presenting only the returns on the RHP will not demonstrate this phenomenon and it will not warn investors about the effect of their intention to exit early.

For less complex products, other solutions could be preferable.

<ESA_QUESTION_PKID_7>

Q8 : If a stress scenario is included in the presentation of future performance scenarios, should the methodology be modified? If so, how?

<ESA_QUESTION_PKID_8>

The fourth stress scenario should not be excluded as is better explains the potential performance or outcome for e.g. structured products where different barriers may come into play in the stressed scenario, but not in the other three scenarios. The method for calculating the stressed scenario should be changed, however, so that it is based on the same method as the other three scenarios. Actually, whether or not to keep the intermediate scenario should be assessed according to the improvement of consumer protection and understanding of the characteristics and risks of the product.

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<ESA_QUESTION_PKID_8>

Q9 : Do you agree with how the reference rate is specified? If not, how should it be specified?

<ESA_QUESTION_PKID_9>

For structured products, independent of our objections to the currently used methodology as such, we are against using country-specific risk-free rates. Instead we support currency area-specific risk-free rates based on interest rate futures / swap curves. The reason for this position is that implementation efforts and costs for underlyings with a multi-country background (indices, mixed baskets etc) are huge, if any implementation (data source-wise) would be feasible at all.

As stated in EUSIPA's reply from 18 June 2019, for equity, FX and rate linked structured products the Risk-free (T=RHP) should be set on the swap curve of the relevant currency, and it should not be jurisdiction specific, as it is impossible to find a consistent classification for stocks and multi-country indices per jurisdiction.

Manufacturers should be allowed to use the risk-free swap curve (usually against 3-month Libor/floating rate) from a reasonable market source e.g. – either market prices used for internal pricing curves or Bloomberg / Reuters contributions.

The revised methodology shows a significant improvement compared to the current pro-cyclical one.
We accept a split of risk premia per asset class, but reject a split per country, sector or rating. Neither country, sector or rating split could be implemented in a unified way. Also, it would be overly complex to explain such assumptions to retail investors.

For less complex products, other solutions could be preferable.

<ESA_QUESTION_PKID_9>

Q10 : The revised methodology specifies that the risk premium is determined by future expected yields. The methodology further specifies that future expected yields should be determined by the composition of the PRIIP decomposed by asset class, country and sector or rating. Do you agree with this approach? If not, what approach would you favour?

<ESA_QUESTION_PKID_10>

In line with EUSIPA, we reject the approach of a dividend-based methodology as a basis for establishing risk premiums for equity underlyings. For the purpose of easily calculating risk premium for equity underlyings, we suggest using a new approach based on historic volatility data under which a fixed risk premium is derived from a volatility range within which the underlying falls.

The reasons for rejecting the dividend-based methodology are the following: using dividends to forecast performance could create highly biased results tweaked to the benefit of high dividend-paying underlyings (for call option-based products) as the majority of structured products is based on price-return underlyings (where the investor is not entitled to receive dividends). Since call options on high-dividend underlyings are cheaper, the terms (e.g. participation rate) of structured products on those underlyings will be better than for structured products on low/no-dividend underlyings. Assuming same growth rates for both will, according to the CP's methodology, show misleadingly better scenarios for structured products on high dividend underlyings.

Moreover, for structured products on "price-return" underlyings, a risk premium of zero plus a negative Eurozone interest rate would mean a negative growth rate for the scenario calculation.

While we support asset class-specific risk premia, we are opposed to risk premia linked to countries, sectors or single asset ratings.

In establishing a simplified risk premium for single asset classes, e.g. equities, we support the use of a simplified methodology which minimizes deviations across applicants/markets.

Based on a thorough analysis made on behalf of EUSIPA, we would support assigning risk premia for equity underlyings based on past volatility, grouped by buckets

For less complex products, other solutions could be preferable.

<ESA_QUESTION_PKID_10>

Q11 : The ESAs are aware that historical dividend rates can be averaged over different time spans or that expected dividend rates can be read from market data providers or obtained from analyst reports. How should the expected dividend rates be determined?

<ESA_QUESTION_PKID_11>

We reject the dividend-based approach and suggests a methodology based on historic volatility. (see above answer to Q10).

<ESA_QUESTION_PKID_11>

Q12 : How should share buyback rates be estimated?

<ESA_QUESTION_PKID_12>

We reject the dividend-based approach and suggests a methodology based on historic volatility. (see above answer to Q10).

<ESA_QUESTION_PKID_12>

Q13 : Do you agree with the approach for money-market funds? Are there other assets which may require a similar specific provision?

<ESA_QUESTION_PKID_13>

No answer.

<ESA_QUESTION_PKID_13>

Q14 : The methodology proposes that the future variance be estimated from the 5-year history of daily returns. Should the volatility implied by option prices be used instead? If so, what estimate should be used if option prices are not available for a particular asset (equities namely)?

<ESA_QUESTION_PKID_14>

Generally, we think that a calculation based on 5-year daily returns produces a useful estimate of the real volatility. It is important to remember that the main purpose is to guide the investor and not to give the investor the assumption that the calculations represent a true picture of the future performance. Having said that we are against the use of option prices to determine volatility.

Implied volatility can vary from provider to provider (due to the use of different parameters, models, etc.) which can potentially make product comparison more difficult.
For structured products, even though not being an optimal solution, the estimation of future volatility using historical daily returns would be preferable, given that volatility would be the same, regardless of the provider.

For less complex products, other solutions could be preferable

<ESA_QUESTION_PKID_14>

Q15 : Do you think compensatory mechanisms for unforeseen methodological faults are needed? If yes, please explain why.

<ESA_QUESTION_PKID_15>

Generally, we are of the opinion that compensatory mechanisms should not be applied as it will impair comparability.

The ESAs' proposal to include "compensatory mechanisms" reflects uncertainty that the proposed model may not work for all products and in all markets over time. We fully share this concern.

<ESA_QUESTION_PKID_15>

Q16 : Do you favour any of the options above? If so, which ones? How would you ensure that the information in the KID remains comparable for all products?

<ESA_QUESTION_PKID_16>

In general, we are of the opinion that compensatory mechanisms should not be applied as it will impair comparability.

<ESA_QUESTION_PKID_16>

Q17 : Are there any other compensatory mechanisms that could address unforeseen methodological faults? If yes, please explain the mechanism; explain how it ensures that scenario information in the KID allows investors to compare PRIIPs, and explain how the information for similar products from different manufacturers remains sufficiently consistent.

<ESA_QUESTION_PKID_17>

As explained in response 16, we think that if the calculation produces unrealistic results for certain asset classes or products the estimation of the inputs to the calculations should be revised. However, we also appreciate the complexity of delivering a model covering all products in all markets. The need for the ESA's to include compensatory mechanisms only highlight this fact. A side note to be stated is that the complexity in the PRIIPs KIDs creates a need for all the PRIIPs documents to be updated simultaneously (e.g. once every ½-year). Otherwise it will be difficult to compare two PRIIPs KIDs as they are from different periods.

<ESA_QUESTION_PKID_17>

Q18 : What are your views on the use of a simplified approach such as the one detailed above, instead of the use of probabilistic methodologies with more granular asset specific requirements?

<ESA_QUESTION_PKID_18>

For structured products, we suggest amending the currently used methodology by introducing an equity risk premium based on past volatility. Reference is made to the answer provided in Q10.

For less complex products, other solutions could be preferable.

<ESA_QUESTION_PKID_18>

Q19 : Do you consider the use of a single table of growth rates appropriate? If no, how should the methodology be amended?

<ESA_QUESTION_PKID_19>

For structured products, we suggest amending the currently used methodology by introducing an equity risk premium based on past volatility. Reference is made to the answer provided in Q10.

For less complex products, other solutions could be preferable.

<ESA_QUESTION_PKID_19>

Q20 : More generally, do your views about the use of a probabilistic methodology vary depending on the type of product (e.g. structured products vs non-structured products, short-term vs long-term products)? For which type of products do you see more challenges to define a probabilistic methodology and to present the results to investors?

<ESA_QUESTION_PKID_20>

Probabilistic methodologies could vary depending on the type of product on how the product types are defined.

We also believe that the application of the pay-off graph currently envisaged for regulated derivatives could be extended to all pure trading products (with recommended holding periods of 1 day) for which it makes no sense to do probabilistic scenarios.

<ESA_QUESTION_PKID_20>

Q21 : Do you think these alternative approaches should be further assessed? If yes, what evidence can you provide to support these approaches or aspects of them?

<ESA_QUESTION_PKID_21>

No, for structured products we don't think alternative approaches should be assessed.

<ESA_QUESTION_PKID_21>

Q22 : Are there any other approaches that should be considered? What evidence are you able to provide to support these other approaches?

<ESA_QUESTION_PKID_22>

No, for structured products we believe the alternative approaches listed in the CP are a fair summary of possible growth rate methodologies.

<ESA_QUESTION_PKID_22>

Q23 : Do you think illustrative scenarios should be included in the KID as well as probabilistic scenarios for structured products?

<ESA_QUESTION_PKID_23>

No, we strongly reject the “combination of probabilistic and illustrative” (CP 12.3) for the following reasons:

- Displaying both illustrative and probabilistic scenarios would create confusion as it would overload clients with information in a document which is already quite long and somewhat difficult to understand.

- It is already challenging to fit within the 3-page constraint for a significant range of structured products.

- Purely illustrative scenarios do not comply with Level 1 text of the EU Commission that indicates: *The key information document should be drawn up in a standardised format which allows retail investors to compare different PRIIPs.*

We are not in favour of the proposed illustrative (“what-if”) methodology for the following reasons:

1. First of all, we would lose comparability between products.
2. Even though at first glance it looks easy to implement, it might prove to be more complex than the existing methodology:
    a. Selecting in an automated way (i.e. by a system) the scenarios based on the various product features is not a simple task. For example, an Autocall product (sometimes called express certificate or a kick-out) might have various features (to name a few: same level for trigger and coupon, different levels for the two – sometimes called phoenix, two levels of coupons – sometimes called combo, European risk barrier, American risk barrier) and it is a complicated task to decide which ones to illustrate in a dedicated scenario.
    b. Products available on secondary market would need readjustments on a regular basis, as presented scenarios may become irrelevant. For example, at issue an Autocall product might show a scenario of early call after 3 months. However, after 3 months have passed and the product was not redeemed, this scenario becomes impossible.
    c. The probability of certain features might become very low and including them in the performance scenarios might be misleading. For example, let’s assume for some reason we need to perform a KID update (e.g. because the SRI has changed) one day before an Autocall observation date, when the underlying is 40% below the trigger level. Including a scenario of an early call after one day is misleading. However, to exclude this scenario, a methodology to determine the probability of a scenario should be implemented.
    d. If we do want to paint a more reliable picture, we’d need to calculate the probability of the occurrence of each scenario, which is not an easy thing to do, and would actually bring us back to the original argument – it wouldn’t be simpler than the existing method. Finally, if the client is interested in what-if scenarios they can be viewed in the marketing material since they typically exist there anyway.

Finally, scenarios illustrating the product features are usually already drawn in the marketing.

<ESA_QUESTION_PKID_23>

Q24 : If not, do you think illustrative scenarios should replace probabilistic scenarios for structured products?

<ESA_QUESTION_PKID_24>

No, we are not in favour of illustrative (“what if”) scenario.

<ESA_QUESTION_PKID_24>

Q25 : Do you agree with this approach to define PRIIPs which would show illustrative performance scenarios using the existing definition of Category 3 PRIIPs? If not, why not? Where relevant, please explain why this approach would not be appropriate for certain types of Category 3 PRIIPs?

<ESA_QUESTION_PKID_25>

No, we do not agree to use the existing definition of Category 3, nor an extended scope for products which would show illustrative scenario.

We also do not support illustrative (or probabilistic plus illustrative) scenarios at all, and for all current Category 3 products for these reasons:

- Considerable drawbacks and challenges (see question 23).

- Because the proposed RTS amendments in sections 12.2 & 12.3 of the CP refer to the creation of a new Annex VIII which is based on Article 36 of UCITS Regulation 583/2010. The UCITS regulation is almost 10 years old, it does not meet the Level 1 objective of PRIIPs, such as recital 17 and Article 1. It is not appropriate to rely on UCITS rules, neither on current Category 3, nor on an extended Category 3, because these rules are neither adapted, nor representative of the structured securities market.

<ESA_QUESTION_PKID_25>

Q26 : Would you be in favour of including information on past performance in the KID?

<ESA_QUESTION_PKID_26>

Positive that past performance is not proposed for Category 1 and 3. For Category 2 past performance should be presented when there is indeed sufficient historical data and that it is relevant to present.

Most importantly, the past performance should be presented for each year respectively and not as one average for the entire period since that would be contradictory to MiFID II.

<ESA_QUESTION_PKID_26>

Q27 : Would your answer to the previous question be different if it were possible to amend Article 6(4) of the PRIIPs Regulation?

<ESA_QUESTION_PKID_27>

As we previously stated, the presentation of past performances could be an advantage for some investors. However, we recognize that it would be a challenge to present all the information in only 3 pages A4 and comply with PRIIPs regulation. Therefore, if there would be more flexibility in terms of page numbers, the information would be presented in a way that is clear and not misleading and that is more likely to be well understood by the average retail investor. As already highlighted in our response to Q1, the use of digital solutions will require profound changes to the current approach prescribed in the regulation – also with regards to space limits.

<ESA_QUESTION_PKID_27>

Q28 : Do you think that it can be more appropriate to show past performance in the form of an average (as shown in the ESA proposal for consumer testing) for certain types of PRIIPs? If so, for exactly which types of PRIIPs?

<ESA_QUESTION_PKID_28>

We overall prefer the current UCITS KIID methodology. By using averages, the volatility of past performance is hidden for the investor which is problematic. The objective of illustrating past performance is to give the investor an objective understandable and intuitive illustration of volatility and risk – this should not be hidden by averaging historic returns. Also, past performance should be presented for each year respectively and not as one average for the entire period since that would be contradictory to MiFID II.

<ESA_QUESTION_PKID_28>

Q29 : Do you have any comments on the statement that would supplement the display of past performance (e.g. with regard to the presentation of costs which are not included in the net asset value (NAV))?

<ESA_QUESTION_PKID_29>

The only costs not included in the NAV are entry and exit costs. We do not think this is an issue as the total cost appear in the cost section of the KID.

<ESA_QUESTION_PKID_29>

Q30 : Are you of the opinion that an additional narrative is required to explain the relationship between past performance and future performance scenarios?

<ESA_QUESTION_PKID_30>

Yes, that will be necessary as this cannot be over-explained. It must be clearly stated that past performance cannot be used to predict future performance and the future performance is also just an illustration of possible outcomes. Please also see our answer to Q26. This should also be considered when evaluating the three-page limit of the document.

<ESA_QUESTION_PKID_30>

Q31 : Do you see merit in further specifying the cases where the UCITS/AIF should be considered as being managed in reference to a benchmark, taking into account the provisions of the ESMA Questions and Answers on the application of the UCITS Directive[4]?

<ESA_QUESTION_PKID_31>

This question is handled separately in other forums. However, should the principles stated in the ESMA Q&A be applied to the PRIIPs KID, we see a merit in including further specifications on the cases both to cater for the fact that such requirements should be in the regulation and not in a Q&A and to clarify what exactly is regulated.

First, it is important to note ESMA's controversial interpretation of the requirements in its March 2019 review of the UCITS Q&As. More specifically, as per the answer to Question 8b thereof, ESMA offers its

[4] See "Section II – Key Investor Information Document (KIID) for UCITS" (in particular, Q&A 8) of the Q&A document available at: https://www.esma.europa.eu/sites/default/files/library/esma34-43-392_qa_ucits_directive.pdf

interpretation of whether a given investment approach “includes or implies a reference to a benchmark” by referring to an open-ended list of examples. According to the answer, it is sufficient for a benchmark index “to play a role in the management of the UCITS” for the management company to have to disclose it in the KIID (including in past performance).

Although ESMA’s wording recognises the obligation of the management company to determine whether a UCITS is in practice managed according to a benchmark, the subsequent list of non-exhaustive examples provides cases where ESMA believes this to be the case. Among these are disparate possible uses of benchmarks by a UCITS management company, ranging from portfolio construction to the calculation of performance fees, additionally including uses of indicators to set internal risk limits, remunerate individual staff, in contracts with third parties, etc. Few of these uses, however, are material to the actual pursuit and delivery of the UCITS investment objective.

Second, the fact that an index is generically “playing a role” in the management of a UCITS is not sufficient to categorise the management of the fund as benchmark dependent. There is, therefore, a need in the PRIIPs KID context to be more specific on the function a chosen benchmark serves, as some functions may be completely unrelated to the attainment of the investment objectives. Failing this, it would be difficult to see how any UCITS would not be a fund managed with reference to a benchmark and would thereby introduce a bias against actively managed strategies.

Third, in terms of presenting UCITS investors with information that is “fair, clear and not misleading”, we observe that only those benchmarks that are relevant to the implementation of a given investment strategy deserve to be disclosed in the future PRIIP KID’s past performance section, alongside that of the fund. From a strict interpretation of the answer to Question 8b in the current UCITS Q&As, investors would be left attempting to make sense of the performance of multiple indices represented in the relative bar chart, most of which would not be relevant to inform investors on how the UCITS has actually performed.

As an example, one could consider an absolute return UCITS fund, where the portfolio manager selects some 10%-15% of the portfolio using an emerging market equity index. Such “bottom-up” portfolio construction technique allows such index to merely guide a relatively small part of the portfolio’s composition. Consequently, the index’s performance is not sufficiently representative of that of the whole portfolio (which can be diversified across other asset classes, derivatives, cash, etc.) for the index to be disclosed in the “Past Performance” section of the future PRIIPs KID. The same considerations would apply to other “internal” uses of indices, not solely related to portfolio construction

The resulting confusion for investors from bloating the PRIIP KID with needless or non-material information would thus conflict with management companies’ fiduciary obligations when disclosing product performance to a retail investor. Lastly, it would also challenge the logic of a PRIIPs KID as a short and user-friendly document.

EBF, therefore, believes that the transition from a UCITS KIID to a PRIIPs KID will be an ultimate opportunity for ESMA to review its current interpretation of Article 7(1) letter d. and related KIID Regulation requirements, in a manner that is consistent with the management company’s fiduciary duty and geared to enhance the quality of information disclosed to investors.

<ESA_QUESTION_PKID_31>

Q32 : Do you see the need to add additional provisions for linear unit-linked insurance-based investment products or linear internal funds?

<ESA_QUESTION_PKID_32>

No comment

<ESA_QUESTION_PKID_32>

Q33 : Do you agree that a fixed intermediate time period / exit point should be used instead of the current half the recommended holding period to better facilitate comparability?

<ESA_QUESTION_PKID_33>

Yes. We agree that standardised periods would make comparison between different products easier for investors. However, the best solution would be to include only a one-year and recommended holding period (RHP) in the cost disclosure. This is important, as it reduces the amount of information being presented to retail investors.

<ESA_QUESTION_PKID_33>

Q34 : In this case (of a fixed intermediate time period), do you agree to show costs if the investor would exit after 5 years for all PRIIPs with a recommended holding period of at least 8 years? Or do you prefer a different approach such as:

<ESA_QUESTION_PKID_34>

The proposal does not clarify how products with shorter recommended holding periods than 5 years should be shown. First, the best solution would be to exclude the intermediate holding period as stated in Q33. Secondly, RHPs vary immensely between different types of PRIIPs, thus there is little sense in trying to strive for complete comparability. Thus, the standardised 1-year period is of crucial importance, as it already gives investors a sense of the immediate entry costs and potential early exit costs.

<ESA_QUESTION_PKID_34>

Q35 : Do you think it would be relevant to either (i) use an annual average cost figure at the recommended holding period, or (ii) to present both an annual average cost figure and a total (accumulated) costs figure?

<ESA_QUESTION_PKID_35>

More figures do not necessarily lead to better investor information. In fact, they could confuse investors. We prefer the average annual cost figure, because investors are used to this approach and accumulated figures will be too dependent on recommended holding period. An average annual cost figure would make it easier for investors to compare products with different recommended holding periods.

<ESA_QUESTION_PKID_35>

Q36 : Do you think that it would be helpful, in particular for MiFID products, to also include the total costs as a percentage of the investment amount?

<ESA_QUESTION_PKID_36>

We strongly support the ESAs' intentions to improve comparability with MiFID II disclosures. Due to the vast majority of funds being distributed in a MiFID II environment, it is absolutely crucial that investors receive the same cost disclosures through the PRIIPs KID and MiFID ex-ante disclosures. It is, therefore, crucial to include the total costs as a percentage of the investment amount.

In order to avoid that the information is misunderstood we recommend that only a yearly percentage is shown which is aligned with MiFID II cost disclosure rules. Relying on cost figures that are dependent on RHP or the performance scenarios make comparison of costs across products difficult.

<ESA_QUESTION_PKID_36>

Q37 : In this context, are there PRIIPs for which both performance fees and carried interests are applied?

<ESA_QUESTION_PKID_37>

No comment

<ESA_QUESTION_PKID_37>

Q38 : Do you agree with this analysis from the ESAs? If yes, what are your views on the extent to which fees related to the management of the underlying real estate assets, i.e. the properties themselves, should be taken into account in the calculation of the cost indicators?

<ESA_QUESTION_PKID_38>

If the costs are to be included, they should contain the “clean” administration cost that are in a fund. We are not sure how it can be measured fairly otherwise. Also, here you do not compare fees across different product types as an investor. Comparability only makes sense for comparable products/substitutes and investors do not compare costs of liquid open ended UCITS funds with real estate funds. There should however be a disclaimer that there can be significant costs that are not included.

<ESA_QUESTION_PKID_38>

Q39 : Do you agree with the ESAs’ preferred option 3 to revise the cost tables?

<ESA_QUESTION_PKID_39>

The EBF highly supports the revision of the cost table, even though at this stage there is no consensus among members on a favourite option.

As a general comment we support a close alignment of MIFID and PRIIPS, in particular regarding cost presentation.

<ESA_QUESTION_PKID_39>

Q40 : If not, which option do you prefer, and why?

<ESA_QUESTION_PKID_40>

Please see response to question 39.

<ESA_QUESTION_PKID_40>

Q41 : In particular, do you think that the proposed changes to the presentation of the impact of costs on the return in percentage terms (i.e. including reduction in return before and after costs) is an improvement on the current presentation?

<ESA_QUESTION_PKID_41>

The focus should be on keeping it simple for the consumers. This is not the case, since the impact of cost on return is incomprehensible for the vast majority of retail investors. Therefore, showing the retail investor even more data on this figure with three lines (before cost, after cost and reduction due to cost) is most likely to confuse investors and to contribute to information overload. Secondly, the concept of “return per year before costs” is highly questionable. This figure requires PRIIPs manufacturers to re-include all costs into the PRIIPs, resulting in a figure detached from the fact that there are no opportunity costs for investors. This would mislead retail investors into believing that returns are free.

<ESA_QUESTION_PKID_41>

Q42 : Do you have other comments on the proposed changes to the cost tables?

<ESA_QUESTION_PKID_42>

Please keep in mind, that a simple approach is often preferable, as the risk of misunderstanding the figures is lower. A disclaimer mentioning that is based on assumed returns should be included.

<ESA_QUESTION_PKID_42>

Q43 : What are your views on the appropriate levels of these thresholds? Please provide a justification for your response.

<ESA_QUESTION_PKID_43>

The EBF would support option 2 as this option is more principles-based.

<ESA_QUESTION_PKID_43>

Q44 : If UCITS would fall in the scope of the PRIIPs Regulation, do you agree that the coexistence of the UCITS KII (provided to professional investors under the UCITS Directive) and the PRIIPs KID (provided to retail investors under the PRIIPs Regulation) would be a negative outcome in terms of overall clarity and understandability of the EU disclosure requirements? Are you of the view that the co-legislators should therefore reconsider the need for professional investors to receive a UCITS KII, as the coexistence of a PRIIPs KID together with a UCITS KII (even if not targeted to the same types of investors) would indeed be confusing, given the differences in the way information on costs, risks and performance are presented in the documents? Alternatively, are you of the view that professional investors under the UCITS Directive should receive a PRIIPs KID (if UCITS would fall in the scope of the PRIIPs Regulation)?

<ESA_QUESTION_PKID_44>

We do not see a need for professional investors to receive either a UCITS KIID or a PRIIPs KID. Professional investors do not use the KIID/KID, as the information in these types of documents is way too basic for their needs. Professional investors use the prospectus and often ask the management company or the portfolio manager for more detailed information than a KID/KIID provides and often make their own due diligence before their initial investment. Also, it will be an unnecessary burden and cost to have two overlapping key information documents.

The co-legislators should repeal the rules in the UCITS directive regarding UCITS KIIDs from 1st of January 2022, when UCITS fall within the scope of the PRIIPs regulation, so UCITS KIIDs no longer should be made or provided to professional investors as well as retail investors.

<ESA_QUESTION_PKID_44>

Q45 : What are your views on the issue mentioned above for regular savings plans and the potential ways to address this issue?

<ESA_QUESTION_PKID_45>

UCITS investors are currently entitled to receive a UCITS KIID when changes are made to the savings plan. In the PRIIPs regime, it is mandatory to provide an updated PRIIPs KID to investors whenever the PRIIPs KID is updated. We would welcome the alignment of the UCITS KIID to the PRIIPs KID, by the implementation of Section II, Question 2a of the ESMA Q&A on UCITS in the PRIIPs Q&A. Investors would be provided with a KID at the beginning of the savings plan and whenever there are changes made to this savings plan, but a KID should not be required solely because the KID has been updated.

<ESA_QUESTION_PKID_45>

Q46 : Do you agree that these requirements from Article 4 should be extended to all types of PRIIPs, or would you consider that it should be restricted to Management Company of UCITS or AIFs?

<ESA_QUESTION_PKID_46>

No comment

<ESA_QUESTION_PKID_46>

Q47 : Do you agree that this requirement should be extended to all types of PRIIPs, or would you consider that it should be restricted to Management Company of UCITS or AIF?

<ESA_QUESTION_PKID_47>

No comment

<ESA_QUESTION_PKID_47>

Q48 : Do you agree that these requirements should be extended to all types of PRIIPs, or would you consider that they should be restricted to the Management Company of the UCITS or AIF?

<ESA_QUESTION_PKID_48>

No comment

<ESA_QUESTION_PKID_48>

Q49 : Do you have any comments on the proposed approaches in relation to the analysis and proposals in this Section, and in particular on the extent to which some of the abovementioned requirements should be extended to other types of PRIIPs?

<ESA_QUESTION_PKID_49>

General remarks
As was described by the ESA’s in the introduction - “as things stand, in the absence of legislative changes, from 1 January 2022, UCITS will be required to prepare a PRIIPs KID and UCITS KII. In view of this, the

European Commission is expected to table legislative proposals in due course to address the requirements that would apply to UCITS from 1 January 2022 onwards." The main goal of the ESA's thus is to include relevant UCITS provisions within PRIIPs.

Consistently with our answer to question 44, our main points with regards to questions 46-49 are based on avoidance of the co-existence of two similar but not equal obligatory pre-contractual information documents. We are of the understanding that there would never be a situation where a PRIIPs KID exists in addition to a UCITS KIID for one and the same financial product (be it for a retail or a professional client). The ESA's need to avoid that changes lead to a situation where the UCITS KII will be no longer applicable to retail investors (if the case) albeit remaining applicable to professional investors. Manufacturers of UCITS with a broad potential target market identification (i.e. both professional and retail investors) will still need to produce two different information documents (UCITS KII and PRIIPs KID). The two documents differ with regard to the underlying methodologies and calculations, for example:

- Transaction costs within the fund. For UCITS, transactions costs within the fund (so called implicit costs) are not included, whereas in PRIIPs they are. Because of this inconsistency, retail investors might be confused when two information documents exist beside each other.

- Risk indicator. Although they appear to be very similar (i.e. a scale of 1-7), risk indicators within UCITS SRRI and the PRIIPs SRI differ fundamentally on a methodology level. The PRIIPs regulation risk indicator can be seen as a 'step up' from the UCITS' SRRI. The SRI (PRIIPs) includes inter alia credit risk and assesses market risk (with a more complex Cornish Fisher methodology).

For both distributors and manufacturers all of the above leads to operational impact and risks, in case that two documents need to be produced and provided to separate client groups (i.e. professional and retail investors). But above all, it threatens to confuse (retail) investors while the EC's intention is to promote confidence (and investments) by retail investors in the European Capital Markets.

UCITS provisions in PRIIPs regulation
The proposed changes cause concern to the EBF that the legal framework will get even more complicated instead of simplified if cross-references will be made between PRIIPs and UCITS laws and regulations. This is not in line with the EC's own stated ambitions of better EU Regulation for EU citizens.

We are concerned that the proposed inclusion of UCITS provisions in PRIIPs might lead to overcomplication. It seems difficult, with the proposed additions, to prepare a PRIIPs KID that consists of only 3 pages. We ask the ESAs to check whether it is still possible, with new provisions added, to prepare a KID that doesn't go beyond 3 pages.

Member state option
We also want to bring the 'member state option' under the ESAs' attention. The authorised languages for the information documents can differ under PRIIPs and UCITS in members states. For example, in the Netherlands a situation exists where for the UCITS KIID's English and Dutch versions are both authorised languages, whereas under PRIIPs a KID in the Dutch language is mandatory. In other words, the Netherlands have not used it's 'member state option' under article 7 of the PRIIPs Regulation EU 1286/2014 to allow for other languages.

The ESAs should be aware of the possible differences in implementation between member states and the possible negative side-effects this might entail. If a member state chooses not to use the member state option, this might represent a barrier to the freedom of movement of capitals in general, shrinking the range of investment options for retail investors more in particular.

<ESA_QUESTION_PKID_49>

Q50 : Do you think this proposal would be an improvement on the current approach?

<ESA_QUESTION_PKID_50>

We are strongly against the proposed changes. Presenting four most common options creates confusion between product information and MiFID/IDD investor protection rules. The fact that some options are often selected does not help the client making the choice. There is real danger in investors finding such information as recommendation.

<ESA_QUESTION_PKID_50>

Q51 : Do you envisage significant practical challenges to apply this approach, for example for products which allow the investor to choose between a wide range or large number of options?

<ESA_QUESTION_PKID_51>

In addition to the comments made under Q50, we want to highlight that it is already a challenge for many manufacturers to fit all the required information into the mandatory maximum length of three A4 pages. The proposed changes will only add to this challenge and any changes should therefore be subject to careful and thorough consideration.

<ESA_QUESTION_PKID_51>

Q52 : Do you see any risks or issues arising from this approach in relation to consumer understanding, for instance whether the consumer will understand that other combinations of investment options are also possible?

<ESA_QUESTION_PKID_52>

It is likely that the proposed solution will generate more investor confusion and a notion that the four options included in the generic KID are the options recommended by the PRIIPs manufacturer. It should be acknowledged that any form of examples will guide the retail investors when they are choosing the investment options for their MOP, even in the case of a clear statement that the examples are "just examples" and not recommendations. Hence, we foresee a real risk that retail investors would simply go for the four options included in the KID without thoroughly thinking about whether that would be the best fit for them individually. One should also consider the risk of unserious distributors using these representative options as an easy way out in an advisory session, recommending that the retail investor should just invest accordingly, building on the argument that such options are the most frequently selected and specifically included in the KID based on a rigorous product approval process.

<ESA_QUESTION_PKID_52>

Q53 : Do you think this proposal would be an improvement on the current approach?

<ESA_QUESTION_PKID_53>

We agree with the statement in the consultation document on page 54, that the main drawback of this proposal is that it introduces significantly more figures in the generic KID, which may be an overload of information for certain types of retail investor.

Given that one of the objectives of the KID is to deliver clear and comprehensible information to retail investors it is very important to combat information overloads. Since this has already been defined as a main drawback, we consider that the proposal would not be an improvement.

In order to make things clearer for retail investors, we would rather support a separation of the costs of the MOP PRIIPs (e.g. an insurance wrapper) and the costs of the underlying investment options in the generic KID. This could be beneficial and is something which could be looked into within coming consultations.

<ESA_QUESTION_PKID_53>

Q54 : Are there other approaches or revisions to the requirements for MOPs that should be considered?

<ESA_QUESTION_PKID_54>

The ability to make use of Article 10(b) is of utmost importance. In this context, we are of the opinion that the proposal would not be an improvement on the current approach and that a European wide analysis should be ran.

<ESA_QUESTION_PKID_54>

Q55 : Do you have any comments on the preliminary assessment of costs and benefits?

<ESA_QUESTION_PKID_55>

No answer.

<ESA_QUESTION_PKID_55>

Q56 : Are you able to provide information on the implementation costs of the proposed changes, in particular regarding, (1) the proposed revised methodology for performance scenarios (using a reference rate and asset specific risk premia), and (2) the overall changes to the KID template?

<ESA_QUESTION_PKID_56>

No answer.

<ESA_QUESTION_PKID_56>

Q57 : Are there significant benefits or costs you are aware of that have not been addressed?

<ESA_QUESTION_PKID_57>

No answer.

<ESA_QUESTION_PKID_57>