Polish Chamber of Insurance response to the Joint Consultation Paper concerning amendments to the PRIIPs KID

Introduction

Please make your introductory comments below, if any:

The Packaged Retail and Insurance-based Investment Products (PRIIPs) key information document (KID) is meant to apply the same very prescriptive disclosure standards to a wide variety of very different products. However, in practice, it applies mainly to insurance products for the time being, as UCITS funds are still excluded from the scope of the PRIIPs Regulation.

After a thorough analysis of the concrete proposals included in the consultation paper, we do not believe that the proposals improve the quality of information in the PRIIPs KID, since they predominantly:

- Increase the complexity of the methods and presentation of information
- Lead to misleading figures for consumers that are difficult to understand
- Overload consumers with information

Polish Chamber of Insurance (PIU) has serious concerns with the approach taken in the current European supervisory authorities (ESAs) public consultation. The ESAs need to conduct a more well-considered and better evidenced approach when proposing amendments which could lead to deterioration of information provided to consumers. It needs to be evidenced that the consumer will benefit from such proposals, in order to justify the significant systems changes and compliance costs for industry.

Therefore, PIU requests that the fundamental changes required to address flaws in the PRIIPs KID are only considered as part of the official review foreseen by the Level 1 PRIIPs Regulation. Such amendments are central to the objective of the Regulation and as such require thorough impact assessment and a proper, holistic consumer testing of all aspects of the KID, to ensure that consumers are provided with meaningful information. On the contrary, the introduction of interim measures which would incur additional compliance cost without achieving any added value for consumers is an entirely unsatisfactory approach to the issues at hand. There is minimal value to consumers in repeatedly changing the presentation of the PRIIPs KID. This would increase confusion and also risks devaluing the KID as repeated changes will cause consumers to question the value of the information presented to them. The proposed changes to the RTS would mean insurers face significant costs in altering PRIIPs KIDs by 2021 and will face costs again implementing changes that result from the official PRIIPs review. It is also not clear how the official review could fully consider the impact of any interim changes, as these would have only just been implemented when work on the review began.

In addition, the changes currently being considered by the ESAs integrate more features from the UCITS key investor information document (KIID) into the PRIIPs KID, making the PRIIPs KID even less suitable for insurance products and even more confusing for consumers. For example, the ESAs propose to add a table on past performance scenarios in addition to the table on future performance scenarios, as well as further narratives on costs. This will confuse consumers and exceed the three-page limit. Conversely, the ESAs are considering changing elements of the KID that are working well, such as the reduction-in-yield cost indicator (RIY), in order to improve the compatibility with MiFID disclosures. It is not clear why PRIIPs has to be adjusted to MiFID in the first place instead of other way round and in any case the consultation paper clearly states that "RIY figures could be used to comply with the requirements in MiFID".

Moreover, we have serious concerns regarding the proposed changes for multi-option products (MOPs), which would be particularly burdensome for insurers to implement, with no evidence of the added value for consumers. On the contrary, the introduction of additional layers of information, including cross-references, and complex costs tables for MOPs would have the unintended consequence to confuse consumers and expose product manufacturers to significant liability risks.

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

The PRIIPs Regulation obliges insurers to provide pre-contractual information on paper, as a default requirement. It may only be provided in another medium "by way of derogation" or exception from this paper requirement. This requirement does inhibit digitalisation and prevents further development of the internet as a distribution channel. It fails to recognise increasing consumer demand for, and use of, online services by consumers, and is not conducive to ensuring future-proof regulation. Several requirements on the form and content of the PRIIPs KID including on front-size and pages length are inherently paper based and will need to be revised to allow for the use of digital distribution channels.

In contrast, the PEPP Regulation takes a more digital-friendly approach. It rightly allows for the electronic distribution of PEPP information from the outset, while still permitting consumers to request this information on another durable medium, such as paper.

However, without the necessary changes on Level 1 Regulation, this issue cannot be solved on Level 2 alone. As to other approaches to the use of digital solutions for the PRIIPs KID, any new proposal should be properly tested with consumers. Therefore, PIU believes that:

- More time is needed to assess, test and define possible new approaches as part of the review foreseen in the PRIIPs Level 1 Regulation.
- Given the multiple implications on consumers and product manufacturers, any change should not be rushed nor introduced in different batches.

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?

The PRIIPs KIDs are already published on insurance companies' websites as pdf files. The pdf format is also the one required by national competent Authorities for the pre-notification of the PRIIPs KID. Moreover, we are not aware of another standardised and widely used format that would allow for better machine readability.

Therefore, PIU believes there is no need to modify the format nor the level of standardisation of the PRIIPs KID.

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?

After a thorough analysis of the concrete proposals included in the consultation paper, we do not believe that the proposals improve the quality of information in the PRIIPs KID, since they predominantly:

- Increase the complexity of the methods and presentation of information
- Lead to misleading figures for consumers that are difficult to understand
- Overload consumers with information

Polish Chamber of Insurance would like to ask the ESAs and the European Commission not to rush the PRIIPs review. It is vital that the ESAs take the necessary time to develop sound, meaningful and workable solutions and methodologies that are proven to improve consumer understanding effectively and to fit the diverse range PRIIPs available.

At the same time, PIU does not support interim solutions. Introducing piecemeal changes would increase legal uncertainty for companies and create additional compliance costs, without giving consumers a substantially

better understanding of products. Furthermore, successive changes to the KID risk further significantly undermining consumer trust in the PRIIPs KID and causing confusion where KIDs repeatedly change, but the fundamental features of the product do not.

Instead, PIU asks for a pragmatic, realistic timeline that takes into account the multiple impacts of regulatory changes to the PRIIPs KID and the significant compliance and operational effort required by the industry (i.e. cross-functional work to interpret the new requirements, new data to be gathered, actuarial and financial calculations, IT software changes, re-design of the PRIIPs KID template, test of calculations and design, legal assessment of the texts and numbers, potential translation into different languages, new documents to be drafted and distributed to agents and customers, new training for distributors, new data exchange with funds on MOPs update of the website, etc.).

For all these reasons, PIU calls for one single set of changes ideally at the time of the official review foreseen by the Level 1 Regulation and following a holistic consumer testing of all the different contents.

The deadline for the implementation by the industry should be dynamic, as in the PEPP Regulation. This means that the deadline for the implementation by the industry should be at least 12 months from the publication of the targeted changes in the Official Journal, and should be the same for all products and product manufacturers.

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?

To avoid further consumer confusion, loss of trust and unnecessary compliance costs, interim solutions and continual changes must be avoided.

In order to address the complexity and initial shortcomings of the KID, the PRIIPs framework has already needed a series of adjustments and clarifications — European Commission guidelines, five successive batches of Q&As from the European supervisory authorities (ESAs) and two supervisory statements — resulting in serious compliance fatigue.

In addition to these continual changes, further successive, fragmented regulatory changes are already planned.

In terms of impact assessment, disjunctive changes lead to multiple compliance costs, as each time:

- A new legal assessment is required.
- New data, calculations or updates of the systems are necessary.
- Interdependency and plausibility of results need to be checked against each other.
- The PRIIPs KID layout needs to be changed.
- New training has to be performed for distributors.
- The new versions need to be delivered to distributors and uploaded on the website, etc.

Therefore, based on the lessons learnt from the past, fixes to the PRIIPs KID must be developed with sufficient time and introduced in one single set.

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.

There are certain products (for example traditional with-profit products) for which the PRIIPs KID is wholly unsuitable. These products provide mainly biometric cover and are not intended to be pure investment products. The changes proposed in this consultation fall far short of making the adaptations necessary to

provide consumers with meaningful information on these products. It is vital that the treatment of these products is assessed fully as part of the full review of the PRIIPs Regulation.

In addition, providing consumers with multiple versions of the PRIIPs KID based on different costs and performance methodologies would confuse them and would raise concerns among those clients trying to compare or read PRIIPs KIDs issued before the review(s) in conjunction with those issued after the review(s). Indeed, even if the materiality and the quality of the product have not changed, clients might have the wrong perception that the product they subscribed is not performing as expected (as he/she will be provided with "more moderate" figures under the new dividend yield methodology, see our answer to question 6) or the costs are different from those originally envisaged (because the representation of the costs has changed). This might have unintended negative consequences on the trust and level of satisfaction of customers and affect the customer retention. It is therefore important that manufacturers are not required to deliver a new version of the PRIIPs KID to existing customers

We would also like to reiterate that insurers are currently a main provider of products in the scope of PRIIPs for the time being, as UCITS manufacturers are still exempted. As such, insurers are a key stakeholder in this consultation. Throughout the consultation paper it is not clear that the specific features of insurers products (as opposed to funds) have been fully considered. We have tried to highlight in our answers where we believe the proposals put forward are not suited to the specificities of IBIPs.

It is essential that the ESAs consider the impacts on products from all PRIIPs manufactures across diverse markets when assessing the effectiveness of their proposals.

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

PIU supports changes to the PRIIPs KID only where there is solid evidence that they improve consumer understanding and are workable for all insurance products across all markets.

Also, in terms of timing, the fact that the EC consumer testing is running in parallel to the ESAs public consultation has not allowed the ESAs to factor-in the outcomes of the consumer testing in the proposals included in the public consultation. Stakeholders are being consulted on options and methodologies that are still incomplete or work-in-progress. Moreover, the ESAs will have very limited time to analyse all the responses to the public consultation, the findings of the EC consumer testing and then develop appropriate new rules accordingly.

1. Intermediate scenarios: PIU believes that consumers will misunderstand the intermediate time periods in the performance scenarios table. It should be recognized that consumers investing in a long term IBIP have different needs and objectives compared to consumers investing in short term funds and given their long investment time horizon they do not need to receive nor compare the information on performance after one year or at other intermediate time horizons. In fact, providing this information can inadvertently create the impression that early redemption is advised.

2. Probability of a scenario: PIU believes that including a column on the "estimated chance that [the] scenario occurs" would highly confuse consumers. The performance scenarios are developed to give consumers an indication of returns using some assumed model. They do not provide exact outcomes since these are unknown. By attaching probabilities to the scenarios, a misleading might be generated. Furthermore, consumers are not familiar with the underlying models since these are background tools used by providers. Therefore, they cannot assess the meaning of these probabilities. Finally, it is also not clear how a consumer is expected to act on this information, as he/she will in practice experience only one realisation of the product.

3. Past performance in addition to forward looking scenarios: PIU is concerned that including two performance scenarios tables in the PRIIPs KID would not help consumers understand the product features. In contrast, it will result in overloading consumers with further information. Such an overload of figures, obtained through different methodologies (past performance is anchored in actual historical data, while future scenarios show the range of possible outcomes), would only confuse consumers, and not simplify their choice.

4. Illustrative approach to future performance scenarios: PIU believes that more time is needed to properly develop and test new methodologies and their underlying assumptions, and assess all possible options including for example illustrative scenarios for IBIPs.

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?

PIU believes that consumers will misunderstand the intermediate time periods in the performance scenarios table. It should be recognized that consumers investing in a long term IBIP have different needs and objectives compared to consumers investing in short term funds and given their long investment time horizon they do not need to receive nor compare the information on performance after one year or at other intermediate time horizons. In fact, providing this information can inadvertently create the impression that early redemption is advised.

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

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

The details of this methodology are not clear and need to be clarified.

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?

The dividend yield methodology that is proposed in the consultation paper is considerably more complex than the current one and is not straightforward to implement for all PRIIPs. As stated on page 26 of the consultation paper, the "ESAs also acknowledge that such a methodology is relatively complex and may present challenges, both in terms of implementation by the industry, and explanation to consumers. This would be particularly relevant for multi-asset portfolios, where the underlying investments are based in several different countries". The new proposed methodology will add additional burdens to product manufactures, who would need to look through and model each single underling asset of the product (e.g. up to 350,000 underling assets or more); product manufactures would also the need to keep monitoring the developments of government bonds and underlying assets and possibly update the KID accordingly more frequently. This could be particularly burdensome for the complete information to be provided on MOPs most commonly selected options, which would need to include performance scenarios.

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?

Q12: How should share buyback rates be estimated?

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

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)?

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

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?

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.

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?

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

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?

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?

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

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

The consultation paper is not clear what is the purpose of showing both, probabilistic and illustrative scenarios. These scenarios are based on completely different ideas and consumers will not under-stand how they relate to each other (or rather not relate). Consumers will not only be overloaded with too many scenarios but also confused about their respective informative value.

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

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?

The approach proposed by the ESAs is not clear and it would not allow full comparability. This is the case for IBIPs structured products, unit linked with structured underlying options and guaranteed products.

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

Polish Chamber of Insurance is concerned that including two performance scenarios tables in the PRIIPs KID would not help consumers understand the product features. In contrast, it will result in overloading consumers with further information. Such an overload of figures, obtained through different methodologies (past performance is anchored in actual historical data, while future scenarios show the range of possible outcomes), would only confuse consumers, and not simplify their choice.

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

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?

PIU is in opinion that average past performance is not intuitive. If a consumer buys an IBIP with recommended holding period of 30 years, the averages over 1, 3, 5 and 10 years are irrelevant for him.

In general, past performance is not even yet well-defined for non-linear IBIPs, so it would be problematic to discuss averages of the quantities that are not even defined.

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))?

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

PIU believes that additional narratives would not reduce consumer confusion. Consumers' attention would be distorted by the huge number of quantitative figures.

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[1]?

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

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?

PIU does not see any benefit in including intermediate time periods for presenting costs. We commend the ESA's efforts to introduce much needed simplicity by removing the intermediate time periods from the section on performance. This simplicity should also be reflected in the costs section to ensure coherence across the KID (including in relation to the risk indicator).

The structure and the long-term nature of IBIPs makes it inappropriate to present costs after one year, 5 years or at any other fixed time period. An estimation of costs early in the lifetime of a product will never allow for a meaningful comparison between products with a different recommended holding period as it captures the costs at a different point in the evolution of the product. The only useful point of comparison are the costs at the recommended end of the contract.

As with performance, there is a risk that presenting information on costs before the recommended holding period of a product will create the impression that earlier redemption is advisable. Information on the risks of early redemption is already included in the separate section on "How long should I hold it and can I take money out early?". This enables PRIIPs manufacturers to give fuller details of any fees or penalties incurred for divestments prior to maturity of the product.

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:

As noted in our response to Q33, PIU does not see any benefit in including intermediate time periods for costs. There is no set time period which would be appropriate for longer term products or allow for comparability between different products.

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?

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?

[1] 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

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

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?

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

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

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?

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

Some of the proposed changes, including the introduction of additional narratives on how costs are calculated, would lengthen the PRIIPs KID and make it even more challenging to include all the required information within the 3-pages mandatory limit imposed by the Level 1 PRIIPs Regulation.

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

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)?

PIU agrees that the use of the UCITS KIID alongside the PRIIPs KID would potentially be confusing as it would result in two information documents being available for the same product, with significant differences between the information included within them.

However, where the intended end investor of an insurance product is a retail investor, insurers are required to produce a PRIIPs KID and rely on the information provided by UCITS managers to do so. Without a requirement for UCITS managers to provide a PRIIPs KID to the insurer, there is no legal requirement that insurers can rely on to ensure they have access to the data they need. It is vital that a requirement to provide an information document to the professional investor where the intended end customer is a retail investor is maintained. In order to avoid confusion, we would suggest that this is simply a requirement for UCITS managers to provide a PRIIPs KID in these situations.

We also note a potential issue with the timeline for any changes to the current framework. We understand that the current proposals are intended to be implemented prior to the end of the UCITS exemption. If this is the case, it is crucial that any changes related to the UCITS KIID are postponed until the end of the UCITS exemption to avoid any gaps between the old and new regime.

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

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?

PIU believes that the PRIIPs framework was drafted with a view to including UCITS in the scope and therefore changes to accommodate them should be minimal. It is not necessary to carry over all additional disclosure requirements simply because they are not identical to those included in PRIIPs. Instead, UCITS requirements and guidance should only be introduced to PRIIPs where absolutely necessary and should be applicable as few providers as possible. Furthermore, the inclusion of UCITS in the PRIIPs framework should not result in additional requirements for other PRIIPs manufacturers.

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?

See answer to Q46

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?

See answer to Q46

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?

See answer to Q46

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

PIU believes that the ESAs' proposal to provide complete information for at least the four most commonly selected MOPs options would overload consumers with information and would be burdensome and complex to implement, while contradicting the Level 1 Regulation requirement to provide standardised information in a short and concise manner and the Level 1 Regulation treatment of MOPs.

Also from a distribution and product offering point of view, the new requirement could have the unintended negative consequence to create a "nudging" effect: the most commonly selected options might artificially become the most frequently required by consumers or the most easily recommended by distributors – just because they are described in new, readily available standard documents that are perceived as "default" investment solutions.

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?

See answer to Q50

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?

See answer to Q50

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

PIU does not believe that this proposal would improve the quality and understandability of the information provided for MOPs.

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

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

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?

The introduction of the new dividend yield methodology and of past performances in the PRIIPs KID would have severe implications in terms of costs, as it would require to implement a new approach - that is more complex than the current one, as explained in Q10 - and build past performances for products that do not have any (new products, structured products, etc.).

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

If the PRIIPs methodology is changed too often, consumers may lose trust in the information contained in the PRIIPs KID. We urge the ESAs not to introduce any interim solutions and encourage the ESAs to conduct an in-depth review at a later stage that is preceded by a consumer testing and thorough consultations with expert groups and stakeholders.

According to the PRIIPs Regulation, manufacturers must review the KID every year, in compliance with the already consolidated rules. However, the introduction of new legal provisions and methodologies at EU level implies huge effort that cannot be compared with a standard internal review.