	Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60)	**Deadline 6 December 2018 23:55 CET**
Name of Company:	**Amundi**	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
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Reference	**Comment**	
General Comments	Amundi welcome the Consultation paper of ESAs but considers that an in-depth review of the PRIIPs Regulation is needed and that the postponement of the UCITS exemption up to the end of such review is necessary. The present consultation provides various arguments in favor of this position interalia because main topics of concern are not addressed (for example market impact of orders). Therefore we would oppose the obligation of adopting in a hurry an interim template which would be notoriously inadequate and which should be modified 2 or 3 years later. As far as the EC recently announced that a postponement of the UCITS exemption was possible we stress on the need of acting this and on undertaking as soon as possible the indepth review, i.e. from early 2019. An interim evolution to be integrated before end of 2019 followed by another one two or three	

	years later would be costly and inappropriate; in addition the substitution of thousands of UCITS KIID by PRIIPs KID before end of 2019 would be unfeasable. Let us mention that the postponement of the UCITS exemption allow for coping with the legal issue of having two different information documents for a same product.	
Q1	Yes but the inclusion of past performances is not relevant for all PRIIPs. This is particularly true for structured products (see below). It is very useful for classic funds and much more meaningful than any future performance scenario. In fact, for classic open ended funds, past performances allow for a comparison between funds of the same kind and provide a very useful information about the skill of the management team as well as an idea about the kind of performances that may occure and the level of fluctuation of returns.	
Q2	In most cases past performances for structured products / funds and for life-insurance contracts are not relevant (cf. Q 3 & 4).	
Q3	The KIID presentation is appropriate for UCITS and UCITS-like AIFs but it will be tricky to define a methodology of proxy that will apply in an adequate manner to all structured products or to new products which have no past performances. In the past, some structured funds used to include past performance scenarios in their legal documentation (“prospectus simplifié”). This practice often led to show misleading information to investors because the producers could optimize their back-tests (e.g. with the selection of the underlyings and procyclical formulas, …) and produced biased statistics. For life-insurance, either they are invested in UCITS and in that case KIIDs of eligible UCITS have to be available, or they are ‘Euro contracts’ and what matters is the level of return which is guaranteed to investors.	
Q4	Regulators will face difficulties in assessing valuable methodology for simulated past performances similar to difficulties that occur with PRIIPs’ future performance scenarios. Structured products have no past performances and for those products, the same approach should be applied than the one of structured UCITS. The third page of their KIID presents a three cases scenario with projection that allows for understanding the rational of the product’s formula depending of three market hypothesis. These scenarios are not predictive but only didactical and they proved to be useful, contrary to the future performance scenarios of PRIIPs which do not make sense for classic open-ended funds.	

Q5		
Q6	The adjective ‘accurately’ should be deleted when speaking of predictions about future market developments. In the second explanation, the sentence ‘does not take into account the situation where we are not able to pay you’ should also be deleted. In fact this consideration has not its place there. **This being said, the addition of narrative can never turn an irrelevant information into a relevant one.**	
Q7	The risk neutral expectation based on the expected values of interest is not relevant as far as it does not allow for distinction between various asset classes as mentioned in page 36 of the consultation. In addition, since management fees of equity funds use to be higher than those of bond or of monetary funds, the method would end in providing better scenario for funds which, in fact, usually offer lower perspectives of returns. Such a result would be in direct contradiction with what is targeted by CMU. We strongly oppose keeping only the favourable and the stress scenario since disclosed results will without any doubt be unbalanced, with a strong asymmetry between stressed scenario downturns and reasonably expected returns from favourable scenarios. Let us remind that current figures of favourable scenarios in many PRIIPs KID are biased by the bulish trend of markets during the past 7 years. We also oppose the possibility to use a graph instead of a table to show the simulated future performance: this presentation would not be appropriate for many products and for autocallable in particular, and it would introduce complexity in the layout as well as some bias in terms of scale, size of the characters, and so on.	
Q8	**The best improvement will be the deletion of future scenarios for classic open ended funds since they are irrelevant.**	
Q9	The solution of disclosure proposed in pages 25 and 26 for autocallable products is appropriate. We also agree with the idea of taking into account the fact that invested amonts accumulated over time reduces the risk and that a separate MRM could be calculated to show this. Concerning the discloser of fees and the RiY calculation we stress on the fact that a more simple approach is needed in order to be understood by retail investors. As we say in French “le mieux est l’ennemi du bien”. Taking into account the shortfall linked to the capital withdrawn by paying	

	fees make disclosure inapprehensible for retail investors and this should be dropt in order to make things more simple. It will also be more consistent with more traditional way of disclosing fees (flat % upfront and running pourcentage) as very often used within the MiFID II approach. We disagree with the approach proposed for performance fees. These fees cannot be aggregated with other fees since this leads to penalise funds which provide better performances. In fact the average perf-fees taken during the past period has to be added to management fees. Then a fund which offered high returns during the refered period will disclose higher global fees than a fund which had bad performances: such disclosure will be misleading for investors. The disclosure of the average past performance fees must be presented as such in a separate line with the explanation of how they are calculated. This solution is applied in the UCITS KIID and we consider that it is the only appropriate one.	
Q10	**The section 4.3 provides further arguments in favour of a postponement of the UCITS exemption and of a single in-depth review to take place in 2019/2020 before the end of the exemption.** In fact as far as a UCITS KIID would have to be produced for institutional clients which are not in the scope of PRIIPs, the abolition of this KIID will not be possible and we would still be obliged to produce two documents. In addition, the ESAs recognise in the consultation that the required inclusion of at least 6 or 7 articles of UCITS IV in PRIIPs regulation could not be achieved correctly through the provisional review because such inclusion needs a thorough scrutiny. This means that we will have to cope with a provisional PRIIPs regulation for UCITS which will be wonky up to the final review. Before cumulating provisions from the UCITS with provisions from the PRIIPS which would lengthen the PRIIPs KID a thorough analysis has to be done in order not to overwhelm investors with an excess of data. **To be suitable and valuable for the investors the KID must remain concise and easily readable.** Let us also mention that the statement about Article 7(1)(d) of UCITS IV being the basis of ESMA's work on closet indexing is questionable: in terms of basis it is a very narrow one!	

Q11	We appreciate that ESAs recognise in page 36 that the risk free rate does not discriminate between different asset classes for future scenarios. This point being a crucial one this method should be excluded.	
Q12		
Q13	A major cost which has not been addressed is the one linked to the obligation of determining a market impact of orders to be included in implicite transaction costs. This provision of level 2 PRIIPs is all the more irrelevant because it is almost always impossible to assess the link between a market movement and an order. In addition there is a **total lack of proportionality** between the costs that are needed to provide this doubtful information and the benefit for investors. This issue is of major importance and it is not addressed in the consultation.	