AMAFI / DDV / AFPDB
9 December 2020

AMAFI/DDV/AFPDB POSITION PAPER REGARDING THE AMENDMENTS TO THE PRIIPS KID AS PROPOSED BY THE DRAFT FINAL ESA REPORT (AS REJECTED)[1]

EXECUTIVE SUMMARY

According to the „Draft Final Report following consultation on draft regulatory technical standards to amend the PRIIPs KID“, a variety of amendments to the existing PRIIPs RTS ("RTS V1").[2] were proposed, but the adoption failed at the level of the ESAs. The report includes the proposed but rejected RTS (the "RTS V2").[3]

We all share the goal to improve the PRIIPs KID to make it more understandable, comparable and to allow retail investors to make an informed choice between different financial products.

In the following analysis, which is based on our respective members' feedback, AMAFI, DDV and AFPDB wish to highlight the issues that would emerge should these RTS V2 be implemented.

Summary of AMAFI/DDV/AFPDB's main issues identified in RTS V2

The main issues arising from the RTS V2 are leading to a reduced comparability between products under the PRIIPs Regulation[4] as well as inconsistent results for autocallables products. Several amendments are not enhancing the KID for retail investors and therefore do not improve, nor do they add value by changing the existing regime.

AMAFI/DDV/AFPDB outline the main problematic issues identified in RTS V2 as follows:

[1] https://www.esma.europa.eu/sites/default/files/library/jc_2020_66_priips_rts_draft_final_report.pdf (JC 2020 66)
[2] Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 on key information documents (KID) for packaged retail and insurance-based investment products (PRIIPs).
[3] Draft regulatory technical standards (RTS) of the PRIIPs KID to amend Delegated Regulation (EU) 2017/653 ("PRIIPs Delegated Regulation") following the ESAs' Consultation launched on 16 October 2019 (contained in the draft Final Report following this public consultation – *JC 2020 66, p. 51 to 108*).
[4] 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) (PRIIPs Regulation).

1) Performance scenarios

- Discretionary component to the performance scenario calculation
- Specific performance scenarios for autocallable products leading to inconsistent and confusing results
- A new performance scenario: the “Minimum scenario”
- Fundamental flows in changes of the Intermediate Holding Period scenario calculation for Category 3 PRIIPs leading to inconsistent and confusing results
- Lack of mitigation of pro-cyclicality for Category 3 PRIIPs
- Information overload under performance scenarios

2) Presentation of costs

- Specific costs presentation for autocallable products leading to inconsistent and confusing results
- Not a full alignment of costs with MiFID II
- Narratives (without prescriptive wording) for presentation of costs
- Limitation of characters regarding the presentation of costs (composition and scaling)

3) Summary Risk Indicator

- Discretionary increase of risk class and other compensatory measures

4) Further Issues

- New narratives to highlight new distribution schemes
- Lack of a comprehensive consultation with the industry on the proposed changes
- Lack of a comprehensive consumer testing
- Uncertainty of scope

However, we welcome some of the changes regarding the presentation of costs, which seem more understandable for end investors, and better aligned with MiFID, except for autocallable products.

Introduction

German and French markets

Many of the proposed changes relate to autocallable products (also referred to as "Autocallables"), which make up for a market volume in Germany of 29 % in Q3 2020 representing in **AUM around 17.5 billion euros**.[5] As a result, any changes which worsen the current status quo should be under particular scrutiny.

For the French Market, structured products represent **about 25 up to 40 billion euros of issued notional of products (annual average)** where about 80% are autocallables products. It is worth mentioning that autocallable product is the number one asset among structured products packaged in insurance life contracts for retail investors.

Considering the typology of their members, the developments formulated below by AMAFI/DDV/AFPDB concern mainly structured products (Category 3 PRIIPs).

General remarks

The main issues arising from the RTS V2 as explained in more detail below are leading to a **reduced comparability between products under the PRIIPs Regulation, as well as inconsistent results for autocallables products**. Several amendments are not enhancing the KID for retail investors and therefore do not improve, nor do they add value by changing the existing regime. This includes technical processes that are in place, which are well established and understood by distributors, advisors and investors.

RTS V2 proposals provide partial solutions while simultaneously creating new issues by changing specifications that are overall working well at present, but which in turn would need to be addressed again at a later stage. Therefore, the RTS V2 proposals **would result in gradual and multiple implementation stages, which should clearly be avoided since it raises regulatory uncertainty and** a lack of stability.

AMAFI/DDV/AFPDB wish to outline that most of the changes in the KID implied by RTS V2 have not been accompanied by sufficient consumer testing. This **lack of a comprehensive all-encompassing consumer testing** does not lend itself to form the basis of a thorough review and to address all the existing shortcomings in the current regime. Furthermore, most of the changes - and the most problematic ones - have not been genuinely discussed with industry representatives nor presented in the previous consultation papers of the ESAs. Given those very detrimental impacts for our industry, we would like to stress this lack of concertation.

The introduction of a discretionary element in relation to various aspects (e.g. the summary risk indicator) creates a significant source for potential divergences of PRIIPs KIDs due to subjective views and assessments of different manufacturers. It also renders products less comparable and creates an additional source of inconsistency. The use of discretion could also increase the potential liability for the issuer.

[5] https://www.derivateverband.de/DE/MediaLibrary/Document/Statistics/20%2011%2013%20DDV%20Marktvolumen%20September%202020.pdf

Generally, the requirement to provide further information under the performance scenarios with the aim to enhance comprehensibility of KIDs seems counterproductive as more explanation will result in more confusion for retail investors and hence even less transparency. This in turn will have a negative impact on the comprehensibility – a counter effect to the intention - and investors' confidence in these products.

For structured products, technically, the set-ups for KIDs under the RTS V1 are based on very heavy IT workflows due to much larger volumes than in other industries. Many members are issuing up to several hundred thousand of exchange-traded products each year. Changes implied by RTS V2 – as set out in more detail below - will inevitably lead to technical difficulties for market participants as well as implementation issues for issuers/PRIIPs manufacturers and the financial market.

AMAFI/DDV/AFPDB wish to take the opportunity to provide detailed comments on the main topics presented in the last final proposals of RTS V2.

ISSUES RAISED BY THE RTS V2

• Presentation and content of Performance Scenarios

1. Intermediate Holding Period ("IHP") for Category 3

RTS Annex IV, paragraph 37, states that:

"*For PRIIPs as referred to in points 15 and 29 of this Annex, Category 3 PRIIPs and Category 4 PRIIPs, unless point 38 of this Annex applies, the scenario values* ***to be shown for the intermediate holding period shall be estimated by the PRIIP manufacturer in a manner consistent with the estimation at the end of the recommended holding period***."

As we understand it, this modification means that the scenarios selected for IHPs should be the ones leading to the scenario shown at the recommended holding period (RHP), which would cause highly inconsistent intermediate performance scenarios for all Category 3 PRIIPs. **This item is among the most problematic, specifically for Autocallables[6].**

To illustrate this problem, see the below example of a 5-years EUR denominated Autocallable with annual observations. In case the S&P 500® price index performance is increased at an annual observation date (compared to where it was at the launch of the product) the autocall product matures repaying full capital (100%) plus 7% coupon for each year elapsed since launch. At maturity (i.e. RHP of 5 years), if the product did not autocall early, there are 3 scenarios:

- If the index is equal or above its initial level (where it was at the launch of the product) – it will repay full capital plus 7% coupon for each of the 5 years.

[6] The issue is explained in an example in an article written in July 2020 by A. Leibowitz (Performance Scenarios for Autocallables, written by Ayal Leibowitz, LPA - link).

- If the index is below its initial level and above or equal 50% of its initial level – it will repay the full capital (with no coupons).
- If the index is below 50% of its initial level – it will repay the capital reduced by the decline of Index.

RTS V1 displays performance scenarios as follows:

Scenarios		1 year	5 years (Recommended Holding Period)
Stress scenario	What you might get back after costs Average return each year	EUR 641 -93.61% p.a.	EUR 4,298 -15.54% p.a.
Unfavourable scenario	What you might get back after costs Average return each year	EUR 5,779 -42.24% p.a.	*EUR 10,700 1.36% p.a.
Moderate scenario	What you might get back after costs Average return each year	*EUR 10,700 7.00% p.a.	*EUR 10,700 1.36% p.a.
Favourable scenario	What you might get back after costs Average return each year	*EUR 10,700 7.00% p.a.	**EUR 12,100 3.89% p.a.

* Early matured after 1 year
** Early matured after 3 years

While results from RTS V2 methodology would display as follows:

Scenarios		If you exit after 1 year	If you exit at call or maturity
Minimum	There is no minimum guaranteed return. You could lose some or all of your investment		
Stress (product ends after 5 years)	What you might get back after costs Average return each year	EUR 641 -93.61% p.a.	EUR 4,298 -15.54% p.a.
Unfavourable (product ends after 1 year)	What you might get back after costs Average return each year		EUR 10,700 1.36% p.a.
Moderate (product ends after 1 year)	What you might get back after costs Average return each year		EUR 10,700 1.36% p.a.
Favourable (product ends after 3 years)	What you might get back after costs Average return each year	EUR 8,840 -11.60% p.a.	EUR 12,100 3.89% p.a.

As the table above demonstrates, the new methodology can lead to the following scenarios at IHPs:

i. Without actual results after 1 year.
ii. Not being in an ascending order.
iii. Showing losses at IHPs in the Favourable scenario.
iv. Being inconsistent with the principle of scenarios showing the 10%/50%/90% best cases of hypothetical future valuations.

In accordance with the RTS V1 IHP methodology, the industry-wide view is that, as per the EUSIPA Recommendations[7], IHPs should be treated independently from the RHP, and show percentiles of hypothetical valuations at IHPs, irrespective of what happens at the RHP. In this respect, RTS V1 is

[7] https://eusipa.org/wp-content/uploads/EUSIPA-PRIIPs-RTS-final-recommendations_SUMMARY_with-additional-context_SEP2018_version1_FINAL_for-publication.pdf (the "EUSIPA Recommendations")

clearer and better than RTS V2. RTS V2, on this point, brings contradiction within the principle of probabilistic scenarios at IHPs.
This is the reason why **AMAFI/DDV/AFPDB suggest keeping the current methodology of RTS V1 for autocallable products.**

❖ RTS V2, Annex IV, Performance Scenarios, *Calculation of scenario values for intermediate holding periods,* par. 35 and 37 (*JC 2020 66, p. 77*)

2. Performance scenario table for Autocallables

RTS V2 Annex V, paragraph 17, states that "*Figures for **intermediate holding periods shall only be shown for scenarios where the PRIIP has not yet been called or cancelled before or at the end of that intermediate holding period** and shall include any exit costs that apply at that time.*
***If the PRIIP would have been called before or at the end of that intermediate holding period based on the simulation, no figures shall be shown at that time period**."*

AMAFI/DDV/AFPDB strongly disagree with the ESAs proposal on autocallable products, as this would result in a **lack of information** (since intermediate scenarios can be left empty – see example provided above in point 1) that would **reduce the comparability of KIDs between different products** (since autocallable products are treated differently from non Autocallables) and therefore, create **uncertainty for retail investors**.

To properly address the question of autocallable products, AMAFI/DDV/AFPDB would rather refer to the EUSIPA recommendations with respect to the asset class of autocallable products, setting out the industry view developed throughout a series of extensive technical workshops (cf. EUSIPA recommendation No. 4).

That approach has been followed by many European manufacturers since 2018. Thus, AMAFI/DDV/AFPDB suggest keeping **a single format table for all products (Autocallables and others)** and rather allow the use of footnotes for Autocallables, as per the EUSIPA recommendations.[8]

❖ RTS V2, Annex V, Methodology for the presentation of performance scenarios, Part 1: General presentation specifications, par. 17 (*JC 2020 66, p. 81-82*)

3. Possibility to use lower percentiles for scenarios (subjective expectations)

AMAFI/DDV/AFPDB do not support the ESA's proposal to grant the manufacturer the option to use lower percentiles of the performance scenarios if it considers a material risk that the scenarios may otherwise lead to inappropriate expectations.

The introduction of such subjective element would most likely introduce discrepancies among manufacturers, which raises inconsistency.

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[8] - Optionally, add a symbol, for example an asterisk, in the boxes for which the product would be called before the end of the calculation period and adding a short narrative below the table explaining the results.
- Display intermediate holding period values that correspond to percentiles of distributions being sorted independently from each other.

In our view, such approach transfers the responsibility on how to deal with overly optimistic scenarios to the PRIIPs manufacturer. It is also inconsistent with the PRIIPs approach to impose detailed methodologies so all products would be presented the same way.
With such discretion left to manufacturers, different results for similar products would be expected with a potential detrimental effect for end investors. It could also result in unhealthy competition between stakeholders and create divergences between NCAs regarding enforcement and supervision.

Furthermore, if the EU Commission validates the choice of a minimum scenario and a higher stressed volatility, we do not see the rationale for manually selecting lower percentiles of scenarios.

❖ RTS V2, Annex IV, Performance Scenarios, *Calculation of scenario values for intermediate holding periods,* par. 24 and 37 (*JC 2020 66, p. 77*)

4. Explanation of performance scenarios (narratives of 300 characters)

RTS V2, Annex V, paragraph 6 states that:

"*For Category 1 PRIIPs except those referred to in point 30 of Annex IV, Category 2 PRIIPs referred to in point 15 of Annex IV, Category 3 PRIIPs and Category 4 PRIIPs****, a brief explanation*** *of the scenarios shown shall be included* ***with a maximum of 300 characters in plain language***."

In AMAFI/DDV/AFPDP's views, this change does not add any value for structured securities (Category 3 PRIIPs), **and brings the following operational issues:**

i. For large issuance volumes, it is highly difficult to add plain language.
ii. When the KID scenarios are updated, the plain language requirement could become obsolete.
iii. Such change would have an impact on the space available for other specifications within the KID.

Furthermore, such explanation may diverge in content and wording between different manufacturers causing confusion. Instead of providing more clarity regarding the different scenarios and thereby enabling retail investors to better understand them, such further explanation may have a negative impact on the comprehension by retail investors and distract from its values. If the content of wording diverges, the investor would not be able to know whether differences in values arises from the different nature or the definition of costs. Any non-prescriptive wording is detrimental to comparability in multi-jurisdictional and/or multi-language context.

Finally, a textual explanation of the given numbers produced by the prescribed methodology **is not expected to offer any benefit for the retail investor**. Retail investors need clear, concise and understandable information in a digestible format. Any additional text reproducing information that is already contained in the KID is not increasing comprehensibility or comparability of different PRIIPs and should therefore be circumvented.

❖ RTS V2, Annex V, Methodology for the presentation of performance scenarios, Part 1: General presentation specifications, par. 6 (*JC 2020 66, p. 80*)

5. A new performance scenario: the "Minimum scenario"

According to AMAFI/DDV/AFPDB, for structured securities with a RHP over one year, this scenario is counterintuitive, as the minimal value is only guaranteed at maturity, and not before. Therefore, it is not possible to specify a minimum return if it is only guaranteed at the end of the RHP, which is true for most of Category 3 PRIIPs.
Furthermore, for investors, the minimum scenario is meaningful at maturity only, but then, this information on capital protection at maturity is already included in the product description section.

Thus, **AMAFI/DDV/AFPDB do not support the use of the minimum scenario**.

❖ RTS V2, Annex IV, Performance Scenarios, *Number of scenarios,* par. 4 (*JC 2020 66, p. 70*); Annex V, Methodology for the presentation of performance scenarios, Part 1: General presentation specifications, par. 3 (*JC 2020 66, p. 80*) and Part 3: Templates, Template A: Single investment or single premium paid (*JC 2020 66, p. 84*)

6. Rounding monetary figures to 10 EUR (or equivalent in other currencies)

RTS V2, Annex IV, paragraph 42, states that:

"*Performance scenarios shall be presented in monetary units. Figures shall by default be* ***rounded to the nearest 10 EUR*** *or relevant currency, unless there are specific payout conditions, such that it could be misleading to round the figures to the nearest 10 EUR in which case the PRIIP manufacturer may present figures to the nearest Euro*."

AMAFI/DDV/AFPDB have concerns regarding this proposal as we believe that 10 EUR is **not precise enough** and would recommend that the performance shall be presented in monetary **units to the nearest Euro**. Indeed, in a low interest rate environment, 10 EUR is not negligible[9] (especially at 1Y).

❖ RTS V2, Annex IV, Performance Scenarios, *General requirements,* par. 42 (*JC 2020 66, p. 77-78*)

7. Growth rate in performance methodology / Pro-cyclicality

The previous consultation of October 2019 included options to modify the growth rate in the performance scenario methodology in order to mitigate pro-cyclicality of the performance scenarios caused by using the historical drift of an underlying as future growth rate. **While the pro-cyclicality was apparently identified as an issue in the current RTS, unfortunately, the approach remains unchanged for most Category 3 PRIIPs**. Moreover, the historical drift has such a high impact on the performance scenarios that a comparison between different underlying securities is in effect not viable.

[9] Indeed, a 10 EUR rounding on 10,000 EUR is 0.10%. In the low interest rates context, 0.10% is not a negligible amount for Fixed Income product (CMS linked/capped & floored floaters), especially for short-term products. It could also lead to some investors questioning the accuracy of the coupon level in the product description, or to manufacturers facing legal challenges.

As already suggested by **AMAFI, AFPDB, DDV (and EUSIPA), using an equity risk premium approach would reduce the pro-cyclicality of results**, eliminate the need for subjective and discretionary elements (as in the ESA solution to grant the option to use lower percentiles, *see above point 3*) and increase comparability of PRIIPs with different underlying securities or of different nature/category.

• Presentation and content of Costs

As in the performance scenarios section, AMAFI/DDV/AFPDB notice that the costs section includes several changes some of which are problematic.

8. Annualization and cost display for autocallable PRIIPs

The **explicit non-annualization of costs for PRIIPs with an RHP of less than a year is highly appreciated**.

However, the **specific requirement for Autocallables to calculate impact on return at the first call date is in direct violation of this principle.** Since most call dates have an annual or even shorter frequency, the next call date for most PRIIPs are less than a year from the calculation dates for most of the days in a year. Effectively annualising the cost impact for Autocallables while not annualising costs for all other PRIIPs for periods of less than a year would not only be an unfair representation and thus prevent comparability, but also a systematic bias.

Another important point is the alignment of costs under the PRIIPs Regulation with costs under MiFID II. The ESA's report mentioned the need to **keep consistency with MiFID II costs. Yet, the specific cost table for Autocallables contradicts this principle**. Indeed, AMAFI/DDV/AFPDB are of the view that the 1-year pillar for cost calculation should apply to all products with a RHP of at least one year, and not the first possible autocall date. This would ensure comparability and consistency with the MiFID II entry cost level for all products.

❖ RTS V2, Annex VII (Presentation of costs), "*Table 1 for all PRIIPs referred to in point 76c of Annex VI (Autocallables)", "Costs over time"* (JC 2020 66, p. 99)

9. Alignment with MiFID II

Generally, we think that it is desirable to harmonize and even synchronize both cost presentations and therefore, both sets of rules - the PRIIPs Regulation and MiFID II - should be aligned. The alignment should preferably be based on the MiFID II approach as, inter alia, the distributor which is responsible for the cost statement under MiFID II is not aware of the cash flow of the moderate scenario which is necessary in order to calculate the RIY under the PRIIPs Regulation. The retail investor receives transparent and sufficient information on costs and charges of the financial instrument in any case under the MiFID II cost transparency rules. This would remove many of the practical problems we see in relation to the cost disclosure under the PRIIPs Regulation.

We appreciate the effort to better align costs with MiFID II by assuming a net zero return for calculating the 1Y summary cost indicator to align with MiFID II. **However, the discrepancy remains for PRIIPs with a RHP of less than a year since the summary cost indicator is still based on the moderate scenario at all other time periods**. (RTS V2 Annex VII, table Costs over time: "*In the first year you would get back the amount that you invested (0 % annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario")*.

❖ RTS V2, Annex VII (Presentation of costs), (*JC 2020 66, p. 97 and 98*)

10. Composition of costs

Annex VII requires that "*A* ***very brief description of the nature of each type of the costs*** *shall be included*" in and further details that this explanation should be "*in no more than 300 characters"* for each of the cost components. The RTS V2 also suggests that this description should be based on the examples included in the proposal "*unless these are not applicable*" (cf. *Annex VII (Presentation of costs), "Table 2 for all PRIIPs except those referred to in point (b) of Article 13"* - *JC 2020 66, p. 100*).

AMAFI/DDV/AFPDB have concerns with this requirement to describe costs with a narrative text (which is not prescribed). In our view, it would **bring complexity to the implementation without adding real value for investors,** especially with the use of a free text rather than an imposed wording. Given the experience, any non-prescriptive narrative such as free texts, **could lead to national divergences** not only in its wording, but also in the meaning of content that such additional field would convey.

An explanation may diverge in content and wording between different manufacturers causing confusion. Instead of providing more clarity regarding the different cost components and thereby enabling retail investors to better understand them, such further explanation may have a negative impact on the comprehension by retail investors and distract from its values. If the content of wording diverges, the investor would not be able to know whether differences in values arises from the different nature or the definition of costs.

Any non-prescriptive wording is also detrimental to comparability in a multi-jurisdictional and/or multi-language context.

❖ RTS V2, Annex VII (Presentation of costs), "*Table 2 for all PRIIPs except those referred to in point (b) of Article 13"* (*JC 2020 66, p. 100)*

11. New narrative for presentation of costs

A new free-text narrative has been added below the "new" table 2 *"Different costs apply depending on the investment amount [****explain circumstances or use an example in maximum 150 characters****]*".

The same position explained above applies for this new requirement. The textual explanation of the impact of different investment amounts on the costs can be highly complex and confusing and again weakens the comparability of products. As already stated before, such information overload will not help investors to understand these products better.

Likewise, AMAFI/DDV/AFPDB are not supportive of this narrative proposal. Indeed, in our view, it should be limited to products, which are not structured securities as it is not clear for the retail investor and would add complexity to the KID.

- RTS V2, Annex VII (Presentation of costs), "*Table 2 for all PRIIPs except those referred to in point (b) of Article 13*" (JC 2020 66, p. 102)

12. New narratives to highlight new distribution schemes

RTS V2, Annex VII (Presentation of costs), "*Table 1 for all PRIIPs except those referred to in point (b) of Article 13 and point 76c of Annex VI (autocallables)*", "Costs over time, indents 4 and 5, provides:
"(Where applicable): "We may share part of the costs with the person selling you the product to cover the services they provide to you. (Where applicable) [They will inform you of the amount]."
*(Where applicable): "**These figures include the maximum distribution fee that the person selling you the product may charge** ([ ] % of amount invested / [ ] EUR). This person will inform you of the actual distribution fee."*

AMAFI/DDV/AFPDB have concerns about the "maximum distribution fee" narrative, as (i) there is not always such "maximum distribution fee", and (ii) the manufacturer cannot be requested to report the maximum amount taken by distributors, which are not within the legal control of the manufacturer.
We would rather keep the narrative from RTS V1.

- RTS V2, Annex VII (Presentation of costs), "*Table 1 for all PRIIPs except those referred to in point (b) of Article 13 and point 76c of Annex VI (autocallables)*", "Costs over time, indents 4 and 5 (JC 2020 66, p. 97-98)

• SRI (Summary Risk Indicator)

RTS V2 gives manufacturers the ability to increase the SRI when they judge that it "*does not adequately reflect the risks of the product*" The manufacturer should then document the SRI "override" (*June 2020 draft amended RTS PRIIPs, Annex II, (5)* - *JC 2020 66, p. 67*).

AMAFI/DDV/AFPDB consider that such discretion left to the manufacturers would lead to divergences due to subjective assessments from manufacturers detrimental to providing accurate and comparable information to investors.

Indeed, discretion leads to make products less comparable. Due to the high number of PRIIPs issued by large manufacturers, the requirement to document the decision-making process, and the vulnerability of any discretionary component, it is unlikely to have a positive impact on the risk assessment.

Such compensatory measures – as also set out further above - are generally not the right means to improve KIDs and make them more understandable. On the contrary, the discretion for PRIIP manufacturers to adjust the summary risk indicator for similar products under specific circumstances would make the KIDs and products that might per se be very similar by nature even less comparable. Furthermore – and this should not be easily discarded - the introduction of a discretionary element for manufacturers could also increase the potential liability for the issuer.

- Draft Final Report following consultation on draft RTS to amend the PRIIPs KID, “4. Feedback statement”, Paragraph 4.11.2 (*JC 2020 66, p. 48*)
- RTS V2, Annex II, (5) (*JC 2020 66, p. 67*) & Annex III (*JC 2020 66, p. 68-69*)

• Further issue

Another prominent issue that remains unsolved is the uncertainty regarding the scope of application of the PRIIPs Regulation with respect to certain debt instruments or OTC derivatives. While this question has caused abundant discussions upon the introduction of the PRIIPs regime, a clear definition of eligible products would – at this stage – have appeared to be one of the priorities.

About AMAFI

Association française des marchés financiers **(AMAFI)** is the trade organisation working at national, European and international levels to represent financial market participants in France. AMAFI members consist of investment firms and credit institutions, operating in and/or from France (corporate and investment banks (CIBs), brokers-dealers, exchanges and private banks). **AMAFI is deeply involved in all regulatory matters that concern marketing of financial instruments** (MiFID, PRIIPs, product bans, AMF framework on product complexity, etc.). **We mostly represent all issuers/manufacturers of products (CIBs) and, through our private bank members, distributors as well.** AMAFI has more than 150 members operating in equities and fixed-income products, as well as commodities, derivatives and structured products for both professional and retail clients.

About AFPDB

The **French association of the structured and listed retail investment products** (AFPDB) represents the interests of the main issuers of structured products that distributed in France. Their product range includes both exchange traded securitised derivative products, such as warrants, turbos and certificates, and structured products (e.g. EMTN) distributed through public offering or private placements. The AFPDB Legal and Regulatory Committee actively contributes to the marketplace reflections on work-streams concerning the showing and distribution of structured products. Industry workshops involving both manufacturers and distributors are periodically organized by the AFPDB. They contribute actively to industry proposals in areas such as the implementation of the main regulations, the investor education programs, the disclosure and communication of key product information to, respectively, distributors and final clients. Information, news and publications: www.afpdb.org

About DDV

The **Deutscher Derivate Verband** (DDV, German Derivatives Association) is the industry body which represents the 15 leading issuers of structured securities with a market share of more than 90 percent in Germany. Its work is supported by 17 sponsoring members, amongst which are exchanges and direct banks. Based in Berlin, Frankfurt and Brussels, the DDV has the mandate to elaborate self-regulatory standards such as the Fairness Code which is observed by the issuers with respect to the structuring, issuing, marketing and trading of structured products. Transparency and education of retail investors is at the heart of its mission. For more information, please consult www.derivateverband.de.