

Moderate performance scenario holding up PRIIPs RTS

On 10 November 2016, the European Commission presented the three European Supervisory Authorities (ESAs) with suggested changes to the PRIIPs Regulatory Technical Standards (RTS) and gave them six weeks to deliver fully-formed changes to their earlier draft.

On 22 December (exactly six weeks later), the chairmen of the ESAs [wrote to the Commission](#) to say that they are not yet able to deliver the revised RTS. The board of EIOPA has concerns over the treatment of multi-option PRIIPs, the credit risk mitigation factors for insurers and the criteria to determine the need for a comprehension alert.

The biggest stumbling block is that the ESAs are unanimous that the Commission's suggestion for the moderate performance scenario to be based on a zero return, "raised comprehension issues and may be misleading" and that "the methodology in the ESAs' original draft RTS was still considered to be preferable". Their comments show that they took on board the concerns expressed by Michael Holland in his letter to the ESA chairmen, as explained in our [last industry update](#).

A variation on the Commission's proposal for the moderate scenario was offered, but the ESAs also said it is "important for alternative approaches to be investigated", so it could still be a while before we see the updated RTS.

The next step is presumably for the Commission to give the ESAs another deadline for their deliberations or to force through a version of their own proposal for the moderate scenario, possibly under another name. However, it does look like the Commission's expectation of adopting the RTS "by February" could be subject to further slippage.

If you require further information, please get in touch with us by calling 020 7337 2291 or by email at fe-kiihub@financialexpress.net.

3rd January 2017