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► **B**                      ► **C3** COMMISSION DELEGATED REGULATION (EU) 2021/2268  
of 6 September 2021

amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2017/653 as regards the underpinning methodology and presentation of performance scenarios, the presentation of costs and the methodology for the calculation of summary cost indicators, the presentation and content of information on past performance and the presentation of costs by packaged retail and insurance-based investment products (PRIIPs) offering a range of options for investment and alignment of the transitional arrangement for PRIIP manufacturers offering units of funds referred to in Article 32 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council as underlying investment options with the prolonged transitional arrangement laid down in that Article ◀

(Text with EEA relevance)

(OJ L 455I, 20.12.2021, p. 1)

Amended by:

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- **C1** Corrigendum, OJ L 29, 10.2.2022, p. 46 (2021/2268)
- **C2** Corrigendum, OJ L 115, 13.4.2022, p. 187 (2021/2268)
- **C3** Corrigendum, OJ L 10, 12.1.2023, p. 111 (2021/2268)

▼B▼C3**COMMISSION DELEGATED REGULATION (EU) 2021/2268****of 6 September 2021**

**amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2017/653 as regards the underpinning methodology and presentation of performance scenarios, the presentation of costs and the methodology for the calculation of summary cost indicators, the presentation and content of information on past performance and the presentation of costs by packaged retail and insurance-based investment products (PRIIPs) offering a range of options for investment and alignment of the transitional arrangement for PRIIP manufacturers offering units of funds referred to in Article 32 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council as underlying investment options with the prolonged transitional arrangement laid down in that Article**

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(Text with EEA relevance)

*Article 1*

Delegated Regulation (EU) 2017/653 is amended as follows:

- (1) Article 1 is amended as follows:
- (a) in the first paragraph, the following points (f) to (i) are added:
- ‘(f) where applicable, in cases where the PRIIP manufacturer forms part of a group of companies for legal, administrative or marketing purposes, the name of that group;
- (g) where the PRIIP takes the form of an undertaking for collective investment in transferable securities (UCITS) or an alternative investment fund (AIF), the identification of the UCITS or AIF including the share class or investment compartment thereof, stated prominently;
- (h) authorisation details, where applicable;
- (i) where the PRIIP takes the form of a UCITS or AIF and in cases where a UCITS is managed by a management company as defined in Article 2(1), point (b), of Directive 2009/65/EC or where it is an investment company as referred to in Article 27 of that Directive (collectively “UCITS management company”) which is exercising in respect of that UCITS rights under Article 16 of that Directive, or in cases where an AIF is managed by an alternative investment fund manager (AIFM) which is exercising in respect of that AIF rights under Articles 31, 32 and 33 of Directive 2011/61/EU of the European Parliament and of the Council (\*), an additional statement in respect of that fact shall be included.

(\*) Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).’;

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(b) the following paragraph is added:

‘For the purposes of the first paragraph, point (g), in the case of an investment compartment or share class, the name of the UCITS or AIF shall follow the compartment or share class name. Where a code number identifying the UCITS or AIF, investment compartment or share class exists, it shall form part of the identification of the UCITS or AIF.’;

(2) Article 2 is amended as follows:

(a) the following paragraphs 2a, 2b and 2c are inserted:

‘2a. Where the PRIIP takes the form of a UCITS or an AIF, the information in the section entitled “What is this product?” of the key information document shall cover those essential features of a UCITS or AIF about which a retail investor shall be informed, even where those features do not form part of the description of objectives and investment policy in the prospectus of a UCITS as referred to in Article 68 of Directive 2009/65/EC or the description of the investment strategy and objectives of the AIF referred to in Article 23(1), point (a), of Directive 2011/61/EU, including:

- (a) the main categories of eligible financial instruments that are the object of investment;
- (b) the possibility that the retail investor may redeem units of UCITS or AIF on demand, qualifying that statement with an indication as to the frequency of dealing in units, or where applicable a statement that there is no possibility to redeem units on demand;
- (c) whether the UCITS or AIF has a particular target in relation to any industrial, geographic or other market sectors or specific classes of assets;
- (d) whether the UCITS or AIF allows for discretionary choices in regards to the particular investments that are to be made, and whether this approach includes or implies a reference to a benchmark and if so, which one;
- (e) whether dividend income is distributed or reinvested.

For the purposes of the first subparagraph, point (d), where a reference to a benchmark is implied, the degree of freedom available in relation to that benchmark shall be indicated, and where the UCITS or AIF has an index tracking objective, this shall be stated.

2b. The information referred to in paragraph 2a shall include the following, where relevant:

- (a) where the UCITS or AIF invests in debt securities, an indication of whether those debt securities are issued by corporate bodies, governments or other entities, and, where applicable, any minimum rating requirements;

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- (b) where the UCITS or AIF is a structured investment fund, an explanation in simple terms of all elements necessary for a correct understanding of the pay-off and the factors that are expected to determine performance, including references, where necessary, to the details on the algorithm and its workings which appear in the prospectus of the UCITS or the description of the investment strategy and objectives of the AIF;
- (c) where the choice of assets is guided by specific criteria, an explanation of those criteria, such as “growth”, “value” or “high dividends”;
- (d) where specific asset management techniques are used, which may include hedging, arbitrage or leverage, an explanation in simple terms of the factors that are expected to determine the performance of the UCITS or AIF.

2c. The information referred to in paragraphs 2a and 2b shall distinguish between the broad categories of investments as specified in paragraph 2a, points (a) and (c), and paragraph 2b, point (a), and the approach to those investments to be adopted by a UCITS management company or an AIFM as specified in paragraph 2a, point (d) and paragraph 2b, points (b), (c) and (d).

The section entitled “What is this product?” of the key information document may contain other elements than those listed in paragraphs 2a and 2b, including the description of the UCITS or AIF’s investment strategy, where those elements are necessary to adequately describe the objectives and investment policy of the UCITS or AIF.’;

- (b) the following paragraphs 6 and 7 are added:

‘6. Where the PRIIP takes the form of a UCITS or an AIF, the identification and explanation of risks referred to in Annexes II and III to this Regulation shall be consistent with the internal process for identifying, measuring, managing and monitoring risk adopted by the UCITS’ management company in accordance with Directive 2009/65/EC or by AIFMs in accordance with Directive 2011/61/EU. Where a management company manages more than one UCITS or where an AIFM manages more than one AIF, the risks shall be identified and explained in a consistent manner.

7. Where the PRIIP takes the form of a UCITS or an AIF, the section entitled “What is this product?” of the key information document shall contain the following information for every Member State in which the UCITS or AIF is marketed:

- (a) the name of the depositary;
- (b) where and how to obtain further information about the UCITS or AIF, copies of the UCITS’ prospectus or copies of the description of the investment strategy and objectives of the AIF, the latest annual report and any subsequent half-yearly report of the UCITS as referred to in Article 68(1), points (b) and (c), of Directive 2009/65/EC, or the latest annual report of the AIF as referred to in Article 22 of Directive 2011/61/EU, stating in which language or languages those documents are available, and that they may be obtained free of charge;

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(c) where and how to obtain other practical information, including where to find the latest prices of units.’;

(3) Article 5 is amended as follows:

(a) in paragraph 2, the following subparagraph is added:

‘A prominent warning shall be added, where applicable, regarding the additional costs that may be charged by persons advising on, or selling, the PRIIP.’;

(b) paragraph 3 is replaced by the following:

‘3. In the “Composition of costs” table in the section titled “What are the costs?” of the key information document, PRIIP manufacturers shall specify summary indicators of the following types of costs:

- (a) any one-off costs, such as entry and exit costs;
- (b) any recurring costs, separating portfolio transaction costs and other recurring costs;
- (c) any incidental costs, such as performance fees or carried interest.’;

(c) paragraph 4 is replaced by the following:

‘4. PRIIP manufacturers shall describe each of the different costs included in the “Composition of costs” table in the section titled “What are the costs?” of the key information document, in accordance with Annex VII, and shall specify where and how those costs may differ from the actual costs the retail investor may incur, and where and how such costs may depend on whether the retail investor does or does not exercise certain options.’;

(4) in Article 8, the following paragraph 3 is added:

‘3. For UCITS as defined in point 1(a) of Annex VIII, AIFs as defined in point 1(b) of that Annex, or unit-linked insurance-based investment products as defined in point 1(c) of that Annex, the section titled “Other relevant information” of the key information document shall include:

- (a) a link to the website, or a reference to a document, where the information about past performance published by the PRIIP manufacturer in accordance with Annex VIII is made available;
- (b) the number of years for which past performance data is presented.

For PRIIPs referred to in Annex II, Part 1, point 5, that are open-ended funds, or other PRIIPs open to subscription, previous performance scenario calculations shall be published on a monthly basis and the section titled “Other relevant information” shall state where those calculations can be found.’;

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- (5) the title of Chapter II is replaced by the following:

‘CHAPTER II

**SPECIFIC PROVISIONS ON THE KEY INFORMATION DOCUMENTS  
BY PRIIPs OFFERING A RANGE OF OPTIONS FOR INVESTMENT’;**

- (6) in Article 10, points (a) and (b) are replaced by the following:

- ‘(a) a key information document for each underlying investment option within the PRIIP, in accordance with Chapter I, including information about the PRIIP as a whole, with each key information document reflecting the case that the retail investor invests in one investment option only;
- (b) a generic key information document describing the PRIIP in accordance with Chapter I, unless otherwise specified in Articles 11 to 14, including a description of where the specific information on each underlying investment option can be found.’;

- (7) in Article 11, point (c) is deleted;

- (8) Article 12 is amended as follows:

- (a) in paragraph 1, point (d) is deleted;
- (b) paragraph 2 is deleted;

- (9) Articles 13 and 14 are replaced by the following:

*‘Article 13*

**“What are the costs?” section in the generic key information document**

In the section titled “What are the costs?”, by way of derogation from Article 5(1), point (b), PRIIP manufacturers shall specify the following:

- (a) where the costs of the PRIIP other than the costs for the underlying investment option cannot be provided in a single figure, including where those costs vary depending on the underlying investment option selected:
  - (i) the range of costs for the PRIIP in the “Costs over time” and “Composition of costs” tables set out in Annex VII;
  - (ii) a statement indicating that the costs to the retail investor vary on the basis of the underlying investment options;
- (b) where the costs of the PRIIP other than the costs for the underlying investment options can be provided in a single figure:
  - (i) those costs shown separately from the range of costs for the underlying investment options offered by the PRIIP in the “Costs over time” and “Composition of costs” tables set out in Annex VII;
  - (ii) a statement indicating that the total costs to the retail investor consist of a combination of the costs for the underlying investment options chosen and other costs of the PRIIP and vary on the basis of the underlying investment options.

▼ **C2***Article 14***Specific information on each underlying investment option**

The specific information on each underlying investment option, referred to in Article 10, point (b), shall be provided in a specific information document supplementing the generic key information document. PRIIP manufacturers shall include for each underlying investment option all of the following:

- (a) a comprehension alert, where relevant;
- (b) the investment objectives, the means for achieving them, and the intended target market as referred to in Article 2(2) and (3);
- (c) a summary risk indicator and narrative, and performance scenarios, as referred to in Article 3;
- (d) a presentation of the costs, in accordance with Article 5, including a statement on whether or not those costs include all of the costs of the PRIIP in the case that the retail investor invests in that specific investment option only;
- (e) for underlying investment options that are UCITS as defined in point 1(a) of Annex VIII, AIFs as defined in point 1(b) of that Annex, or unit-linked insurance-based investment products as defined in point 1(c) of that Annex, information about past performance as required by Article 8(3).

The information referred to in points (a) to (e) of this paragraph shall follow the structure of the relevant parts of the template laid down in Annex I.;

- (10) the following Chapter IIa is inserted:

‘CHAPTER IIa

**SPECIFIC PROVISIONS ON THE KEY INFORMATION DOCUMENTS  
BY CERTAIN UCITS AND AIFs**

*Article 14a***Investment compartments of UCITS or AIFs**

1. Where a UCITS or AIF consists of two or more investment compartments, a separate key information document shall be produced for each individual compartment.
2. Each key information document referred to in paragraph 1 shall contain, in the section entitled “What is this product?”, the following information:
  - (a) a statement that the key information document describes a compartment of a UCITS or AIF, and, where applicable, that the prospectus of the UCITS or the description of the investment strategy and objectives of the AIF and periodic reports are prepared for the entire UCITS or AIF named at the beginning of the key information document;

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- (b) whether or not the assets and liabilities of each compartment are segregated by law and how this might affect the investor;
  
- (c) whether or not the retail investor has the right to exchange his investment in units in one compartment for units in another compartment, and if so, where to obtain information about how to exercise that right.

3. Where the UCITS management company or the AIFM sets a charge for the retail investor to exchange his investment in accordance with paragraph 2, point (c), and that charge differs from the standard charge for buying or selling units, that charge shall be stated separately in the section entitled “What are the costs?” of the key information document.

*Article 14b***Share classes of UCITS or AIFs**

1. Where a UCITS or AIF consists of more than one class of units or shares, the key information document shall be prepared for each class of units or shares.
  
2. The key information document pertinent to two or more classes of the same UCITS or AIF may be combined into a single key information document, provided that the resulting document fully complies with all requirements on length, language and presentation of the key information document.
  
3. The UCITS management company or AIFM may select a class to represent one or more other classes of the UCITS or AIF, provided the choice is fair, clear and not misleading to potential retail investors in those other classes. In such cases, the section entitled “What are the risks and what could I get in return?” of the key information document shall contain the explanation of material risk applicable to any of the other classes being represented. A key information document based on the representative class may be provided to retail investors in the other classes.
  
4. Different classes shall not be combined into a composite representative class as referred to in paragraph 3.
  
5. The UCITS management company or AIFM shall keep a record of which other classes are represented by the representative class referred to in paragraph 3 and the grounds justifying that choice.
  
6. Where applicable, the section entitled “What is this product?” of the key information document shall be supplemented by an indication of which class has been selected as representative, using the term by which it is designated in the UCITS’ prospectus or in the description of the investment strategy and objectives of the AIF.
  
7. That section shall also indicate where retail investors can obtain information about the other classes of the UCITS or AIF that are marketed in their own Member State.

**▼ C2***Article 14c***UCITS or AIFs as fund of funds**

1. Where the UCITS invests a substantial proportion of its assets in other UCITS or other collective investment undertakings as referred to in Article 50(1), point (e), of Directive 2009/65/EC, the description of the objectives and investment policy of that UCITS in the key information document shall include a brief explanation of how the other collective undertakings are to be selected on an ongoing basis. Where a UCITS is a fund of hedge funds the key information document shall include information about the purchase of non-EU AIFs that are not under supervision.

2. Where the AIF invests a substantial proportion of its assets in other UCITS or AIFs, paragraphs 1 and 2 shall apply *mutatis mutandis*.

*Article 14d***Feeder UCITS**

1. For feeder UCITS, as defined in Article 58 of Directive 2009/65/EC, the key information document shall contain, in the section entitled “What is this product?” the following information specific to the feeder UCITS:

- (a) a statement that the master UCITS’ prospectus, key information document, and periodic reports and accounts are available to retail investors of the feeder UCITS upon request, how they may be obtained, and in which language(s);
- (b) whether the items listed in point (a) of this paragraph are available in paper copies only or in other durable media, and whether any fee is payable for items not subject to free delivery in accordance with Article 63(5) of Directive 2009/65/EC;
- (c) where the master UCITS is established in a different Member State to the feeder UCITS, and where this may affect the feeder UCITS’s tax treatment, a statement to this effect;
- (d) information about the proportion of the feeder UCITS’ assets which is invested in the master UCITS;
- (e) a description of the master UCITS’ objectives and investment policy, supplemented, as appropriate, by either of the following:
  - (i) an indication that the feeder UCITS’ investment returns will be very similar to those of the master UCITS; or
  - (ii) an explanation of how and why the investment returns of the feeder and master UCITS may differ.

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2. Where the risk and reward profile of the feeder UCITS differs in any material respect from that of the master UCITS, that fact and the reason for it shall be explained in the section entitled “What are the risks and what could I get in return?” of the key information document.

3. Any liquidity risk and the relationship between purchase and redemption arrangements for the master and feeder UCITS shall be explained in the section entitled “What are the risks and what could I get in return?” of the key information document.

*Article 14e***Structured UCITS or AIF**

Structured investment funds are UCITS or AIFs which provide retail investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets, indices or reference portfolios or UCITS or AIFs with similar features.’;

(11) in Article 15, paragraph 2, the following point (d) is added:

‘(d) where the performance scenarios are based on appropriate benchmarks or proxies, the consistency of the benchmark or proxy with the objectives of the PRIIP.’;

(12) the following Chapter IVa is inserted:

‘CHAPTER IVa

**CROSS-REFERENCES***Article 17a***Use of cross-references to other sources of information**

Without prejudice to Article 6 of Regulation (EU) No 1286/2014, cross-references to other sources of information, including the prospectus and annual or half-yearly reports, may be included in the key information document, provided that all information fundamental for the retail investors’ understanding of the essential elements of the investment is included in the key information document.

Cross-references shall be permitted to the website of the PRIIP or the PRIIP manufacturer, including a part of any such website containing the prospectus and the periodic reports.

Cross-references referred to in the first subparagraph shall direct the retail investor to the specific section of the relevant source of information. Several different cross-references may be used within the key information document but they shall be kept to a minimum.’;

(13) in Article 18, the third paragraph is replaced by the following: ‘Article 14(2) shall apply until 30 June 2022.’;

(14) Annex I is replaced by the text in Annex I to this Regulation;

(15) Annex II is amended in accordance with Annex II to this Regulation;

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- (16) Annex III is amended in accordance with Annex III to this Regulation;
- (17) Annex IV is replaced by the text in Annex IV to this Regulation;
- (18) Annex V is replaced by the text in Annex V to this Regulation;
- (19) Annex VI is amended in accordance with Annex VI to this Regulation;
- (20) Annex VII is replaced by the text in Annex VII to this Regulation;
- (21) the text set out in Annex VIII of this Regulation is added as Annex VIII.

*Article 2*

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from ►**M1** 1 January 2023 ◀. However, Article 1, point 13 shall apply from 1 January 2022.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

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ANNEX I

‘ANNEX I

**TEMPLATE FOR THE KEY INFORMATION DOCUMENT**

PRIIP manufacturers shall comply with the section order and titles set out in the template, which however does not fix parameters regarding the length of individual sections and the placing of page breaks, and is subject to an overall maximum of three sides of A4-sized paper when printed.

<b>Key Information Document</b>	
<b>Purpose</b>	
This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.	
<b>Product</b>	
<p><b>[Name of Product]</b>  <b>[Name of PRIIP manufacturer]</b>  <i>(where applicable)</i> [ISIN or UPI]  [website for PRIIP manufacturer]  [Call [telephone number] for more information]  [[Name of Competent Authority] is responsible for supervising [Name of PRIIP Manufacturer] in relation to this Key Information Document]  <i>(where applicable)</i> [This PRIIP is authorised in [name of Member State]]  <i>(where applicable)</i> [[Name of UCITS management company] is authorised in [name of Member State] and regulated by [identity of competent authority]  <i>(where applicable)</i> [Name of AIFM] is authorised in [name of Member State] and regulated by [identity of competent authority]  [date of production of the KID]</p>	
[Alert (where applicable) <b>You are about to purchase a product that is not simple and may be difficult to understand]</b>	
<b>What is this product?</b>	
<b>Type</b> <b>Term</b> <b>Objectives</b> <b>Intended retail investor</b> <b>[Insurance benefits and costs]</b>	
<b>What are the risks and what could I get in return?</b>	
<b>Risk</b>	Description of the risk-reward profile
<b>Indicator</b>	Summary Risk Indicator SRI template and narratives as set out in Annex III, including on possible maximum loss: can I lose all invested capital? Do I bear the risk of incurring additional financial commitments or obligations? Is there capital protection against market risk?

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<b>Performance</b>	Performance Scenario templates and narratives as set out in Annex V
<b>Scenarios</b>	Scenarios including where applicable information on conditions for returns to retail investors or built-in performance caps, and statement that the tax legislation of the retail investor's home Member State may have an impact on actual payout
<b>What happens if [PRIIP manufacturer] is unable to pay out?</b> Information on whether there is a guarantee scheme, the name of the guarantor or investor compensation scheme operator, including the risks covered and those not covered.	
<b>What are the costs?</b> Narratives on information to be included on other distribution costs	
<b>Costs over Time</b>	Template and narratives according to Annex VII
<b>Composition of Costs</b>	Template and narratives according to Annex VI
<b>How long should I hold it and can I take money out early?</b>	
<b>Recommended [required minimum] holding period: [x]</b>	
Information on whether one can disinvest before maturity, the conditions for this, and applicable fees and penalties if any. Information on the consequences of cashing-in before the end of the term or before the end of the recommended holding period.	
<b>How can I complain?</b>	
<b>Other relevant information</b> Where applicable a short description of the information published on past performance'	

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## ANNEX II

Annex II to Delegated Regulation (EU) 2017/653 is amended as follows:

(1) Part 1 is amended as follows:

(a) point 2 is replaced by the following:

‘2. The PRIIP shall be assigned a MRM class in accordance with the following table:

MRM class	VaR-equivalent volatility (VEV)
1	< 0,5 %
2	≥ 0,5 % and < 5,0 %
3	≥ 5,0 % and < 12 %
4	≥ 12 % and < 20 %
5	≥ 20 % and < 30 %
6	≥ 30 % and < 80 %
7	≥ 80 %

(b) point 13 is replaced by the following:

‘13. The VEV is given by:

$$VEV = \{\sqrt{(3,842 - 2 * (VaR_{RETURN SPACE}))} - 1,96\} / \sqrt{T}$$

where  $T$  is the length of the recommended holding period in years.’;

(c) point 17 is replaced by the following:

‘17. The VEV is given by:

$$VEV = \{\sqrt{(3,842 - 2 * In(VaR_{PRICE SPACE}))} - 1,96\} / \sqrt{T}$$

where  $T$  is the length of the recommended holding period in years. Only in cases where the product is called or cancelled before the end of the recommended holding period according to the simulation, the period in years until the call or cancellation is used in the calculation.’;

(d) in point 23, point (a)(ix) is replaced by the following:

‘(ix) projecting the returns onto the three principal eigenvectors calculated in the previous step by multiplying the  $N \times M$  matrix of returns obtained in point (v) by the  $M \times 3$  matrix of eigenvectors obtained in point (viii);’;

(2) in Part 3, the following point 52a is inserted:

‘52a. Where the PRIIP manufacturer considers that the summary risk indicator number assigned following the aggregation of market and credit risk in accordance with point 52 does not adequately reflect the risks of the PRIIP, that PRIIP manufacturer may decide to increase that number. The decision making process for such an increase shall be documented.’.

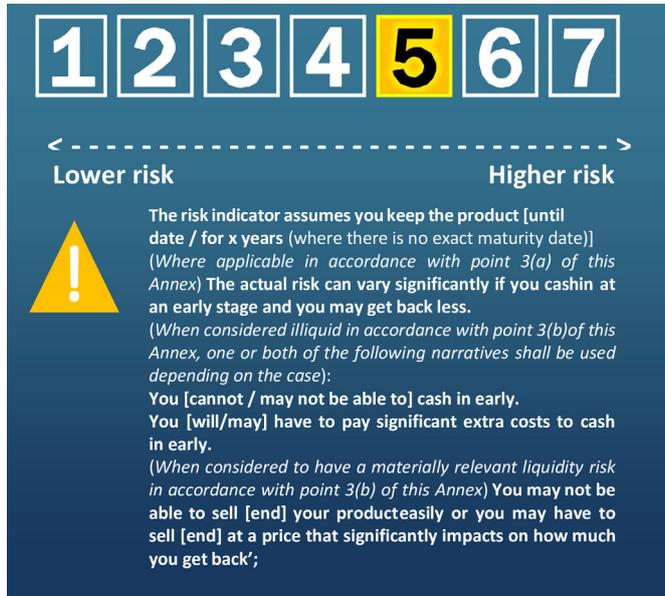
▼ C2

## ANNEX III

Annex III to Delegated Regulation (EU) 2017/653 is amended as follows:

(1) point 1 is replaced by the following:

- ‘1. PRIIP manufacturers shall use the format below for the presentation of the SRI in the key information document. The relevant number shall be highlighted as shown depending on the SRI for the PRIIP.



(2) point 3 is replaced by the following:

- ‘3. Immediately below the SRI, the time frame of the recommended holding period shall be indicated. In addition, a warning shall be included directly below the SRI as set out in the above template in the following cases:
- (a) where the risk of the PRIIP is considered to be significantly higher if the holding period is different;
  - (b) where a PRIIP is considered to have a materially relevant liquidity risk, whether this is contractual in nature or not;
  - (c) where a PRIIP is considered to be illiquid whether this is contractual in nature or not.’;

(3) the following point 6a is inserted:

- ‘6a. For Category 1 PRIIPs as defined in point 4(b) of Annex II, the terminology used for the narratives explanations accompanying the SRI shall be adjusted, where appropriate, to reflect the specific features of the PRIIP, such as the absence of an initial investment amount.’

▼ C2

## ANNEX IV

## ‘ANNEX IV

**PERFORMANCE SCENARIOS***Number of scenarios*

1. The performance scenarios under this Regulation which shall show a range of possible returns, shall be the following:
  - (a) a favourable scenario;
  - (b) a moderate scenario;
  - (c) an unfavourable scenario;
  - (d) a stress scenario.
2. The stress scenario shall set out significant unfavourable impacts of the PRIIP not covered in the unfavourable scenario referred to in point 1(c) of this Annex. The stress scenario shall show intermediate periods where those periods are shown for the performance scenarios under point 1(a) to (c) of this Annex.
3. An additional scenario for insurance-based investment products shall be based on the moderate scenario referred to in point 1(b) of this Annex, where the performance is relevant in respect of the return of the investment.
4. The minimum investment return shall also be shown not taking into account the situation where the PRIIP manufacturer or party bound to make, directly or indirectly, relevant payments to the retail investor, is not able to pay.

*Calculation of unfavourable, moderate and favourable scenario values for the recommended holding period for Category 2 PRIIPs***Case 1: PRIIPs referred to in point 1 of Annex VIII with sufficient historical data**

5. The following rules shall apply to PRIIPs referred to in point 1 of Annex VIII, where, at the time the calculation is made, the following criteria are satisfied in relation to the length of yearly consecutive historical values for the PRIIP:
  - (a) it is greater than 10;
  - (b) it is five years longer than the length of the PRIIP’s recommended holding period.
6. Where the recommended holding period is five years or less, the unfavourable, moderate and favourable scenarios shall be calculated over the last 10 years from when the calculation is made. Where the recommended holding period is more than five years, the unfavourable, moderate and favourable scenarios shall be calculated over a time period which is equal to the recommended holding period plus five years from when the calculation is made.
7. The calculation of the unfavourable, moderate, and favourable scenarios shall include the following steps:
  - (a) within the time period specified in point 6 of this Annex, identification of all overlapping sub intervals individually equal in length to the duration of the recommended holding period, and which start or end in each of the months, or at each of the valuation dates for PRIIPs with a monthly valuation frequency, which are contained within that period;

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- (b) for PRIIPs with a recommended holding period of more than one year, identification of all overlapping sub intervals individually equal or shorter in length to the duration of the recommended holding period, but equal to or longer than one year, and which end at the end of the time period identified in point 6 of this Annex;
  - (c) for each sub interval referred to in points (a) and (b), calculation of the performance of the PRIIP in accordance with the following:
    - (i) based on the performance of the PRIIP during the exact duration of each sub interval;
    - (ii) net of all applicable costs;
    - (iii) on the basis that any distributable income of the PRIIP has been reinvested;
    - (iv) by using a linear transformation to obtain the performance in sub intervals shorter than the recommended holding period, in order to render all sub- intervals of comparable length;
  - (d) rank the sub intervals identified in accordance with point (a) according to the performance calculated in accordance with point (c), to identify from within those sub intervals the median and best sub intervals in terms of performance;
  - (e) rank together the sub intervals identified in accordance with points (a) and (b) according to the performance calculated in accordance with point (c), to identify from within those sub intervals the worst sub interval in terms of performance.
8. The unfavourable scenario shall represent the worst evolution of the PRIIP's value in accordance with i point 7(e) of this Annex.
  9. The moderate scenario shall represent the median evolution of the PRIIP's in accordance with point 7(d) of this Annex.
  10. The favourable scenario shall represent the best evolution of the PRIIP's value in accordance with point 7(d) of this Annex.
  11. The scenarios shall be calculated at least on a monthly basis.

**Case 2: PRIIPs referred to in point 1 of Annex VIII without sufficient historical data and with the possibility to use a benchmark**

12. For PRIIPs referred to in point 1 of Annex VIII, the unfavourable, moderate and favourable scenarios shall be calculated as specified in points 6 to 11 of this Annex, using data of a benchmark to supplement the values for the PRIIP less all applicable costs, where:
  - (a) the length of PRIIP values do not meet the criteria set out in point 5 of this Annex;
  - (b) the benchmark is appropriate to estimate performance scenarios in accordance with the criteria specified in point 16 of this Annex; and
  - (c) there is historical data for the benchmark that meets the criteria set out in point 5 of this Annex.

If the information on the objectives of the PRIIP makes reference to a benchmark, that benchmark shall be used, provided the conditions in the first subparagraph are met.

▼ **C2****Case 3: PRIIPs referred to in point 1 of Annex VIII without sufficient historical data and with no benchmark, or with a benchmark without sufficient historical data, or any other Category 2 PRIIP**

13. For PRIIPs referred to in point 1 of Annex VIII that are not covered by case 1 or case 2 above or any other Category 2 PRIIP, the unfavourable, moderate and favourable scenarios shall be calculated as specified in points 6 to 11 of this Annex using benchmarks regulated by Regulation (EU) 2016/1011 of the European Parliament and of the Council<sup>(1)</sup>. Those benchmarks represent the asset classes in which the PRIIP invests or the underlying investments to which the PRIIP is exposed, to supplement the values for the PRIIP or the benchmark referred to in point 12 of this Annex. All asset classes in which the PRIIP could invest more than 25 % of its assets or underlying investments that represent more than 25 % of the exposure shall be considered. Where such a benchmark does not exist, an appropriate proxy shall be used.
14. If the PRIIP invests in different asset types or offers exposure to different types of underlying investments and more than one benchmark as referred to in point 13 of this Annex has been identified, the scenarios shall be calculated using a “composite benchmark”, considering the weights of the estimated investment in each type of assets or underlying investments.
15. For Category 2 PRIIPs for which there is not an appropriate benchmark or proxy with sufficient historical data which meets the criteria set out in point 5 of this Annex for the PRIIP, performance scenarios shall be calculated in accordance with points 21 to 27 of this Annex using 15 years of historical returns of the PRIIP or an appropriate benchmark or proxy.

**Cases 2 and 3: Use of appropriate benchmarks or proxies**

16. In order to assess whether the use of a particular benchmark or proxy is appropriate to estimate the performance scenarios, PRIIP manufacturers shall use the following criteria, provided that such criteria are consistent with the objectives of the PRIIP and the type of assets in which the PRIIP invests or the underlying investments to which the PRIIP offers exposure and are relevant for the PRIIP:
- (a) risk-return profile where the benchmark or proxy and the PRIIP fall into the same category of SRI or volatility and expected return or both;
  - (b) expected return;
  - (c) asset allocation composition (where the asset composition of the PRIIP reflects a composite index, the reference benchmark or proxy for the purpose of the calculation of performance scenarios shall consistently reflect the weights of the composite index);
  - (d) potential assets in which the PRIIP invests, consistent with the investment policy;
  - (e) exposure to underlying asset classes;
  - (f) geographical exposures;

<sup>(1)</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

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- (g) sector exposures;
- (h) income distribution of the PRIIP;
- (i) liquidity measures (e.g.: daily trading volumes, bid-ask spreads etc.);
- (j) duration;
- (k) credit rating category;
- (l) volatility or historical volatility or both.

PRIIP manufacturers may use criteria additional to those listed in the first subparagraph provided they demonstrate that those additional criteria are relevant in terms of the objectives of the PRIIP and the type of assets in which the PRIIP invests or the type of underlying investments to which the PRIIP offers exposure.

17. PRIIP manufacturers shall be able to demonstrate the consistency of the benchmarks with the objectives of the PRIIP and shall document their decision, including a clear justification of the benchmark used.

*Calculation of the stress scenario for Category 2 PRIIPs*

18. For Category 2 PRIIPs, the calculation of the stress scenario shall have the following steps:

- (a) identify a sub interval of length  $w$  which corresponds to the following intervals:

	1 year	> 1 year
Daily prices	21	63
Weekly prices	8	16
Monthly prices	6	12

- (b) identify for each sub interval of length  $w$  the historical lognormal returns  $r_t$ , where  $t = t_1, t_2, \dots, t_w$ ;
- (c) measure the volatility based on the following formula starting from  $t_1 = t_1$  rolling until  $t_i = t_{H-w+1}$  where  $H$  is the number of historical observations in the period:

$$w_{ti} \sigma_S = \sqrt{\frac{\sum_{t_i}^{t_{i+w-1}} (r_{t_i} - \frac{t_{i+w-1}}{t_i} M_1)^2}{M_w}}$$

Where  $M_w$  is the count of number of observations in the sub interval and  $\frac{t_{i+w-1}}{t_i} M_1$  is the mean of all the historical lognormal returns in the corresponding sub interval.

- (d) infer the value that corresponds to the 99th percentile for one year and the 95th percentile for the other holding periods; that value shall be the stressed volatility  $W \sigma_S$ .
19. For Category 2 PRIIPs, the expected values at the end of the recommended holding period for the stress scenario shall be:

$$Scenario_{Stress} = e^{\left[ W \sigma_S \cdot \sqrt{N} \cdot \left( z_\alpha + \left[ \frac{(z_\alpha^2 - 1)}{6} \right] \cdot \frac{\mu_1}{\sqrt{N}} + \left[ \frac{(z_\alpha^2 - 3z_\alpha)}{24} \right] \cdot \frac{\mu_2}{N} - \left[ \frac{(2z_\alpha^3 - 5z_\alpha)}{36} \right] \cdot \frac{\mu_1^2}{N} \right) - 0.5 W \sigma_S^2 N \right]}$$

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Where:

- (a) N is the number of trading periods in the recommended holding period, and where the other terms are defined in point 12 of Annex II;
- (b)  $z_\alpha$  is a proper selected value of the PRIIP at the extreme percentile that corresponds to 1 % for one year and to 5 % for the other holding periods.

20. The stress scenario value shown shall not be better than the value of the unfavourable scenario.

*Calculation of scenario values for the recommended holding period for certain Category 1 PRIIPs, Category 3 PRIIPs and Category 4 PRIIPs*

21. The favourable scenario shall be the value of the PRIIP at the 90<sup>th</sup> percentile of an estimated distribution of outcomes over the recommended holding period less all applicable costs.

22. The moderate scenario shall be the value of the PRIIP at the 50th percentile of an estimated distribution of outcomes over the recommended holding period less all applicable costs.

23. The unfavourable scenario shall be the value of the PRIIP value at the 10th percentile of an estimated distribution of outcomes over the recommended holding period less all applicable costs.

24. Where the PRIIP manufacturer considers that there is a material risk that these scenarios may provide retail investors with inappropriate expectations about the possible returns they may receive, they may use lower percentiles than those specified in points 21, 22 and 23 of this Annex.

25. For Category 3 PRIIPs, the method to derive the estimated distribution of the PRIIP's outcomes over the recommended holding period shall be identical to the method specified in points 19 to 23 of Annex II. However, the expected return of each asset shall be the return observed over the period calculated without discounting the expected performance using the expected risk-free discount factor.

26. For Category 3 PRIIPs, the following adjustments shall be made for the calculation of the stress scenario compared to the calculation for Category 2 PRIIPs:

(a) infer the stress volatility  $W_{\sigma_S}$  based on the methodology defined in points 18(a), (b) and (c) of this Annex;

(b) rescale historical returns  $r_t$ , based on the following formula:

$$r_t^{adj} = r_t * \frac{W_{\sigma_S}}{\sigma}$$

(c) conduct bootstrapping on  $r_t^{adj}$  as described in point 22 of Annex II;

(d) calculate the return for each contract by summing returns from selected periods and correcting those returns to ensure that the expected return measured from the simulated return's distribution is as follows:

$$E * [r_{bootstrapped}] = -0.5^W \sigma_S^2 N$$

where  $E*[r_{bootstrapped}]$  is the new simulated mean.

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27. For Category 3 PRIIPs, the stress scenario shall be the value of the PRIIP at the extreme  $z_\alpha$  percentile as defined in point 19 of this Annex of the simulated distribution as set out in point 26 of this Annex.
28. For Category 4 PRIIPs, the method set out in point 27 of Annex II shall be used in respect of those factors that are not observed in the market, combined as necessary with the method for Category 3 PRIIPs. The relevant methods for Category 2 PRIIPs set out in points 5 to 20 of this Annex and the relevant methods for Category 3 PRIIPs set out in points 21 to 27 of this Annex shall be used for the relevant components of the PRIIP where the PRIIP combines different components. The performance scenarios shall be a weighted average of the relevant components. Product features and capital guarantees shall be taken into consideration in the performance calculations.
29. For Category 1 PRIIPs as defined in point 4(a) of Annex II, and Category 1 PRIIPs as defined in point 4(b) of Annex II that are not traded on a regulated market or on a third-country market considered to be equivalent to a regulated market in accordance with Article 28 of Regulation (EU) No 600/2014, performance scenarios shall be calculated in accordance with points 21 to 27 of this Annex.

*Calculation of scenario values for the recommended holding period for other types of Category 1 PRIIPs*

30. For Category 1 PRIIPs that are futures, call options and put options traded on a regulated market or on a third-country market considered to be equivalent to a regulated market in accordance with Article 28 of Regulation (EU) No 600/2014, performance scenarios shall be shown in the form of pay-off structure graphs. A graph shall be included to show performance for all scenarios for the different levels of the underlying value. The horizontal axis of the graph shall show the various possible prices of the underlying value and the vertical axis shall show the profit or loss at the different prices of the underlying value. For every price of the underlying value, the graph shall show the resulting profit or loss and at which price of the underlying value the profit or loss shall be zero.
31. For Category 1 PRIIPs as defined in point 4(c) of Annex II a reasonable and conservative best estimate of the expected values for the performance scenarios set out in points 1(a),(b) and (c) of this Annex at the end of the recommended holding period shall be provided.

The scenarios selected and shown shall be consistent with and complement the other information contained in the key information document, including the overall risk profile for the PRIIP. The PRIIP manufacturer shall ensure the consistency of the scenarios with internal product governance conclusions, including amongst others, any stress-testing undertaken by the PRIIP manufacturer for the PRIIP, and data and analysis used for the purposes of producing the other information contained with the key information document.

The scenarios shall be selected to give a balanced presentation of the possible outcomes of the PRIIP in both favourable and unfavourable conditions, but only scenarios that can be reasonably expected shall be shown. The scenarios shall not be selected so as give undue prominence to favourable outcomes at the expense of unfavourable ones.

*Calculation of scenario values for intermediate holding periods*

32. For PRIIPs with a recommended holding period between one and 10 years, performance shall be shown at two different holding periods: at the end of the first year and at the end of the recommended holding period.

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33. For PRIIPs with a recommended holding period of 10 years or more, performance shall be shown at three holding periods: at the end of the first year, after half of the recommended holding period rounded up to the end of the nearest year, and at the end of the recommended holding period.
34. For PRIIPs with a recommended holding period of one year or less, no performance scenarios for intermediate holding periods shall be shown.
35. For Category 2 PRIIPs, the values to be shown for the intermediate periods for the unfavourable, moderate and favourable scenarios shall be calculated in accordance with points 5 to 14 of this Annex, using the time period specified in point 6, but based on the outcomes achieved over the intermediate holding period.
36. For Category 2 PRIIPs, the values to be shown for the intermediate periods for the stress scenario shall be calculated using the formulas in points 18 and 19 of this Annex with the N defined to be the number of trading periods from the start date to the end date of the intermediate period. Point 20 of this Annex shall also apply to the intermediate periods.
37. 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.
38. For Category 1 PRIIPs that are futures, call options and put options traded on a regulated market or on a third-country market considered to be equivalent to a regulated market in accordance with Article 28 of Regulation (EU) No 600/2014, or for PRIIPs referred to in point 90(d) of Annex VI, performance scenarios may be shown at the end of the recommended holding period only.

*General requirements*

39. The performance scenarios of the PRIIP shall be calculated as net of all applicable costs in accordance with Annex VI for the scenario and holding period being presented.
40. Performance scenarios shall be calculated using amounts consistent with those used for the calculation of costs as specified in points 90 and 91 of Annex VI.
41. For those PRIIPs that are forward contracts, future contracts, contracts for difference or swaps, performance scenarios shall be calculated assuming that the amount specified in point 40 is the notional amount.
42. 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. Without prejudice to point 7 of this Annex, the monetary figures shall show the sum of the amounts that would be received by the retail investor (net of costs) during the holding period, comprising:
  - (a) the payments due at the end of the holding period, including the capital reimbursed;
  - (b) the coupons or other amounts received before the end of the holding period, without assuming reinvestment of those amounts.

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43. For PRIIPs that are forward contracts, future contracts, contracts for difference or swaps, performance scenarios in monetary units shall show the profit or loss obtained in the holding period.

44. Performance scenarios shall also be presented in percentage terms, as the average annual return of the investment. That figure shall be calculated considering the scenario value as numerator and the initial investment amount or the price paid as denominator in accordance with the following formula:

$$(\text{scenario value}/\text{initial investment})^{(1/T)} - 1, \text{ if } T > 1. \text{ Where } T \text{ is the length of the holding period in years}$$

45. For recommended holding periods shorter than one year, performance scenarios in percentage terms shall reflect the projected return over that period, non-annualised.

46. For PRIIPs that are forward contracts, future contracts, contracts for difference, or swaps, the percentage return shall be calculated considering the notional amount of the contract and a footnote shall be added to explain that calculation. The formula for the calculation shall be the following:

$$(\text{Net profit or loss}/\text{Notional Amount})^{(1/T)} - 1, \text{ if } T > 1.$$

The footnote shall indicate that the potential return is calculated as a percentage over the notional amount.

47. For insurance based investment products, the following shall apply in addition to the methods referred above including under point 28 of this Annex when calculating the performance scenarios in respect of the investment:

- (a) future profit participation shall be taken into account;
- (b) assumptions on future profit participation shall be consistent with the assumption on the annual rates of return of the underlying assets;
- (c) assumptions on how future profits are shared between the PRIIP manufacturer and the retail investor and other assumptions on future profit sharing shall be realistic and in line with the current business practice and business strategy of the PRIIP manufacturer. Where there is sufficient evidence that the undertaking will change its practices or strategy, the assumptions on future profit sharing shall be consistent with the changed practices or strategy. For life insurers within the scope of Directive 2009/138/EC, those assumptions shall be consistent with the assumptions on future management actions used for the valuation of technical provisions in the Solvency II-balance-sheet;
- (d) where a component of the performance relates to profit participation that is payable on a discretionary basis, that component shall only be assumed in the favourable performance scenarios;
- (e) the performance scenarios shall be calculated on the basis of the investment amounts set out in point 40 of this Annex.

**▼ C2***ANNEX V**‘ANNEX V***METHODOLOGY FOR THE PRESENTATION OF PERFORMANCE SCENARIOS****PART 1****General presentation specifications**

1. The performance scenarios shall be presented in a way that is accurate, fair, clear and not misleading, and that is likely to be understood by the average retail investor.
2. In all cases, the following narrative explanations from Part 2 of this Annex shall be included:
  - (a) element A;
  - (b) element B, which shall appear prominently above the performance scenario table or graph.
3. For all PRIIPs except Category 1 PRIIPs referred to in point 30 of Annex IV:
  - (a) element C in Part 2 of this Annex shall appear prominently above the performance scenario table;
  - (b) information on the minimum investment return shall be stated within the performance scenario table and where appropriate element G in Part 2 of this Annex shall be included. Where a minimum return is guaranteed that minimum return shall be stated in monetary amounts for the holding periods for which the guarantee applies. Where no minimum return is guaranteed, or where the guarantee is only applicable for some but not all holding periods, a narrative shall be included for the relevant holding periods stating that retail investors may lose some or all of the amount invested, or, where applicable, that retail investors may lose more than they invested as set out in Part 3 of this Annex.
4. Where a stress scenario is shown, narrative element D in Part 2 of this Annex shall be included.
5. For Category 2 PRIIPs, except those referred to in point 15 of Annex IV, narrative explanations shall be included for the unfavourable, moderate and favourable scenarios using element E in Part 2 of this Annex.
6. 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.
7. Elements H, I, J and K in Part 2 of this Annex shall also be included in the case of Category 1 PRIIPs referred to in point 30 of Annex IV.
8. Intermediate holding periods shall be shown in accordance with points 32, 33 and 34 of Annex IV. The interim periods may differ depending on the length of the recommended holding period.
9. For PRIIPs that do not show performance scenarios at intermediate holding periods narrative element F in Part 2 of this Annex shall be included where relevant.

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10. Unless otherwise specified, for all PRIIPs except for Category 1 PRIIPs referred to in point 30 of Annex IV, PRIIP manufacturers shall use the templates set out in Part 3 of this Annex to present the performance scenarios, depending on whether it is a single investment or premium PRIIP, a regular payment or premium PRIIP, or a PRIIP as referred to in point 76c of Annex VI.
11. The term “exit” shall be used in the performance scenario table to represent the end of the investment, unless this term may be misleading for specific types of PRIIPs, in which case an alternative term may be used, such as “terminate” or “surrender”.
12. For Category 1 PRIIPs as defined in point 4(b) of Annex II, the terminology used shall be adjusted where appropriate to reflect the specific features of the PRIIP, such as to refer to the notional amount of the PRIIP.
13. For insurance-based investment products, additional rows are included in respect of the biometric risk premium and a scenario for the insurance benefits, as illustrated in templates A and B in Part 3 of this Annex. Returns for that scenario shall only be shown in monetary terms.
14. For PRIIPs that involve regular payments or premiums, the templates shall also include information on the accumulated investment amount and where applicable the accumulated biometric risk premium, as illustrated in template B in Part 3 of this Annex.
15. For PRIIPs which are intended to be held for life, the recommended holding period stated in the performance scenarios may indicate that the PRIIP is intended to be held for life and state the number of years that have been used as an example for the calculation.
16. For PRIIPs that are immediate annuities or other PRIIPs that are only intended to pay- out upon the occurrence of the insured event, the performance scenario table shall reflect the following, as appropriate:
  - (a) the survival scenarios at the recommended holding period shall reflect the accumulated amount of payments made to the retail investor;
  - (b) where intermediate survival scenarios are included, those shall reflect the surrender values and accumulated amount of payments made to the retail investor at that time;
  - (c) the insurance event scenarios, such as upon death, shall show the lump sum payment received by the beneficiaries at that time.
17. Where the PRIIP is called or cancelled before the end of the recommended holding period according to the simulation, the presentation of the performance scenarios shall be adjusted accordingly, as illustrated in template C in Part 3 of this Annex, and explanatory notes shall be added, in a way that it is clear whether a certain scenario includes an early call or cancellation and that no reinvestment assumption has been applied. In scenarios where the PRIIP is automatically called or cancelled the figures shall be shown in the column “If you exit at call or maturity” of template C in Part 3 of this Annex. The time periods shown for the intermediate holding periods shall be the same for the different performance scenarios and shall be based on the recommended holding period if the PRIIP is not called, which is expected to be aligned with its maturity. 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.

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## PART 2

**Prescribed narrative elements**

[Element A] The figures shown include all the costs of the product itself, (*where applicable*) [but may not include all the costs that you pay to your advisor or distributor/and includes the costs of your advisor or distributor]. The figures do not take into account your personal tax situation, which may also affect how much you get back.

[Element B] What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted.

[Element C] [The unfavourable, moderate, and favourable scenarios shown are illustrations using the worst, average, and best performance of [the product/a suitable benchmark] over the last [x] years.] (*for Category 2 PRIIPs except those referred to in point 15 of Annex IV*) [The scenarios shown are illustrations based on results from the past and on certain assumptions] (*for other types of PRIIPs*). Markets could develop very differently in the future.

[Element D] The stress scenario shows what you might get back in extreme market circumstances.

[Element E] This type of scenario occurred for an investment [*add reference to benchmark where applicable*] between [*add dates in years*].

[Element F] This product cannot be [easily] cashed in. If you exit the investment earlier than the recommended holding period [you do not have a guarantee](*where there is a guarantee only at the recommended holding period*) [and] [you [will/may] have to pay extra costs] (*where there are exit costs*).

[Element G] The return is only guaranteed if you [*describe relevant conditions or refer to where these conditions are described in the key information document, such as the narrative explanations provided in accordance with Annex III*].

[Element H] This graph illustrates how your investment could perform. You can compare it with the pay-off graphs of other derivatives.

[Element I] The graph presented gives a range of possible outcomes and is not an exact indication of what you might get back. What you get will vary depending on how the underlying will develop. For each value of the underlying, the graph shows what the profit or loss of the product would be. The horizontal axis shows the various possible prices of the underlying value on the expiry date and the vertical axis shows the profit or loss.

[Element J] Buying this product holds that you think the underlying price will [increase/decrease].

[Element K] Your maximum loss would be that you will lose all your investment (premium paid).

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## PART 3

## Templates

Template A: Single investment or single premium paid

<b>Recommended holding period:</b>	[]		
<b>Example Investment:</b>	[EUR 10 000]		
<i>(Where applicable)</i> <b>Insurance premium:</b>	[monetary amount]		
	<b>If you [exit] after 1 year</b>	<b>If you [exit] after []</b>	<b>If you [exit] after</b>
	<i>(where applicable)</i>	<i>(where applicable)</i>	[recommended holding period]

**[Survival] Scenarios**

<b>Minimum</b>	<b>[Monetary amount] or [There is no minimum guaranteed return [if you [exit] before [...years/months/days]] (where applicable) . You could lose some or all of your investment [or have to make further payments to cover losses] (where applicable)]</b>			
<b>Stress</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[] EUR
	Average return each year	[] %	[] %	[] %
<b>Unfavourable</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[] EUR
	Average return each year	[] %	[] %	[] %
<b>Moderate</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[] EUR
	Average return each year	[] %	[] %	[] %
<b>Favourable</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[] EUR
	Average return each year	[] %	[] %	[] %

*(Where applicable)* **[Death] Scenario**

<b>[Insured event]</b>	<i>What your beneficiaries might get back after costs</i>	[] EUR	[] EUR	[] EUR
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## Template B: Regular investments or premiums paid

<b>Recommended holding period:</b>	[]		
<b>Example Investment:</b>	[EUR 1 000] per year		
<i>(Where applicable)</i> <b>Insurance premium:</b>	[monetary amount] per year		
	<b>If you [exit] after 1 year</b> <i>(where applicable)</i>	<b>If you [exit] after []</b> <i>(where applicable)</i>	<b>If you [exit] after</b> [recommended holding period]

**[Survival] Scenarios**

<b>Minimum</b>	<b>[Monetary amount] or [There is no minimum guaranteed return [if you [exit] before [...years/months/days]] (where applicable) . You could lose some or all of your investment [or have to make further payments to cover losses] (where applicable)]</b>			
<b>Stress</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[]EUR
	Average return each year	[] %	[] %	[] %
<b>Unfavourable</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[] EUR
	Average return each year	[] %	[] %	[]%
<b>Moderate</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[] EUR
	Average return each year	[] %	[]%	[] %
<b>Favourable</b>	<i>What you might get back after costs</i>	[] EUR	[] EUR	[] EUR
	Average return each year	[] %	[] %	[] %
<b>Amount invested over time</b>		[] EUR	[] EUR	[] EUR
<i>(Where applicable)</i> <b>[Death] Scenario</b>				
<b>[Insured event]</b>	<i>What your beneficiaries might get back after costs</i>	[] EUR	[] EUR	[] EUR
<b>Insurance premium taken over time</b>		[] EUR	[] EUR	[] EUR

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Template C: PRIIPs referred to in point 76c of Annex VI (Autocallables)

<b>Recommended holding period:</b>	<b>Until the product is called or matures</b> This may be different in each scenario and is indicated in the table		
<b>Example Investment:</b>	[EUR 10 000]		
	<b>If you [exit] after 1 year</b> <i>(where applicable)</i>	<b>If you [exit] after []</b> <i>(where applicable)</i>	<b>If you [exit] at call or maturity</b>

**Scenarios**

<b>Minimum</b>	<b>[Monetary amount] or [There is no minimum guaranteed return [if you [exit] before [...years/months/days]] (where applicable) . You could lose some or all of your investment [or have to make further payments to cover losses] (where applicable)]</b>			
<b>Stress</b>	<i>What you might get back after costs</i>	<input type="text"/> EUR	<input type="text"/> EUR	<input type="text"/> EUR
(product ends after <input type="text"/> )	Average return each year	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
<b>Unfavourable</b>	<i>What you might get back after costs</i>	<input type="text"/> EUR	<input type="text"/> EUR	<input type="text"/> EUR
(product ends after <input type="text"/> )	Average return each year	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
<b>Moderate</b>	<i>What you might get back after costs</i>	<input type="text"/> EUR	<input type="text"/> EUR	<input type="text"/> EUR
(product ends after <input type="text"/> )	Average return each year	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
<b>Favourable</b>	<i>What you might get back after costs</i>	<input type="text"/> EUR	<input type="text"/> EUR	<input type="text"/> EUR
(product ends after <input type="text"/> )	Average return each year	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

▼ C2

## ANNEX VI

Annex VI to Delegated Regulation (EU) 2017/653 is amended as follows:

(1) in point 3, point (a) is replaced by the following:

‘(a) distribution fee, to the extent that the amount is known to the UCITS management company or AIFM; if the actual amount is not known to the UCITS management company or AIFM, the maximum of the possible known distribution costs for the specific PRIIP shall be shown;’;

(2) point 5 is amended as follows:

(a) in point (a), point (i) is replaced by the following:

‘(i) the UCITS management company or AIFM;’;

(b) point (g) is replaced by the following:

‘(g) any costs of distribution or marketing, to the extent that the amount is known to the UCITS management company or AIFM; if the actual amount is not known to the UCITS management company or AIFM, the maximum of the possible known distribution costs for the specific PRIIP shall be shown;’;

(c) points (j) and (k) are replaced by the following:

‘(j) payments to third parties to meet costs necessarily incurred in connection with the acquisition or disposal of any asset in the fund’s portfolio (including transaction costs as referred to in points 7 to 23c of this Annex);

‘(k) the value of goods or services received by the UCITS management company or AIFM or any connected person in exchange for placing of dealing orders;’;

(d) in point (l), point (i) is replaced by the following:

‘(i) where the underlying is a UCITS or AIF, its most recently available summary cost indicator figure shall be used, where necessary adjusted to show the actual distribution fee incurred; that figure shall be based either on the figure published by the UCITS or AIF or its operator or the UCITS management company or AIFM, or a figure calculated by a reliable third- party source if more up-to-date than the published figure;’;

(e) in point (m), point (i) is replaced by the following:

‘(i) the most recently available summary cost indicator of the underlying PRIIP shall be included in the calculation, and, where necessary, adjusted to show the actual entry fee incurred;’;

(f) point (q) is replaced by the following:

‘(q) implicit costs incurred by structured investment funds as referred to in Section II of this Annex, and in particular points 36 to 46 of this Annex;’;

(3) in point 6, point (a) is replaced by the following:

‘(a) a performance-related fee payable to the UCITS management company or the AIFM or any investment adviser, including performance fees as referred to in point 24 of this Annex;’;

**▼ C2**

- (4) points 7 and 8 are replaced by the following:
- ‘7. Transaction costs shall be calculated on an annualised basis, based on an average of the transaction costs incurred by the PRIIP over the previous three years where the average is calculated from all transactions. Where the PRIIP has been operating for less than three years, transaction costs shall be calculated using the methodology set out in points 21, 22 and 23 of this Annex.
  - 8. The aggregate transaction costs for a PRIIP shall be calculated as the sum of the transaction costs as calculated in accordance with points 8a to 23a of this Annex in the base currency of the PRIIP for all individual transactions undertaken by the PRIIP in the specified period. This sum shall be converted into a percentage by dividing by the average net assets of the PRIIP over the same period.’;
- (5) the following point 8a is inserted:
- ‘8a. A minimum of explicit transaction costs, as referred to in point 11a of this Annex, shall be disclosed.’;
- (6) point 10 is replaced by the following:
- ‘10. Estimates of transaction costs using the methodology described below in points 19 and 20 of this Annex shall be used for investments in other instruments or assets. Transaction costs associated with non-financial assets shall be calculated in accordance with point 20a of this Annex.’;
- (7) in point 11, the following point (c) is added:
- ‘(c) the anti-dilution benefit shall only be taken into account to the extent that the benefit does not take the total transaction costs below explicit transaction costs.’;
- (8) the following points 11a and 11b are inserted:
- ‘11a. Explicit costs include costs and charges incurred by the PRIIP, and paid out of retail investors’ financial investment in the PRIIP, in order to acquire or dispose of the underlying assets of the PRIIP, such as but not limited to commissions paid to brokers or other intermediaries, stamp duty or market taxes, contract fees and execution fees for OTC derivatives, where relevant.
  - 11b. Aggregate explicit costs shall be calculated as the sum of such costs incurred from all transactions undertaken by the PRIIP over the previous three years. That sum shall be converted into a percentage by dividing by the average net assets of the PRIIP over the same period. The minimum explicit costs to be disclosed shall be calculated on an annualised basis based on an average of explicit costs incurred by the PRIIP over the previous three years, with the average calculated from all transactions.’;
- (9) points 14 and 15 are replaced by the following:
- ‘14. The arrival price shall be determined as the mid-market price of the investment at the time when the order to transact is transmitted to another person. For orders that are transacted on a day that is not the day that the order was originally transmitted to another person, the arrival price shall be determined as the opening price of the investment on the day of the transaction or, where the opening price is not available, the previous closing price. Where a price is not available at the time when the order to transact is transmitted to another person, the arrival price shall be determined as the most recently available price or, where a recent price is not available, a justifiable independent price or, where a justifiable independent price is not available, the opening price on the day of the transaction or, where the opening price is not available, the previous closing price. Where an order is executed without being transmitted to another person, the arrival price shall be determined as the mid-market price of the investment at the time when the transaction was executed.

▼ C2

15. Where information about the time when the order to transact is transmitted to another person is not available (or not available to a sufficient level of accuracy), or where information about the price at that time is not available, a justifiable independent price may be used as the arrival price or, where a justifiable independent price is not available, the opening price of the investment on the day of the transaction or, where the opening price is not available, the previous closing price.’;

(10) point 18 is replaced by the following:

- ‘18. When calculating the costs associated with orders that are initially entered into an auction, the arrival price shall be calculated as the mid-price immediately prior to the auction. In calculating the costs associated with orders that are executed at a pre-determined time, the arrival price shall be calculated at that pre-determined time, even if the order has been transmitted for execution before that time.’;

(11) after point 18, the following heading and point 18a are inserted:

*‘Transactions executed on an over-the-counter basis*

- 18a. By way of derogation from points 12 to 16 of this Annex for transactions executed on an over-the-counter basis, the actual transaction costs shall be calculated in the following way:

- (a) where a transaction is executed after bid prices and offer prices have been obtained from more than one potential counterparty, the arrival price shall be determined as:
- (i) the mid-point between the best bid price and best offer price, where the best bid price is below the best offer price;
  - (ii) the best bid price in the case of a sale or the best offer price in the case of a purchase, where the best bid price is higher than the best offer price;
- (b) where a transaction is executed without both bid prices and offer prices having been obtained, the transaction cost shall be calculated by multiplying the number of units transacted by half the value of the spread between the bid price and the offer price of the instrument, whereas the value of that spread shall be calculated on the following basis:
- (i) from a composite of live market bid/offer quotes, where available;
  - (ii) where live market bid/offer quotes are not available they shall be obtained by reference to spreads from either:
    - previous transactions in assets bearing similar characteristics (duration, maturity, coupon, call-/put-ability) and liquidity, using transactions previously executed by the PRIIP manufacturer; or
    - data verified by an independent third-party or an asset valuation from an independent third party.’;

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(12) the following point 20a is inserted:

‘20a. When calculating the costs associated with non-financial assets, the transaction costs shall be calculated as the aggregate of the actual costs directly associated with that transaction including all charges, commissions, taxes and other payments (such as anti-dilution levies), where those assets are made from the assets of the PRIIP. In the case of cost depreciation over a period specified in the PRIIP’s accounting policies, actual costs shall be equal to the cost amounts depreciated over the last three years.’;

(13) after point 23, the following heading and point 23a are inserted:

*‘Low number of transactions and other similar cases*

23a. By way of derogation from points 12 to 18a of this Annex, transaction costs may be calculated using the methodology set out in point 21(b) of this Annex where one or more of the following conditions is met:

- (a) a PRIIP undertook a very low number of transactions over the previous three years;
- (b) the total value for all transactions undertaken over the previous three years accounts for a very low percentage of the net asset value of the PRIIP;
- (c) the estimate of total transaction costs is not significant as compared to the estimate of the total costs.’;

(14) after point 23a, the following heading and points 23b and 23c are inserted:

*‘Use of data prior to 31 December 2024*

23b. Until 31 December 2024, transaction costs may be calculated using the methodology laid down in point 21 of this Annex for PRIIPs that are UCITS or AIFs for which a Member State applied by 31 December 2021 rules on the format and content of the key information document, as laid down in Articles 78 to 81 of Directive 2009/65/EC.

23c. Until 31 December 2024, where an insurance-based investment product invests in a UCITS or AIF as referred to in point 23b of this Annex, the transaction costs for those investments may be calculated using the methodology laid down in point 21 of this Annex.’;

(15) heading I of Part 2 is replaced by the following:

‘I. AGGREGATED COST FIGURES TO BE INCLUDED IN TABLE 1  
“COSTS OVER TIME” ’;

(16) points 61 and 62 are replaced by the following:

‘61. The total costs shall be all the costs known by the PRIIP manufacturer, including exit costs where applicable, for the relevant holding period and shall be calculated as follows:

- (a) for investment funds the sum of the costs as referred to in points 1 and 2 of this Annex plus the sum of the costs as referred to in points 4 and 6 of this Annex;

▼ C2

- (b) for PRIIPs other than investment funds, except PRIIPs referred in point 30 of Annex IV, the sum of the costs as referred to in points 27 and 28 of this Annex plus the sum of the costs as referred to in points 31 and 32 of this Annex;
- (c) for PRIIPs referred to in point 30 of Annex IV, the sum of the costs as referred to in points 34 and 35 of this Annex;
- (d) for insurance-based investment products, the sum of the costs as referred to in points 47 and 48 plus the sum of the costs as referred to in points 50 and 51 of this Annex.

62. The table “Costs over time” shall also include aggregated summary cost indicators of the PRIIP calculated as the reduction of the yield due to total costs calculated in accordance with points 70, 71 and 72 of this Annex.’;

(17) heading after point 62 is deleted;

(18) point 63 is replaced by the following:

‘63. When an assumption on the performance of the PRIIP is needed for the calculation of the cost figures (for figures in monetary or percentage terms), the performance of the PRIIP used in the calculation shall be determined in accordance with point 71 of this Annex.’;

(19) after point 63, the following heading II of Part 2 and subheading are inserted:

‘II. SUMMARY COST INDICATORS PER TYPE OF COST TO BE INCLUDED IN TABLE 2 “COMPOSITION OF COSTS”

*One-off costs and one-off costs indicators’;*

(20) point 64 is replaced by the following:

‘64. For the calculation of the entry and exit costs indicators the costs to be considered shall be those identified as entry or exit costs in accordance with Part 1 of this Annex. For insurance-based investment products, the entry and exit costs indicators of the PRIIP shall be the reduction of the annual yield due to entry and exit costs considering the PRIIP is held until the recommended holding period, calculated in accordance with points 70, 71 and 72 of this Annex. For PRIIPs, the entry and exit costs indicators shall be the costs in monetary units if the product is held for one year (or for the recommended holding period if shorter), calculated assuming a net performance of 0 %.’;

(21) heading after point 64 and points 65, 66 and 67 are replaced by the following:

*‘Recurring costs indicators: Transaction costs and other recurring costs*

65. The recurring costs indicators of the PRIIP shall be calculated as follows:

- (a) for insurance based investment products, as the reduction of the annual yield due to those costs considering the PRIIP is held until the recommended holding period calculated in accordance with points 70, 71 and 72 of this Annex;

▼ C2

(b) for PRIIPs, as the amount of ongoing costs in monetary units if the product is held for one year (or for the recommended holding period if shorter), calculated assuming a net performance of 0 %.

66. For the calculation of the transaction costs indicator, the following costs shall be considered:

(a) for investment funds, the transaction costs referred to in points 7 to 23c of this Annex;

(b) for PRIIPs other than investment funds, except PRIIPs referred in point 30 of Annex IV, the costs referred to in point 29(c) of this Annex;

(c) for insurance-based investment products, the costs referred to in point 52(h) of this Annex.

67. For the calculation of the other recurring costs indicator (referred to in Annex VII as “management fees and other administrative or operating costs”), the costs to be considered are the difference between the total costs pursuant to point 61 of this Annex and the sum of the one-off costs indicator, pursuant to point 64 of this Annex, plus the transaction costs indicator, pursuant to point 66 of this Annex, plus the incidental costs indicators, pursuant to points 68 and 69 of this Annex.’;

(22) heading after point 67 and points 68 and 69 are replaced by the following:

*‘Incidental costs and incidental costs indicators (performance fees and carried interests)*

68. The incidental costs indicator of the PRIIP shall be calculated as follows:

(a) for insurance-based investment products, as the reduction of the annual yield due to performance fees or carried interest or both considering the PRIIP is held until the recommended holding period calculated in accordance with points 70, 71 and 72 of this Annex;

(b) for PRIIPs, as those costs in monetary units if the PRIIP is held for one year (or for the recommended holding period if shorter), calculated assuming a net performance of 0 %.

69. For the calculation of the performance fees the costs pursuant to point 6(a) of this Annex shall be considered for investment funds. For the calculation of the carried interests, the costs pursuant to point 6(b) of this Annex shall be considered for investment funds.’;

(23) after point 69 the following heading is inserted:

*‘III. CALCULATION OF THE COST FIGURES’;*

(24) points 70 and 71 are replaced by the following:

‘70. The reduction in yield mentioned in parts I and II of this Annex shall be calculated using amounts consistent with those specified in points 90 and 91 of this Annex. It shall be calculated as the difference between two percentages  $i$  and  $r$  where  $r$  is the annual internal rate of return in relation to gross payments by the retail investor and estimated benefit payments to the retail investor for the relevant holding period, and  $i$  is the annual internal rate of return for the respective cost free scenario.

▼ C2

71. The estimation of future benefit payments for the calculation of costs pursuant to point 70 of this Annex shall be based on the following assumptions:

- (a) for PRIIPs as referred to in point 30 of Annex IV, and for all PRIIPs for the cost indicators showing the case that the PRIIP is held for one year or less, a standardised net performance of 0 % shall be assumed;
- (b) except where point (a) applies, the performance of the PRIIP shall be calculated applying the methodology and the underlying hypothesis used for the estimation of the moderate scenario from the performance scenarios section of the key information document;
- (c) the benefit payments shall be estimated under the assumption that all costs included in the total costs pursuant to point 61 of this Annex are deducted.;

(25) after point 75, the following heading is inserted:

*‘Specific requirements for PRIIPs with a recommended holding period of less than one year’;*

(26) after point 76, heading **‘Calculation of ratios’** is deleted;

(27) the following point 76a is inserted:

‘76a. The cost indicators in percentage terms shall be calculated considering the aggregated cost in the period divided by the investment amount and a footnote shall be added to explain that calculation and warn about the lack of comparability with annual cost indicators in percentage terms shown for other PRIIPs.’;

(28) after point 76a, the following heading and point 76b are inserted:

*‘Specific requirements for PRIIPs that are forward contracts, future contracts, contracts for difference, or swaps’*

76b. The cost indicators in percentage terms shall be calculated considering the notional amount of the contract and a footnote shall be added to explain that calculation.;

(29) after point 76b, the following heading and point 76c are inserted:

*‘Specific requirements for PRIIPs that may be called or cancelled automatically before the end of the recommended holding period if certain predefined conditions are met’*

76c. Cost figures shall be shown assuming two different scenarios:

- (a) the PRIIP is called at the first possible date;
- (b) the PRIIP reaches maturity.

The cost figures shall be calculated assuming a performance coherent with each scenario.;

(30) points 78, 79 and 80 are replaced by the following:

‘78. The cost figures in monetary amounts shall be rounded to the nearest euro. The cost indicators in percentage terms shall be expressed to one decimal place.

▼ C2

79. The cost figures shall be calculated at least once a year.
80. The cost figures shall be based on the most recent cost calculations determined by the PRIIP manufacturer. Without prejudice to point 77 of this Annex, the costs shall be assessed on an “all taxes included” basis.

For investment funds, the following shall apply:

- (a) a separate calculation performed for each share class, but if the units of two or more classes rank *pari passu*, a single calculation may be performed for them;
- (b) in the case of a fund which is an umbrella, each constituent compartment or sub-fund shall be treated separately for the purpose of this Annex, but any charges attributable to the fund as a whole apportioned among all of the sub-funds on a basis that is fair to all investors.’;

(31) point 82 is replaced by the following:

- ‘82. The *ex-post* figures shall be based on recent cost calculations which the PRIIP manufacturer has determined on reasonable grounds to be appropriate for that purpose. The figures may be based on the costs set out in the PRIIP’s statement of operations published in its latest annual or half-yearly report, if that statement is sufficiently recent. If it is not sufficiently recent, a comparable calculation based on the costs charged during a more recent 12-month period shall be used instead.’;

(32) point 84 is replaced by the following:

- ‘84. Where the costs attributable to an underlying UCITS or AIF are to be taken into account the following shall apply:
- (a) the cost indicator of each underlying UCITS or AIF shall be pro-rated according to the proportion of the PRIIP’s net asset value which that UCITS or AIF represents at the relevant date, this being the date at which the PRIIP’s figures are taken;
- (b) all the pro-rated figures shall be added to the total cost figure of the investing PRIIP itself, thus presenting a single total.’;

(33) heading II of Part 2 is deleted;

(34) point 90 is replaced by the following:

- ‘90. The tables referred to in Article 5 shall contain an indication of the costs known by the PRIIP manufacturer in monetary and percentage terms for the case that the retail investor invests, respectively 10 000 EUR in the PRIIP (for all PRIIPs except those that are regular premium or regular payment products), or 1 000 EUR yearly (for regular premium or payment PRIIPs). The cost figures shall be shown for different holding periods, including the recommended holding period, as follows:
- (a) for PRIIPs with a recommended holding period of one year or less, only costs in case of exit at the end of the recommended holding period shall be shown;

**▼ C2**

- (b) for PRIIPs with a recommended holding period longer than one year and shorter than 10 years, costs shall be shown considering exit at the end of the first year and at the end of the recommended holding period;
  - (c) for PRIIPs with a recommended holding period of 10 years or more an additional holding period shall be shown, disclosing cost figures in case of exit at half the recommended holding period rounded to the end of the nearest year;
  - (d) where a PRIIP does not allow exit before the recommended holding period, or where a PRIIP is considered not to have an alternative liquidity facility promoted by the PRIIP manufacturer or a third party, or where there is an absence of liquidity arrangements, or for those PRIIPs as referred to in point 30 of Annex IV, costs may be shown at the end of the recommended holding period only.;
- (35) points 92, 93 and 94 are deleted.;

▼ C2

## ANNEX VII

## ‘ANNEX VII

**PRESENTATION OF COSTS**

Immediately under the heading of the section entitled “What are the costs?”, the following warning shall be included, unless the PRIIP manufacturer knows that no additional costs will be charged by the person advising on, or selling, the PRIIP:

“The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.”

In the cost tables set out below, the term “exit” shall be used to represent the end of the investment. Where that term might be misleading for specific types of PRIIPs, an alternative term may be used, such as “terminate” or “surrender”.

*Table 1 for all PRIIPs except those referred to in Article 13, point (b) and in point 76c of Annex VI (autocallables)*

The PRIIP manufacturer shall include the following headings, narratives and the table 1 showing the aggregated cost figures in monetary and percentage terms specified in points 61 and 62 of Annex VI with the holding periods referred to in point 90 of that Annex:

**“Costs over time**

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product [and how well the product does (*where applicable*)]. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

— [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]

— [EUR 10 000/1 000 per year] is invested”

	<b>If you [exit] after 1 year</b> <i>(where applicable)</i>	<b>If you [exit] after [1/2 recommended holding period]</b> <i>(where applicable)</i>	<b>If you [exit] after [recommended holding period]</b>
<b>Total costs</b>	[] EUR	[] EUR	[] EUR
<b>Annual cost impact (*)</b>	[] %	[] % each year	[] % each year

(\*) “This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be [] % before costs and [] % after costs.”

*(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.”;

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Table 1 for PRIIPs referred to in point (b) of Article 13

The PRIIP manufacturer shall include the following headings, narratives and the table 1 showing the aggregated cost figures in monetary and percentage terms specified in points 61 and 62 of Annex VI with the holding periods referred to in point 90 of that Annex and providing a split between the costs of the PRIIP other than the costs of the underlying investment options (“insurance contract”) and the range of costs of the underlying investment options (“investment options”):

**“Costs over time**

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product [and how well the product does (*where applicable*)]. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- 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
- [EUR 10 000/1 000 per year] is invested

[Statement indicating that the total costs to the retail investor consist of a combination of the costs of the PRIIP other than the costs of the underlying investment options and the investment option costs and vary on the basis of the underlying investment options]”

	If you [exit] after 1 year ( <i>where applicable</i> )	If you [exit] after [1/2 recommended holding period] ( <i>where applicable</i> )	If you [exit] after [recommended holding period]
<b>Total costs</b>			
— Insurance contract	□ EUR	□ EUR	□ EUR
— Investment options	□ – □ EUR	□ – □ EUR	□ – □ EUR
<b>Annual cost impact (*)</b>			
— Insurance contract	□ %	□ % each year	□ % each year
— investment options	□ – □ %	□ – □ % each year	□ – □ % each year

(\*) “This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be □ % before costs and □ % after costs.”

(*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.”

Table 1 for PRIIPs referred to in point 76c of Annex VI (Autocallables)

For PRIIPs referred to in point 76c of Annex VI, the heading, narrative and table 1 “Costs over Time” shall be the following:

**“Costs over time**

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product [and how well the product does (*where applicable*)]. The amounts shown here are illustrations based on an example investment amount and different investment periods.

▼ **C2**

The duration of this product is uncertain as it may terminate at different times depending on how the market evolves. The amounts shown here consider two different scenarios (early call and maturity). In case you decide to exit before the product ends, exit costs may apply in addition to the amounts shown here.

We have assumed:

- [EUR 10 000/1 000 per year] is invested
- a performance of the product that is consistent with each holding period shown.”

	If the product is called at the first possible date []	If the product reaches maturity
<b>Total costs</b>	[] EUR	[] EUR
<b>Annual cost impact (*)</b>	[] %	[] % each year

(\*) “This illustrates how costs reduce your return each year over the holding period. For example, it shows that if you exit at maturity your average return per year is projected to be [] % before costs and [] % after costs.”

*(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.”

*Table 2 for all PRIIPs except those referred to in point (b) of Article 13*

The PRIIP manufacturer shall include a breakdown of costs according to the classification referred to in points 64 to 69 of Annex VI, using the headings and table 2 below.

A very brief description of the nature of each type of the costs shall be included. This shall include a numeric indicator (monetary amount or percentage) and the basis used for the calculation where this can be presented in simple terms that are likely to be understood by the type of retail investor to whom the PRIIP is intended to be marketed. The description shall be based on one or more of the examples included in the table below, unless these are not applicable.

#### “Composition of Costs

<b>One-off costs upon entry or exit</b>		<i>(PRIIPs):</i> If you [exit] after [1 year/ recommended holding period <i>(if less than 1 year)</i> ] <i>(Insurance based investment products):</i> Annual cost impact if you [exit] after [recommended holding period]
<b>Entry costs</b>	<p>[Describe nature in no more than 300 characters. Examples:</p> <ul style="list-style-type: none"> <li>— “[ ] % of the amount you pay in when entering this investment”</li> <li>— “[ ] % of the first [ ] premiums you pay”</li> <li>— “These costs are already included in the [price/ premiums] you pay”</li> <li>— “This includes distribution costs of [ ] % of amount invested/[ ] EUR. [This is the most you will be charged]. [The person selling you the product will inform you of the actual charge]”</li> <li>— “We do not charge an entry fee”]</li> </ul>	[Up to] [] EUR (PRIIPs) or [] % (IBIPs)

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<b>One-off costs upon entry or exit</b>		(PRIIPs): If you [exit] after [1 year/ recommended holding period (if less than 1 year)] (Insurance based investment products): Annual cost impact if you [exit] after [recommended holding period]
<b>Exit costs</b>	<p><i>[Describe nature in no more than 300 characters. Examples: — “[ ] % of your investment before it is paid out to you” — “We do not charge an exit fee for this product, [but the person selling you the product may do so]”</i></p> <p><i>(Where exit costs only apply in specific circumstances) – “These costs only apply if (explain circumstances or an example in maximum 200 characters)”</i></p> <p><i>For insurance-based investment products where exit costs only apply before exit at the recommended holding period, the column to the right shall state “N/A” and the following statement shall be included in this column in addition to the descriptions above: “Exit costs are stated as “N/A” in the next column as they do not apply if you keep the product until the recommended holding period”</i></p>	<input type="checkbox"/> EUR (PRIIPs) or <input type="checkbox"/> % (IBIPs)
<b>Ongoing costs [taken each year]</b>		
<b>Management fees and other administrative or operating costs</b>	<p><i>[Describe basis in no more than 150 characters. Example: “[ ] % of the value of your investment per year”]. This is an estimate based on actual costs over the last year.</i></p>	<input type="checkbox"/> EUR (PRIIPs) or <input type="checkbox"/> % (IBIPs)
<b>Transaction costs</b>	<input type="checkbox"/> % of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	<input type="checkbox"/> EUR (PRIIP) or <input type="checkbox"/> % (IBIPs)
<b>Incidental costs taken under specific conditions</b>		
<b>Performance fees [and carried interest]</b>	<i>[[Describe in no more than 300 characters]. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years.] or [There is no performance fee for this product].</i>	<input type="checkbox"/> EUR (PRIIP) or <input type="checkbox"/> % (IBIPs)

(Where applicable): “Different costs apply depending on the investment amount [explain circumstances or use an example in maximum 150 characters]”

For PRIIPs offering a range of options for investment, PRIIP manufacturers shall use the tables 1 and 2 of this Annex applying to all PRIIPs except those referred to in Article 13, point (b) and point 76c of Annex VI for the presentation of the costs, showing for the figures in each table, as relevant, the range of the costs.

For PRIIPs with a recommended holding period of less than one year, instead of “Annual cost impact”, the label of the cost ratio in percentage terms in tables 1 and 2 shall be “Cost impact” and the footnote under the table 1 shall state the following “This illustrates the effect of costs over a holding period of less than one year. This percentage cannot be directly compared to the cost impact figures provided for other PRIIPs”.

For PRIIPs where cost ratios in percentage are calculated using the notional value the following footnote shall be added below the table: “This illustrates costs in relation to the notional value of the PRIIP”.

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Table 2 for PRIIPs referred to in point (b) of Article 13

The PRIIP manufacturer shall include a breakdown of costs according to the classification referred to in points 64 to 69 of Annex VI, using the headings and table 2 below. Where applicable for the type of cost, a split of costs shall be shown between the costs of the PRIIP other than the costs of the underlying investment options (“insurance contract”) and the range of costs of the investment options (“investment options”).

A very brief description of the nature of each type of the costs shall be included. This shall include a numeric indicator (fixed amount or percentage) and the basis used for the calculation where this can be presented in simple terms that are likely to be understood by the type of retail investor to whom the PRIIP is intended to be marketed. The description shall be based on one or more of the examples included in the table below, unless these are not applicable.

## “Composition of Costs

One-off costs upon entry or exit		Annual cost impact if you [exit] after [recommended holding period]
<b>Entry costs</b>	<p>[Describe nature in no more than 300 characters. Examples:</p> <ul style="list-style-type: none"> <li>— “[ ] % of the amount you pay in when entering this investment”</li> <li>— “[ ] % of the first [ ] premiums you pay”</li> <li>— “These costs are already included in the [price/ premiums] you pay”</li> <li>— “This includes distribution costs of [ ] % of amount invested/[ ] EUR. [This is the most you will be charged], [The person selling you the product will inform you of the actual charge]”</li> <li>— “We do not charge an entry fee”]</li> </ul>	<p>“[ ] %” or “Insurance contract [ ] % Investment option [ ] – [ ] %”</p>
<b>Exit costs</b>	<p>[Describe nature in no more than 300 characters. Examples:</p> <ul style="list-style-type: none"> <li>— “[ ] % of your investment before it is paid out to you”.</li> <li>— “We do not charge an exit fee for this product, [but the person selling you the product may do so]”.</li> </ul> <p>(Where exit costs only apply in specific circumstances) – “These costs only apply if (explain circumstances or an example in maximum 200 characters)”</p> <p>For insurance-based investment products where exit costs only apply before exit at the recommended holding period, the column to the right shall state “N/A” and the following statement shall be included in this column in addition to the descriptions above: “Exit costs are stated as “N/A” in the next column as they do not apply if you keep the product until the recommended holding period.”</p>	<p>“[ ] %” or “Insurance contract [ ] % Investment option [ ] – [ ] %”</p>
<b>Ongoing costs taken each year</b>		
<b>Management fees and other administrative or operating costs</b>	<p>[Describe basis in no more than 150 characters. Example: “[ ] % of the value of your investment per year”]. This is an estimate based on actual costs over the last year.</p>	<p>“[ ] %” or “Insurance contract [ ] % Investment option [ ] – [ ] %”</p>
<b>Transaction costs</b>	<p>[ ] % of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.</p>	<p>“[ ] %” or “Insurance contract [ ] % Investment option [ ] – [ ] %”</p>

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<b>One-off costs upon entry or exit</b>		Annual cost impact if you [exit] after [recommended holding period]
<b>Incidental costs taken under specific conditions</b>		
<b>Performance fees [and carried interest]</b>	[[Describe in no more than 300 characters]. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years.] or [There is no performance fee for this product].	“[] %” or “Insurance contract [] % Investment option [] – [] %”

(Where applicable): “Different costs apply depending on the investment amount [explain circumstances or use an example in maximum 150 characters]””

**▼ C2***ANNEX VIII**‘ANNEX VIII***CONTENT AND PRESENTATION OF PAST PERFORMANCE INFORMATION***Definitions*

1. For the purpose of presenting information on past performance the following definitions shall apply:

(a) “UCITS” means a UCITS authorised in accordance with Article 5 of Directive 2009/65/EC which:

(i) is a Category 2 PRIIP as set out in point 5 of Annex II; and

(ii) does not provide retail investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets, indices or reference portfolios or have similar features;

(b) “AIF” means an AIF as defined in Article 4(1), point (a) of Directive 2011/61/EU which:

(i) is a Category 2 PRIIP as set out in point 5 of Annex II;

(ii) is an open-ended AIF as referred to in Article 1(2) of Commission Delegated Regulation (EU) No 694/2014 <sup>(1)</sup>; and

(iii) does not provide retail investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets, indices or reference portfolios or have similar features;

(c) “unit-linked insurance-based investment product” means a unit-linked insurance-based investment product which:

(i) is a Category 2 PRIIP as set out in point 5 of Annex II;

(ii) has potential early exit or redemption possibilities prior to the recommended holding period, which are not subject to significant limiting conditions;

(iii) provides benefits that are directly linked to the value of assets which are divided into units; and

(iv) does not provide retail investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets, indices or reference portfolios or have similar features.

<sup>(1)</sup> Commission Delegated Regulation (EU) No 694/2014 of 17 December 2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to regulatory technical standards determining types of alternative investment fund managers (OJ L 183, 24.6.2014, p. 18).

**▼ C2***Past performance calculation for UCITS or AIFs*

2. The calculation of past performance figures shall be based on the net asset value of the UCITS or AIFs, and they shall be calculated on the basis that any distributable income of the fund has been reinvested.

*Use of “simulated” data for past performance for UCITS or AIFs*

3. A simulated performance record for the period before data was available shall only be permitted in the following cases, provided that its use is fair, clear and not misleading:
  - (a) a new share class of an existing UCITS or AIF or investment compartment may simulate its performance by taking the performance of another class, provided the two classes do not differ materially in the extent of their participation in the assets of the UCITS or the AIF;
  - (b) a feeder UCITS or AIF may simulate its performance by taking the performance of its master UCITS or AIF, provided that one of the following conditions is met:
    - (i) the feeder UCITS or AIF’s strategy and objectives do not allow it to hold assets other than units of the master UCITS or AIF and ancillary liquid assets;
    - (ii) the feeder UCITS or AIF’s characteristics do not differ materially from those of the master UCITS or AIF.

*Past performance calculation for unit-linked insurance-based investment products*

4. The calculation of past performance as described in point 2 of this Annex shall apply *mutatis mutandis* to unit-linked insurance-based investment products. The calculation shall be consistent either with the explanation of the impact of the biometric risk premium or the cost part of the biometric risk premium on the investment return as referred to in Article 2(4).

*Presentation of past performance for UCITS or AIFs*

5. The information about the past performance of the UCITS or the AIF shall be presented in a bar chart covering the performance of the UCITS or the AIF for the last 10 years. The size of the bar chart shall allow for legibility.
6. UCITS or AIFs with performance of less than five complete calendar years shall use a presentation covering the last five years only.
7. Any year for which data is not available shall be shown as blank with no annotation other than the date.
8. For UCITS or AIFs which do not yet have performance data for one complete calendar year, a statement shall be included explaining that there is insufficient data to provide a useful indication of past performance to retail investors.
9. The bar chart layout shall be supplemented by the following statements, which shall appear prominently:
  - (a) a warning about the limited value of past performance as a guide to future performance, using the following statement in bold letters:

**“Past performance is not a reliable indicator of future performance. Markets could develop very differently in the future.”**

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**It can help you to assess how the fund has been managed in the past”;**

- (b) a narrative explaining what is shown which shall be included above the bar chart and shall state in bold letters:

**“This chart shows the fund’s performance as the percentage loss or gain per year over the last [x] years.”;**

- (c) if applicable, a product specific warning about the lack of representativeness of the past in accordance with point 15 of this Annex or if relevant other reasons with a maximum of 150 characters in plain language;
- (d) a brief explanation of which charges and fees have been included or excluded from the calculation of past performance where relevant. This shall not apply to UCITS or AIFs which do not have entry or exit charges. [An example narrative:

**“Performance is shown after deduction of ongoing charges. Any entry and exit charges are excluded from the calculation.”];**

- (e) an indication of the year in which the fund, compartment or share class came into existence;
- (f) if relevant an indication of the currency in which past performance has been calculated.

10. The information shall not contain any record of past performance for any part of the current calendar year.

*Use of a benchmark alongside the past performance*

11. Where the section entitled “What is this product?” of the key information document makes reference to a benchmark, a bar showing the performance of that benchmark shall be included in the chart alongside each bar showing past performance of the UCITS or the AIFs. This applies for UCITS or AIFs tracking a benchmark as well as for those managed in reference to a benchmark. A UCITS or AIF is deemed to be managed in reference to a benchmark, where the benchmark index plays a role in the management of the UCITS or AIF, such as for portfolio composition and/or performance measures.
12. For UCITS or AIFs which do not have past performance data over the required five or 10 years, the benchmark shall not be shown for years in which the UCITS or AIF did not exist.
13. If the UCITS or AIF is managed in reference to a benchmark as referred to in point 11 of this Annex, the narratives in point 9 of this Annex shall be supplemented as follows in bold letters:

**“This chart shows the fund’s performance as the percentage loss or gain per year over the last [] years against its benchmark.”**

**“It can help you to assess how the fund has been managed in the past and compare it to its benchmark.”**

*Presentation of the bar chart*

14. The bar chart presenting past performance shall comply with the following criteria:
- (a) the scale of the Y-axis of the bar chart shall be linear, not logarithmic;

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- (b) the scale shall be adapted to the span of the bars shown and shall not compress the bars so as to make fluctuations in returns harder to distinguish;
- (c) the X-axis shall be set at the level of 0 % performance;
- (d) a label shall be added to each bar indicating the return in percentage that was achieved;
- (e) past performance figures shall be rounded to one decimal place.

*Impact and treatment of material changes*

- 15. Where a material change occurs in the UCITS' or AIF's objectives and investment policy during the period displayed in the bar chart referred to in points 5 to 10 of this Annex, the UCITS' or AIF's past performance prior to that material change shall continue to be shown.
- 16. The period prior to the material change referred to in point 15 of this Annex shall be indicated on the bar chart and labelled with a clear warning that the performance was achieved under circumstances that no longer apply.

*Use of "simulated" data for past performance*

- 17. In all cases where performance has been simulated in accordance with point 3 of this Annex, there shall be prominent disclosure on the bar chart that the performance has been simulated.
- 18. A UCITS or AIF changing its legal status but remaining established in the same Member State shall retain its performance record only where the competent authority of that Member State reasonably assesses that the change of status would not impact the UCITS' or AIF's performance.
- 19. In the case of mergers referred to in Article 2(1), points (p)(i) and (iii), of Directive 2009/65/EC, only the past performance of the receiving UCITS shall be maintained.
- 20. Point 19 of this Annex shall apply *mutatis mutandis* in the case of mergers of AIFs.

*Presentation of past performance of feeder UCITS or AIFs*

- 21. The past performance presentation of feeder UCITS or AIF shall be specific to the feeder UCITS or AIF, and shall not reproduce the performance record of the master UCITS or AIF.
- 22. Point 21 of this Annex shall not apply where:
  - (a) the feeder UCITS or AIF shows the past performance of its master UCITS or AIF as a benchmark; or
  - (b) the feeder was launched as a feeder UCITS or AIF at a later date than the master UCITS or AIF, and where the conditions of point 3 of this Annex are satisfied, and where a simulated performance is shown for the years before the feeder existed, based on the past performance of the master UCITS or AIF; or
  - (c) the feeder UCITS has a past performance record from before the date on which it began to operate as a feeder, its own record being retained in the bar chart for the relevant years, with the material change labelled as required by point 16 of this Annex.

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*Presentation of past performance of unit-linked insurance-based investment products*

23. Points 5 to 16 of this Annex shall apply *mutatis mutandis* to unit-linked insurance-based investment products. The presentation shall be consistent either with the description of the impact of the biometric risk premium or the cost part of the biometric risk premium on the investment return referred to in Article 2(4).'