

JC-14/089
18 November 2014

Call for expressions of interest:

Consultative Expert Group for the

Sub-Group on Packaged Retail and

Insurance-based Investment Products

(PRIIPs) of the

Joint Committee Sub-Committee on

Consumer Protection and Financial

Innovation

(JC SC CPFI)

Background

1. The European Parliament approved new EU rules on a key information document (KID) for retail investors on Tuesday, 15 April 2014. The KID is to be a mandatory, three-page A4 document provided before the retail investor enters into any commitment.
2. A KID will be required for a wide range of investment products, the so called Packaged Retail and Insurance based Investment products (PRIIPs), including funds, structured products, unit-linked and with-profits life insurance contracts, and structured deposits. However, it will not be required for plain vanilla securities (shares, bonds) or deposits.
3. The PRIIPs Regulation foresees further work on detailed regulatory technical standards (RTS) at the level of the European Supervisory Authorities (ESAs), setting out the specific contents and format of the KID for different investment products. This includes summary indicators for the risk/reward profile and costs of the product, and the methods to be used for the calculation of that information.
4. The precise timeline for the work is not yet fixed, but it is expected that finalised drafts of the RTS would need to be delivered to the European Commission early in 2016. These drafts would then be adopted as binding EU law. Undertakings will have to start producing KIDs two years from the date on which the initial Regulation enters into force, and the supporting RTS would need to be in place prior to this.
5. EBA, ESMA and EIOPA will cooperate in drawing up draft RTS via the Joint Committee. The work under the Joint Committee is undertaken by a dedicated Sub-Group of the Joint Committee's Sub Committee on Consumer Protection and Financial Innovation (JC CPFI). This PRIIPs Sub-Group is made up of a selection of members from different national competent authorities across all sectors of financial services.

Consultative Expert Group for the Sub-Group on PRIIPs

6. The PRIIPs Sub-Group will use all the normal consultative tools available to draw on expert opinions and views, including consultation with existing Stakeholder Groups. The tentative planning foresees two public consultations, the first in the autumn of this year, the second around the summer of 2015.
7. However, the PRIIPs Sub-Group considers that, in view of the very specific technical nature of some of the tasks to be undertaken in preparing the draft RTS, additional specialised expert input would be useful. This is particularly important in relation to disclosures of risks and rewards and of costs. In order to ensure the Sub-Group on PRIIPs has ready access to appropriate expert opinion, the Sub-Group envisages establishing a consultative expert group (CEG) made up of market participants, independent academic and consumer behaviour experts and representatives of retail investors.
8. So as to ensure utmost transparency in the process, the selection of CEG members will be based on an open call for candidates, which is published on the ESAs' websites in the form of this call for expressions of interest.

Description of main CEG tasks

9. CEG members are expected to provide technical input to the PRIIPs Sub-Group in relation to its tasks, at the request of the Sub-Group. In order to do this, the CEG may be called on to provide input at all stages of the policy formulation process. The CEG members may be expected to provide input collectively, individually, or through smaller working parties, as may be most effective and efficient.

10. The key substantive areas for which expert opinion and input may be sought include:

- Assessment and measurement of PRIIPs' risks, with an aim to produce a "summary risk indicator", including identification and calibration of necessary methodologies;
- Construction of performance scenarios, including as may be relevant probabilistic information;
- Presentation of risk and reward for retail investors;
- Methods for identifying all the costs (both explicit and implicit) of PRIIPs, with a view to produce summary indicators and figures on total aggregate costs, including for ensuring fair comparisons between different PRIIPs;
- Methods for accounting for implicit costs, for instance portfolio transaction costs;
- Models for calculating the costs of structured products, such as may include the use of pricing models (e.g. fair value pricing of the structured product); Models for estimating costs over the projected lifetime of a product;
- Methods for presenting costs in monetary terms.

11. While individual members of the CEG would not be expected to be experts in or possess experience across all these technical areas, the group would be selected to have a wide range of expertise across the areas of risk/reward and cost methodologies and the presentation of information about these, and to have a wide range of coverage of the different types of product that fall within the scope of the PRIIPs Regulation. This would include experts familiar with the structured product, life insurance and investment fund markets.

12. In order to be effective the CEG will not exceed 18 members. The PRIIPs Sub-Group will clearly instruct the members of the CEG as to what is expected of them, through terms of reference, and the Sub-Group will provide support to the CEG members as necessary.

13. The CEG will be involved at critical moments in the development of the KID. These critical moments are still to be defined. However, all decisions taken on policy will be the sole responsibility of the PRIIPs Sub-Group, which will also be consulting with experts through other channels, including through public consultation. In particular, the European Commission has indicated that it will launch a consumer testing study to inform the work of the Sub-Group. Different ways of presenting information would be tested in this study with a representative sample of retail investors, and the results of this testing will be very important for the deliberations of the Sub-Group.

14. Since the final deadline for submission of the RTS to the European Commission has not been set, it is not appropriate to determine a fixed term of appointment for CEG members. However, it can be expected that the group would exist for a period of around twelve months. A renewal is not planned.

15. CEG members are appointed on a personal basis, and are bound by confidentiality requirements in relation to all non-public information with which they are provided while performing their tasks.

Selection criteria

16. This call for expressions of interest is open to relevant stakeholders from any part of the European Union (EU).

17. The selection of the CEG members will aim to ensure, to the greatest extent possible, an appropriate geographical and gender balance, and a balance between different types of expertise. In particular, the ESAs will be seeking to ensure a balanced representation of the following types of stakeholder:

- a. expert market participants;
- b. academics and independent experts; and
- c. retail investor representatives.

18. Assessment of eligibility will be based on the following criteria:

- a. a minimum of 10 years of relevant professional experience in the retail investment market will be required for those representing market participants;
- b. a minimum of 7 years of experience relevant to the retail investment market will be required for academics, independent experts, and retail investor representatives.

Selection process

19. Applications will be accepted from natural persons only. Only the natural person selected will be admitted to the CEG. No substitution (alternates) of natural persons will be permitted throughout the full duration of the appointment, or during possible renewals.
20. Applicants not selected may be included on a list of experts, with the possibility of being invited to become a member of the CEG at a later stage.
21. The Chairperson of the JC SC CPFI, in consultation with the Executive Directors of the ESAs, will make the final selection of CEG members.

Place of provision of services

22. To reflect the need for quick and easy access to the expertise of the CEG, it is expected that most of the consultative process will happen via means of distance communication.
23. It is planned that the CEG will meet at least once in person, but possibly more frequently. Meetings, organised by EIOPA, will normally take place at the EIOPA premises in Frankfurt.

Compensation, travel expenses

24. Compensation for services as a CEG member is not paid.
25. CEG members are expected to meet their own travel expenses. However, members who are academics or retail investor representatives may be eligible for reimbursement of travel expenses.

Application procedure, closing date

26. Relevant stakeholders meeting the required selection criteria and wishing to apply for a position on the CEG are invited to submit, in English:
 - a. a completed application form (see Annex I), and
 - b. a detailed curriculum vitae (CV), preferably in the EU CV format – the template can be found via the following link:



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<http://europass.cedefop.europa.eu/europass/home/hornav/Downloads/EuropassCV/CVTemplate.csp>

27. It is optional for applicants to attach a motivation letter (2 pages maximum).
28. Unclear or incomplete applications will not be considered.
29. Applications must be submitted by email by no later than 15 December 2014 to the following email addresses:

Timothy.shakesby@eiopa.europa.eu

Appendix:

Annex I

APPLICATION FORM

Dear Sirs

Please find enclosed the application of [**name of applicant**] in response to the call for expressions of interest (Ref: JC-CP-14/xxx) to become a member of the Consultative Expert Group of the Sub-Group on Packaged Retail and Insurance-based Investment Products (PRIIPs) of the Joint Committee Sub-Committee on Consumer Protection and Financial Innovation (JC SC CPFI).

This application includes the following documents (please underline the relevant answer):

Detailed curriculum vitae (CV) of the person replying to the call for expressions of interest. The CV should specify the different diplomas obtained (copies of which may be requested by the Sub-Group), the expertise and experience relevant to the call for expressions of interest.	YES	NO
The completed application form (including Sections 1 and 2 attached hereto).	YES	NO
Motivation letter (optional).	YES	NO

I confirm that I will abide by the strict confidentiality requirements and will not reveal any non-public papers, or their contents, shared with the Consultative Expert Group of the Sub-Group on PRIIPs of the JC SC CPFI.

Signature of applicant

Name (Title / First name / Surname – please print)

Date (dd/mm/yyyy)

SECTION 1 – IDENTIFICATION		
NAME		
CONTACT ADDRESS		
CONTACT DETAILS	Telephone:	
	E-mail address:	
NATIONALITY	Self:	
	Of firm/institution (if applicable):	
CURRENT POSITION HELD		

SECTION 2 – CRITERIA			
TYPE OF BACKGROUND (You may indicate more than one category in the column to the right)		1. Market participants	
		2. Independent expert or academic	
		3. Retail investors	
Criterion 1	A minimum of 10 years of relevant professional experience in the retail investment market related to key investment products for those representing market participants.	YES	NO
	A minimum of 7 years of experience relevant to the retail investment market for independent experts, academics and retail investor representatives.	YES	NO
Criterion 2	Available to participate in telephone conferences / meetings, bilateral telephone interviews and available to provide personal expertise.	YES	NO