
To : Regulated Entities
i. Cyprus investment firms
ii. Management companies – collective investment undertakings

From : Cyprus Securities and Exchange Commission

Date : October 17, 2019

Circular No: C342

Subject : Supervisory statement published by Joint European Supervisory Authorities (ESAs) concerning the performance scenarios in the PRIIPs KID¹

The Cyprus Securities and Exchange Commission ('the **CySEC**') wishes herein to remind the Regulated Entities of the joint ESAs supervisory statement published on 8 February 2019 concerning the performance scenarios² that should be included in the PRIIPs KID. More specifically:

1. Article 8(3)(d)(iii) of the Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products ([PRIIPs Regulation](#)) requires PRIIP manufacturers to include appropriate performance scenarios and information about the assumptions made to produce products in the KID.
2. The performance scenarios could, based on the recent economic environment, provide an overly positive outlook for potential future returns if they are taken to be best estimate forecasts. This relates, in particular, to where products have experienced positive returns over the previous five years that are above the long-term norm. This information can in certain cases provide retail investors with inappropriate expectations about the possible returns they may receive.
3. Therefore, the ESAs issued a [Supervisory Statement](#) and recommended PRIIP manufacturers to include a warning in the KID to ensure that retail investors are fully aware of the limitations of the figures provided in the performance scenarios. The specific wording of the warning is included in the said statement.

¹ Key Information Document (KID) on Packaged Retail and Insurance-based Investment Products (PRIIPs) – [Regulation \(EU\) No 1286/2014](#).

² Information that describes what the retail investor could get in return.

4. Regulated Entities are encouraged to include the abovementioned warning when they draw up a KID.

Sincerely,

Demetra Kalogerou
Chairwoman of the Cyprus Securities and Exchange Commission