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Mr. Holger Hartenfels
The Vice-Chair
European Financial
Markets Lawyers Group
secretariat@efmlg.org

Subject: **PRIIPs Regulation**

Dear Mr Hartenfels,

Thank you for your letter dated 31 January, in which you highlight some issues concerning interpretations of the PRIIPs Regulation, in particular the treatment of Over-the-Counter derivatives.

We recognise the challenges that industry has to face when drafting the PRIIPs KID given that the PRIIPs KID represents an innovative tool for a wide range of products and it takes time to be effectively implemented. For this reason, we are doing our utmost to have the revised PRIIPs Commission Delegated Regulation in place as soon as possible so that industry may have at least six months to implement it.

Your questions on interpretations of the PRIIPs Regulation and on the treatment of Over-the-Counter derivatives will be considered in the context of the Level 3 work that we are carrying on with the European Supervisory Authorities to provide the clarifications necessary to help smooth the implementation process. The Level 3 measures will be published by the Commission and the ESAs soon after the new Commission Delegated Regulation is in place.

As far as MIFID 2 requirements on target market are concerned, MiFID 2 requires firms to define target market for each 'financial products'. As part of this process, manufacturers and distributors must identify groups of clients for whose needs, characteristics and objectives the financial product is compatible. There may be situations where the same type of product could be used to meet different clients' objectives or needs. Aspects related to target market identification will be further clarified in ESMA Guidelines.

Yours sincerely,

Olivier GUERSENT

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