

12 November 2019

## Joint Consultation Paper concerning amendments to the PRIIPs KID

### Background

Retail investors are offered a wide variety of packaged retail and insurance-based investment products (PRIIPs) when they consider making an investment. [The Packaged Retail and Insurance-based Investment Products Regulation \(PRIIPs Regulation\)](#) introduced a new standardised key information document to improve the retail investor's understanding of PRIIPs and the comparability of those products.

The PRIIPs Regulation provides a temporary exemption for management and investment companies and persons advising on, or selling, UCITS from the obligation to produce and provide a PRIIPs KID (Article 32). For such funds, a Key Investor Information (KII) document is currently provided to investors in accordance with the UCITS directive. This exemption was originally due to expire on 31 December 2019.

In the autumn of 2018, the ESAs initiated a targeted review of the [PRIIPs Delegated Regulation](#). This was in view of the potential expiry of the exemption for UCITS at the end of 2019, and to address some issues that had arisen since the application of the PRIIPs Regulation at the beginning of 2018. In this regard, a consultation paper was published on 8 November 2018.

In response to that consultation, overall stakeholders did not support the ESAs' proposals to make targeted amendments at that time. By January 2019, there had also been an informal agreement between the co-legislators to extend the exemption for UCITS until 31 December 2021 (amendment to Article 32 of the PRIIPs Regulation). Taking these developments into account, the ESAs decided that it would not be appropriate to propose amendments to the PRIIPs Delegated Regulation at that time.

When publishing their Final Report to the consultation on 8 February 2019 (JC 2019 6.2), the ESAs announced their intention to undertake a more comprehensive review of the PRIIPs Delegated Regulation taking into account the additional two years before UCITS might be required to produce a PRIIPs KID.

Further to the above, it formally agreed to extend the date in Article 32 of the PRIIPs Regulation until the end of 2021. As things stand, in the absence of legislative changes, from 1 January 2022, UCITS will be required to prepare a PRIIPs KID and UCITS KII. In view of this, the European Commission are expected to table legislative proposals in due course to address the requirements that would apply to UCITS from 1 January 2022 onwards.

In this context the ESAs have issued this [Consultation Paper](#) proposing amendments to the PRIIPs Delegated Regulation mainly to:

- Allow the appropriate application of the PRIIPs KID by UCITS and relevant non-UCITS funds, subject to the potential end of the temporary exemption of such funds from the requirements of the PRIIPs Regulation (see next section below);
- Address the main regulatory issues that have been identified since the implementation of the PRIIPs KID to those products that are currently in scope.

### Target Audience

This paper is primarily of interest to NCAs and firms that are subject to the PRIIPs Regulation. In particular this paper is addressed to insurance companies, investment firms and credit institutions manufacturing, selling and distributing PRIIPs. This paper is also important for retail investors and consumer groups.

### Response to ESMA documents

ESAs are inviting responses to the specific questions as listed in the Consultation Paper. All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading “Your input – Open Consultations” by utilising the following [link](#).

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.

Kindly copy in MFSA with any feedback which you have passed on to ESMA on [CSUinsurance@mfsa.mt](mailto:CSUinsurance@mfsa.mt)

### Next Steps

The consultation closes on 13 January 2020. The ESAs will consider the feedback received to the consultation in Q1 2020 and expect to publish a final report in Q1/Q2 2020

### Contacts

Should you have any queries regarding the above, please do not hesitate to contact: Dr Sarah Pulis, Deputy Head (Insurance) – Conduct Supervisory Unit, Tel 25485232; [sarah.pulis@mfsa.mt](mailto:sarah.pulis@mfsa.mt) or Mr Emanuele Girgenti, Analyst – Conduct Supervisory Unit, Tel 25485669, [emanuele.girgenti@mfsa.mt](mailto:emanuele.girgenti@mfsa.mt).