

05 August 2021

Consultation on the Proposal for a Regulation amending Regulation (EU) No 1286/2014

On 15 July 2021, the European Commission (the “EC”) published a [Proposal for a Regulation of the European Parliament and of the Council amending Regulation \(EU\) No 1286/2014 as regards the extension of the transitional arrangement for management companies, investment companies and persons advising on, or selling, units of undertakings for collective investment in transferable securities \(UCITS\) and non-UCITS](#) (the “Proposal Regulation”).

The Proposal Regulation forms part and parcel of the overall EC’s efforts to develop a regulatory framework which allows a more informative and transparent decision-making by retail investors; and enables retail investors to understand better the economic nature and risks of particular retail and insurance-based investment products (PRIIPs) and compare them.

At the time of its adoption in 2014, the provisions of [Regulation \(EU\) No 1286/2014](#) contained a five year’ transitional exemption period for UCITS and non-UCITS, following the expiration of which, and in the absence of any extension thereto, UCITS should become subject to that Regulation. Such extension has been granted by [Regulation \(EU\) 2019/1156](#) extending the transitional arrangement to 31 December 2021.

Separately, the Regulation (EU) No 1286/2014 empowers the European Supervisory Authorities (ESAs) to jointly develop regulatory technical standards (RTSs) specifying the presentation and the content of the KID, its standard format, the methodology for presenting risk and reward and calculating costs, the conditions and minimum frequency for reviewing the information in the KID and the conditions on providing the KID to retail investors. In this regard, the ESAs adopted the [Commission Delegated Regulation \(EU\) 2017/653](#) laying down the RTSs, which have been further amended on 3 February 2021.

Given the time needed to implement those amendments to Delegated Regulation (EU) 2017/653 and to reduce legal uncertainty, the Proposed Regulation extends the transitional arrangement expiration deadline from 31 December 2021 to 30 June 2022.

As a result the Regulation (EU) No 1286/2014 will apply to management companies, investment companies and persons advising on, or selling, units of UCITS and non-UCITS from 1 July 2022, to

coincide with the application of the amendments to Directive 2009/65/EC and [Delegated Regulation \(EU\) 2017/653](#).

EC has invited all industry participants and interested parties to provide their comments and feedback with respect to the Proposed Regulation. The deadline for the submission of feedback is 09 September 2021.

The feedback can be provided via the web-link: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12987-Regulation-on-packaged-retail-and-insurance-based-investment-products-PRIIps-update_en. The MFSA encourages the affected licence holders to participate in this consultation process.

Please contact us on funds@mfsa.mt should you have any queries in this respect.