

August 2016

Final Countdown to PRIIPs – New Regulatory Technical Standards

On 30 June 2016, the European Commission adopted a Delegated Act supplementing the EU Regulation on key information documents ("KID") for packaged retail and insurance-based investment products ("PRIIPs") (the "PRIIPs Regulation"). The Delegated Act introduces regulatory technical standards ("RTS") specifying the content and underlying methodology of the KID that will have to be provided to retail investors when they buy certain investment products.

The PRIIPs Regulation introduces a pan-European standardised precontractual disclosure document requirement for manufacturers of PRIIPs to assist retail investors in understanding the key features and risks of retail investment products so that they can make a more informed decision on these investment products.

All PRIIPs manufacturers and those persons advising on or selling PRIIPs must comply with the PRIIPs Regulation by 31 December 2016.

The RTS in Context

The RTS specify the exact contents of the KID. The KID must outline the product's aims, how risky it is, when investors can get their money back, how much it costs and its expected returns. All of this information must be set out in a standard way, irrespective of the type of investment product.



The RTS address the content and presentation of the KID and include:

- (i) a mandatory template for the KID, covering the texts and layout to be used;
- (ii) a methodology for the assignment of each PRIIP to one of the seven classes in the summary risk indicator and narrative explanations to be included;
- (iii) details on performance scenario and a format for their presentation, including possible performance for different time periods;
- (iv) a methodology for the calculation of costs and the requirements relating to the presentation of costs;
- (v) rules on revision and republication of the KID; and
- (vi) rules regarding the timeframe for providing the KID to a retail investor to ensure they have sufficient time to consider its contents when making an investment decision.

Next Steps – How can Dillon Eustace help?

There are no transitional provisions for existing PRIIPs. New and existing products offered to retail investors must be accompanied by a KID from 1 January 2017.

As the implementation deadline date approaches, all PRIIPs manufacturers and those persons advising on or selling PRIIPs must take steps to ensure that they are in a position to comply with the provisions of the PRIIPs Regulation by 31 December 2016.

To assist clients in developing their PRIIPs KID, Dillon Eustace has created a PRIIPs KIID template which follows the prescribed template in the RTS.

Please contact any member of the Dillon Eustace Insurance Group or your usual Dillon Eustace contact if you have any queries in relation to the development of your PRIIPs KID.

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