



## Commission extends the application date of the PRIIPs Regulation by one year

Brussels, 9 November 2016

### **The Commission has today proposed an extension to the date of application of the Regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products (PRIIPs).**

This one-year extension is being proposed exceptionally in the interest of ensuring a smooth implementation for European consumers and to ensure legal certainty for the sector.

The PRIIPs Regulation is a key piece of legislation that aims to improve the quality of information provided to consumers. It introduces a standardised factsheet, known as a Key Information Document (KID), which is designed to present the main features of an investment product in a simple and accessible manner. Thanks to the KID, EU consumers will, for the first time, be able to easily compare the potential risks and rewards of investment products, funds and investment-linked insurance policies.

After the European Parliament rejected the Regulatory Technical Standards (RTS) that underpin the format and methodology used to compile the KID, both the EP and a large majority of Member States also called for a postponement in the entry into application of the Regulation. While the European Commission believes that the PRIIPs Regulation is sufficiently clear as well as directly applicable on its own, its objectives would be better served by having the RTS on Key Information Documents already in place. In particular, the RTS will be important in offering consumers the benefit of having KIDs that are more easily comparable and standardised. The delay gives issuers and distributors of PRIIPs products until 1 January 2018 to put the provisions in place.

*"PRIIPS is an important piece of legislation that will provide consumers with accessible and transparent information on complex investment products. To ensure legal certainty and a smooth implementation for consumers we are today proposing to extend the date of application by one year,"* said **Valdis Dombrovskis**, Vice-President for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union. *"The extension should be limited to one year only and we are glad that the European Parliament and the Council are supportive of the view that the substance of the rules should not be re-opened."*

*"The objective of PRIIPs is to increase protection of retail investors and restore consumer trust in the financial services industry. Furthermore, greater transparency and harmonisation will benefit the internal market in financial services by creating a level playing field among different products and distribution channels. However, we have taken note of the concerns of the European Parliament and the Council and are therefore proposing to postpone the date of application."* said Vice-President **Jyrki Katainen**, responsible for Jobs, Growth, Investment and Competitiveness.

### **PRIIPs Regulatory Technical Standards: next steps**

The European Commission is now working closely with the three European Supervisory Authorities (ESAs) to resubmit the revised Regulatory Technical Standards (RTS). The aim is to meet some of the concerns raised by the European Parliament, while not compromising the balance previously achieved. In particular the Commission has now asked the ESAs to make targeted changes in certain areas (i.e. multi-option products, performance scenarios, comprehension alert and presentation of insurance related costs).

In addition, to ensure greater clarity for insurance companies, the European Commission is inviting the ESAs to develop guidance on the practical application of credit risk mitigation factors under the RTS for insurers. This guidance, of course, needs to be in line with the relevant provisions of the RTS and not alter their substance.

The ESAs will now have six weeks to resubmit the revised RTS to the Commission. It will have to be adopted by the Commission and then be subject to scrutiny by the European Parliament and the Council. Our expectation is that the revised PRIIPs framework should be in place during the first half of 2017 and apply as of 1 January 2018.

For more information on PRIIPs, see [here](#).

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