



15th September 2016

PRIIPs Update: European Parliament votes to reject Commission's proposed Regulatory Technical Standards

On 14 September 2016, the European Parliament voted to reject the PRIIPs Regulatory Technical Standards (the “**RTS**”) which were endorsed by the Commission on 30 June 2016. This follows a vote by the European Parliament's Economic and Monetary Committee (“**ECON**”) on 1 September 2016 to support a motion to reject the RTS.

The RTS, which supplement the EU regulation on key information documents for packaged retail and insurance-based investment products (the “**PRIIPs KID Regulation**”), specify the presentation, content and underlying methodology of the key investor document (“**KID**”) that will have to be provided to retail investors when they buy certain investment products.

In rejecting the RTS, the European Parliament raised concerns over certain aspects of the KID including, amongst others, that the proposed methodology for the calculation of future performance scenarios contains flaws, that there is a lack of clarity relating to the treatment of multi-option products, and that a lack of detailed guidance in the RTS on the ‘comprehension alert’ creates a serious risk of inconsistent implementation of this element in the KID across the single market.

In its resolution of 14 September 2016, the European Parliament calls on the Commission to submit new RTS which take account of the European Parliament's concerns and also calls on the Commission to consider a proposal postponing the application date of the PRIIPs KID Regulation to ensure a smooth implementation of the requirements set out in both the

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PRIIPs KID Regulation and the RTS, and avoid the application of the PRIIPs KID Regulation without the RTS being in force in advance.

As it stands, the PRIIPs KID Regulation application date of 31 December 2016 remains unchanged. However, after yesterday's vote, a delay is becoming more likely.

What next?

We will continue to monitor any developments and provide updates as information becomes available.

In the meantime, as the PRIIPs KID Regulation date of 31 December 2016 currently remains unchanged, we recommend that all PRIIPs manufacturers and those persons advising on or selling PRIIPs continue with their preparation to ensure that they are in a position to comply with the provisions of the PRIIPs KID 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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