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Regulatory News Alert

ESAs provide additional guidance on the practical application of the PRIIPs Regulation on bonds

29 October 2019

On 24 October 2019, the European Supervisory Authorities (ESAs) issued a **Supervisory Statement** targeting bond manufacturers and distributors within the European Union in order to advocate a level playing field of retail investor protection in the EU and promote an **harmonized application** by national competent authorities (NCAs) of the scope of the Regulation for packaged retail and insurance-based investment products (**PRIIPs Regulation**), regarding the determination of the type of bonds for which it is necessary to draw up a Key Information Document (KID).

The European Supervisory Authorities set up a **guidance** for national competent authorities to rely on, when **supervising compliance** with the requirements in Chapter I of the PRIIPs Regulation, as part of their **risk-based supervision**, to avoid divergent applications by the NCAs.

The ESAs recommend **NCAs to monitor**:

- Whether PRIIP manufacturers draw up and **publish KIDs** on their website for **bonds** that fall within the **scope of the PRIIPs Regulation**;
- Whether **persons selling** such bonds **comply with the requirements** in Article 13 of that Regulation.

NCAs are required to take **appropriate measures** when identifying **non-compliance** with the above-mentioned requirements (including administrative steps).

Additional information

While the PRIIPs Regulation is being evaluated, the ESAs call for co-legislators to present amendments to the Regulation to clarify which financial instruments fall within the scope of the Regulation.

How can Deloitte help?

Deloitte's advisory specialists and dedicated services will help you design and implement your business strategy in light of the future evolution of the regulatory framework and market trends.

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With its broad array of services, our PRIIPs KID Reporting Services can help PRIIPs manufacturers comply with the upcoming PRIIPs requirements. Our experts can also advise on how assessing the implications of the new methodologies envisaged in this consultation paper.

With our Regulatory Watch Kaleidoscope service, Deloitte can also help you stay ahead of the regulatory curve to better manage and plan for upcoming regulations.

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