

PRIIPs Key Investor Documents

The new reporting challenge



1) Your partner for PRIIPs & UCITs Key Investor Documents

With the introduction of PRIIPs KIDs as of 1st January 2017, the financial industry faces new reporting challenges.

Insurance and Banking manufacturers are required to produce PRIIPs KIDs from 2017 onwards and this also has an impact on the Fund Industry as well. For example, funds invested in or included in Insurance products will be required to provide data required for a transparent look through of performance, risk and cost detail required for the PRIIPs KID.

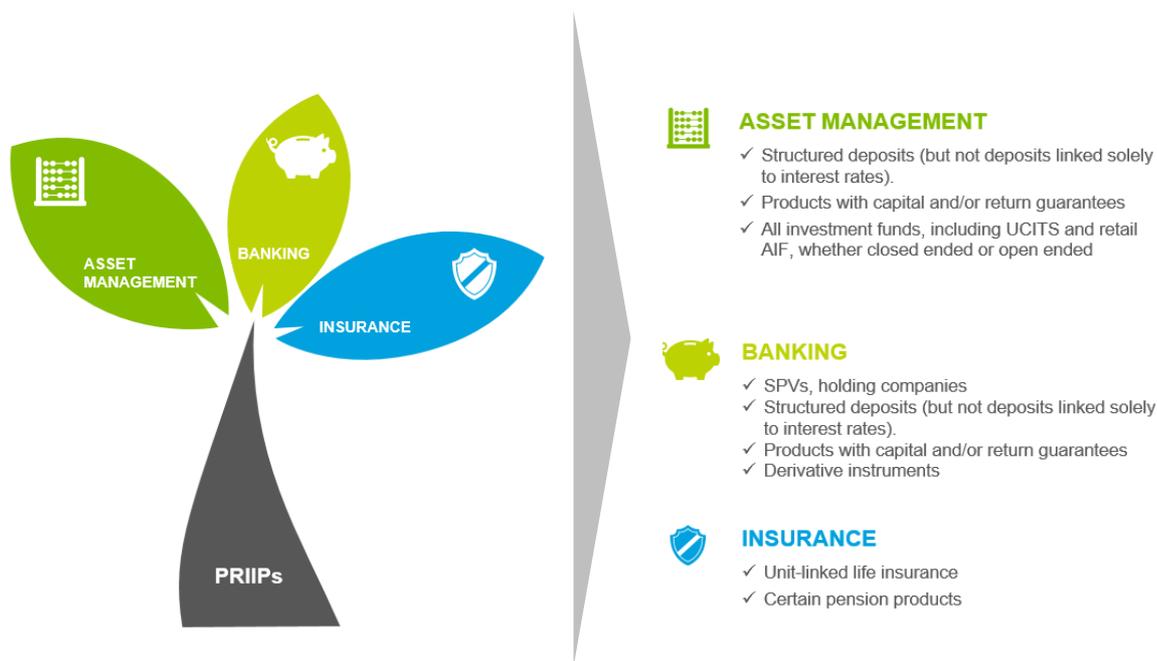
There is very little time for all industries to prepare for these new reporting requirements.

2) Setting the scene - The PRIIPs KID

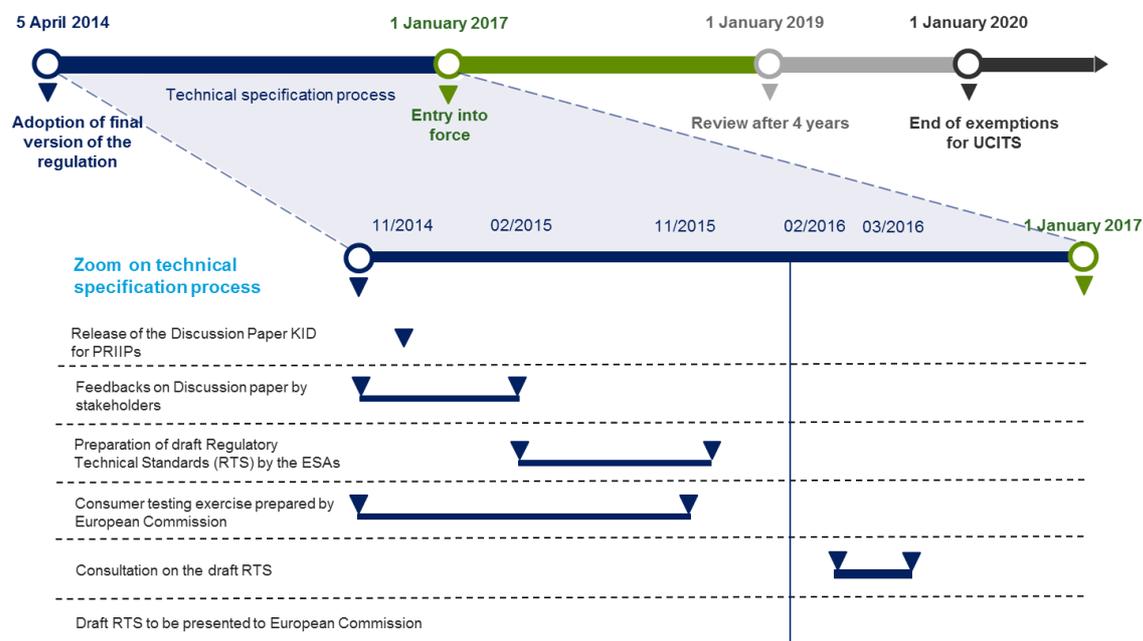
What are the objectives of the PRIIPs' Regulation?

- Promote the emergence of a single European insurance market
- Ensure the comparability between similar products
- Improve transparency and increase investors' confidence
- Harmonize the framework of administrative and financial penalties on a Europe-wide basis

Which Products and Industries are affected?

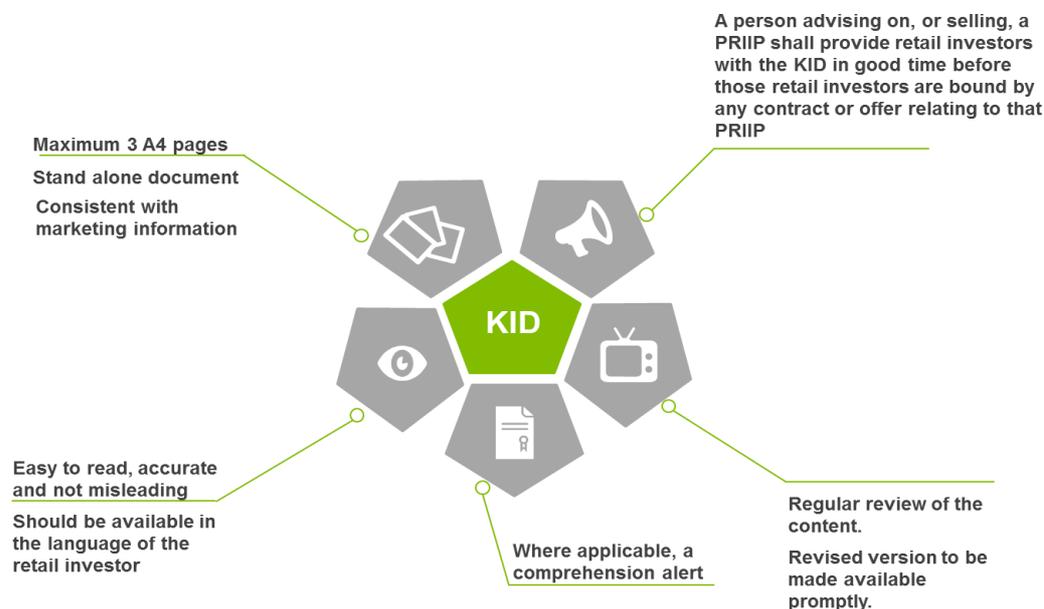


What is the Timeline?



→ The next major milestone on the PRIIPs “journey” will be the **publication of a draft RTS**, as a follow up to the RTS & Consultation paper released in November 2015. Due for the end of March 2016.

What are the main elements of the new KID?



3) What are the main challenges of the new KID?

“Financial Industry participants are keen to see a greater level of clarification on the technical rules and methodologies to be used in the calculation of risk and cost sections. In addition to issuing common guidelines on the use of performance scenarios.”

“These may only be available in level 3 and 4 guidelines and Q&A documents. Time is short pending publication of further guidelines.”

Plain Language – As for the UCITS KIID, objective and investment policies will need to be plainly expressed in order for retail investors to fully understand the nature of the product they are investing in.

- Lacking from current guidance is a set of terms and guidelines on which product terms can be considered as “retail friendly”. Similar to the glossary of terms issued for UCITS KIID preparedness.
- New products, new terms.....

Technical Build Time – Whilst there is a certain degree of confirmation of the template anticipated for the PRIIPs KID, further guidelines and a specific RTS are still required to clearly define the template parameters and use.

- Anticipated to only be available in Q3 2016. Leaving little time for technical adjustment.

Risk & Costs – Complex, new methodologies have to be employed to calculate risk and costs disclosures.

- The level of transparency of the cost disclosures required under PRIIPs far exceeds the one currently applicable to UCITS KIID.

- Do all financial industry participants have this level of cost transparency readily available and in a common, portable data delivery medium?
- Complex new methodologies still under discussion and requiring clarification and testing to ensure a “one size fits all” approach should not be disadvantageous to any particular product segment or industry.

Performance Scenarios – The current proposal to reflect favorable, neutral and unfavorable performance scenarios poses challenges and opens the potential for arbitrary interpretation.

- Further guidelines are required on the methodology to be used in determining the most appropriate reflection of the forecast performance scenario.

UCITS Exemption – Despite UCITS products benefitting from an exemption period extending to 2020, Asset Managers may be required to provide the same level of information required for the PRIIPs KID prior to the end of the exemption period.

- “Other” industry participants and manufacturers, using funds as underlying products for their PRIIPs, e.g. unit-linked insurance products, will look to the fund industry to provide them with the level of disclosure required for the risk, cost and performance section of their PRIIPs KIDs.
- The fund industry needs to be ready 1st January 2017 to provide this information.

4) How are Deloitte helping Financial Institutions prepare for PRIIPs?

“From the very onset of the first publication into European law, Deloitte has engaged with product manufacturers from across all of the industries impacted, to understand their requirements under the new regulation, as well as interpret the impacts to their business and advise on steps to be taken for full PRIIPs preparedness”

“Deloitte’s UCITS KIID factory has already been adapted to produce PRIIPs KIDs, with the ability to produce “live” documents based on the level of information we know today.”

5) Deloitte’s Cross Border Distribution Support Service

Deloitte has developed a full suite of services to assist Asset Managers and cross industry participants, manage their cross distribution model. Capitalizing on Deloitte’s eminence in the field of regulatory consulting & advice and servicing excellence. This fully connected and broad suite of services has successfully been employed and adapted for many clients, over the years, and continues to grow in terms of new support services offerings.

As a result of the PRIIPs Regulation, and closely linked legislation such as MIFID II, Deloitte has added to this suite of services a number of targeted new services which can assist clients with their obligations to produce and/or provide the specific cost, risk and performance disclosures, required by the PRIIPs KID.

Our team of specialists can offer consultancy advice or even assist your company with the calculations of the dynamic elements of the PRIIPs KID, drawing on their years of experience of providing similar services to the UCITS world and beyond.

In addition, the Deloitte UCITS KIID service, one of the leading providers in this field managing a library of over 100,000 documents, has been adapted to not only advise clients on what is required but also to produce PRIIPs KIDs using their current and “live” PRIIPs KID production platform. Modules within the platform are specifically designed to cater for the nuances between the Fund, Banking and Insurance industry templates and our team is ready to support you as we progress through this transitional year.

For more information, please consult our web address

<http://www2.deloitte.com/lu/en/pages/kiid/articles/priips-regulation-adopted.html> or contact one of team from the contacts below

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