

Regulatory News Alert

New PRIIPs RTS published

10 March 2017

On 8 March 2017, the European Commission published a revised draft of the PRIIPs Regulatory Technical Standards (RTS).

This publication is a result of the rejection by the European Parliament of the initial draft of these RTS in September 2016, citing inadequacies in the translation of the spirit of the Regulation in particular with regards to transparency and comparability.

The newly published RTS address certain aspects previously criticized by the European Parliament – it remains to be seen whether these changes sufficiently improve the transparency and comparability aspects, for example when it comes to Key Information Documents (KIDs) to be provided in case of multi option PRIIPs (MOPs).

Here are some points covered by the new RTS that address the specific case of PRIIPs offering a range of options for investment:

- The amended Art. 12, which pertains to the risk section of the generic KID in case of MOPs, allows a combination of UCITS KIID SRRi measures and PRIIPs SRI measures in the 1-7 numerical risk scale displayed on the KID (note that SRRi and SRI are determined based on different methodologies).
- The amended Art. 13, which pertains to the cost section of the KID, and in this case as well foresees the possible use of different cost methodologies (e.g. the methodology specified in the UCITS KIID regulation as well as the PRIIPs methodology) and specifies that asset managers have to inform investors of their transaction costs.
- The amended Art.14, which pertains to the specific information on each underlying investment option and allows that e.g. past performances (for UCITS KIIDs) for a given option may be shown alongside future performance projections for another investment option.
- Note also the introduction of a new performance scenario to factor stress conditions (that may not be factored in the favorable/neutral/unfavorable scenarios), see Annex IV and V.



We are currently working on analyzing the new RTS further and will issue a more comprehensive review soon.

Approval from the European Parliament and Council are now needed to finalize these RTS, which can take up to 6 months. However, another rejection is highly unlikely as both were consulted during the drafting.

Please find here below the links to the RTS and Annex on the page of the EU:

RTS:

<http://ec.europa.eu/transparency/regdoc/rep/3/2017/EN/C-2017-1473-F1-EN-MAIN-PART-1.PDF>

Annex:

<http://ec.europa.eu/transparency/regdoc/rep/3/2017/EN/C-2017-1473-F1-EN-ANNEX-1-PART-1.PDF>

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<https://www2.deloitte.com/lu/en/pages/investment-management/solutions/priips-reporting-services.html>

And here:

<https://www2.deloitte.com/lu/en/pages/kiid/articles/priips-kid-regulation-adopted.html?nc=1>

Please do not hesitate to get in touch.

Your contacts

François-Kim Hugé

Partner

Regulatory Consulting

T +352 451 452 483

fkhuge@deloitte.lu

Jeffrey Micallef

Director

Regulatory Consulting

T +352 451 452 338

jemicallef@deloitte.lu

Deloitte Luxembourg

560, rue de Neudorf

L-2220 Luxembourg

Tel: +352 451 451

Fax: +352 451 452 401

www.deloitte.lu

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