

November 9, 2016

Delay to the Application Date of the EU Regulation on Packaged Retail and Insurance-based Investment Products

The European Commission announced on 9 November 2016 an extension to the application date of the Regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products (“PRIIPs”) to 31 December 2017.

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The PRIIPs Regulation requires “manufacturers” of investment products that are offered to retail customers in the EU to draw up a key information document (“KID”). The KID is a 3 page factsheet that contains a simple summary of the product and a presentation of the risks, projected returns and costs of the product in a standardized format. The KID is cross-sectoral, applying similar principles as the UCITS key information investor document to a very wide range of retail investment products, including investment funds, retail structured products and types of insurance contracts used for investment purposes.

Earlier this year, the European Supervisory Authorities jointly drafted Regulatory Technical Standards (“RTS”) to prescribe the format and methodology used in the KID. Methodologies for, for instance, the calculation of the product’s total transaction costs are highly prescriptive. The European Parliament rejected the RTS in September, pointing, amongst other things, to flaws in methodologies for calculation of future performance scenarios and a lack of guidance in some areas. The European Parliament at the same time called for a postponement of the application date of the Regulation.

A legislative proposal will be published in the coming days to formalize the extension and the other EU institutions (the European Council and Parliament) have indicated that they will adopt the legislation before 31 December 2016. Separately, the Commission is working with the European Supervisory Authorities to revise the RTS, which are likely to be in place during the first half of 2017.

The delay will give both manufacturers and EU distributors much-needed time to comply with the new requirements.

A copy of the announcement can be obtained [here](#).