

To the members of the SFAMA



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member/circular DCA

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## PRIIP Regulation – latest news

Dear Member

On 10 November 2016 we informed you that the European Commission (EC) announced its proposal to delay the PRIIPs KID start date by 12 months.

With this circular, we would like to inform you that on 23 December 2016, the quick fix regulation amending the entry into application date of the PRIIP's Level 1 was published in the Official Journal of the EU ([Link](#)). **PRIIPs will now officially enter into application on 1 January 2018 instead of 1 January 2017** and therewith be aligned with the date of application of MiFID II.

As announced in December 2016, following its declaration of the postponed application, the EC invited the European Supervisory Authorities (EBA, ESMA and EIOPA, together the "ESAs") to submit an Opinion agreeing to certain proposed revisions to the RTS. The proposed revisions were to address concerns raised by Parliament in its rejection of the draft RTS and covered:

- the treatment of multi-option PRIIPs with reference to investments in UCITS and non-UCITS funds;
- the performance scenario calculations due to concerns that the unfavourable scenario may be overly optimistic;
- the criteria to facilitate consistent use of the comprehension alert; and
- the changes in the presentation of insurance costs and benefits.

At the end of a six weeks review period, the ESAs announced in a letter addressed to the EC ([ESA's Letter](#)) that they had been unable to come to an agreed position on the proposed revisions. The Opinion was adopted at the EBA and ESMA Boards on the basis of qualified majority voting. However, it did not receive the support of a qualified majority of the EIOPA Board as there were differing views expressed concerning: (i) the treatment of multi-option products, (ii) the criteria to determine whether a comprehension alert should be included in a KID and (iii) the provisions in the RTS on the credit risk mitigation factors for insurers. **As a consequence, the three ESAs were not in a position to provide an agreed opinion on the amended draft RTS.** Please note however that in the letter, the ESA's nevertheless raise concerns on the amendments to the performance scenarios proposed by the EC and suggest alternative options.

**Assuming that EC will proceed in the absence of an agreed opinion from the ESAs and submit a revised draft RTS to the Parliament and Council, there would be a further three-month period (which could be extended to up to six months) for Parliament and Council to review the revised RTS, though this could be reduced with agreement (we think that it should be the most plausible outcome).**

The latest development is very likely to reduce the available time to implement the PRIIP Regulation. In addition, many firms already have a full slate for 2017 as they prepare for MiFID II. Moreover as both regulations have some common issues with regard to Investor Protection, e.g. some of the data points reflected in the PRIIPs KID can be used by the distributor to perform suitability checks as part of MiFID II, a delay of the PRIIPs RTS may influence preparations for MiFID II.

**SFAMA is closely following the developments regarding PRIIPs KID and will keep you informed. Please already note that as soon as the draft RTS of the EC are known, SFAMA will organize Round Tables in Zurich and in Geneva in order to give you a first analysis of the well awaited measures.**

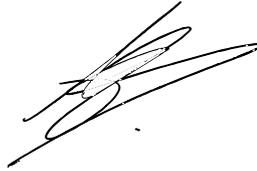
Please do not hesitate to address your questions to Delphine Calonne (delphine.calonne@sfama.ch).

Sincerely yours

**Swiss Funds & Asset Management Association SFAMA**



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