

ESAs publish recommendations on changes to the PRIIPs Key Information Document

□The European Supervisory Authorities (ESAs) today published their final [recommendations](#) following a [consultation](#) on targeted amendments to the Delegated Regulation covering the rules for the Key Information Document (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs).

Having taken into account the feedback received and considering in particular the implications of a possible decision by the European Co-legislators to defer the application of the KID by certain types of investment funds beyond 2020, the ESAs decided the following:

- To not propose targeted amendments at this stage
- To initiate a more comprehensive revision of the PRIIPs Delegated Regulation to be undertaken in the course of 2019, including to launch a consultation on the draft Regulatory Technical Standards

Furthermore, the ESAs issued a [Supervisory Statement](#) regarding the performance scenarios to promote consistent approaches and improve the protection of retail investors prior to the conclusion of the review. The ESAs consider that there is a risk that retail investors are provided with inappropriate expectations about the possible returns they may receive. Therefore, the ESAs recommend PRIIP manufacturers to include a warning in the KID to ensure that retail investors are fully aware of the limitations of the figures provided in the performance scenarios.

Background

The Key Information Document (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs) is a mandatory, three-page A4 information document to be provided to consumers before purchasing a PRIIP. PRIIPs include for example funds, structured products, unit-linked and with-profits life insurance contracts, and structured deposits.

On 1 October 2018, the **ESAs wrote a [letter](#) to the European Commission** expressing their concerns regarding the possibility of duplicating information requirements for investment funds from 1 January 2020 and the importance of legislative changes to avoid such a situation, including a targeted review of the PRIIPs Delegated Regulation.

Subsequently, on 8 November 2018 the **ESAs published a [consultation paper](#) proposing targeted amendments** that would allow the KID to be applied to all types of investment funds and to address key issues that have arisen since the implementation of the KID, in particular concerning the performance

scenarios.

In parallel with the ESAs' work, the **European co-legislators** also initiated discussions on legislative changes relating to the application of the KID by certain investment funds and the timing of a review of PRIIPs. When publishing the consultation paper, ESAs stated that they would take into account the latest information regarding these political discussions when deciding upon their final proposals.

The **Supervisory Statement** is issued under Article 29(2) of the ESAs' Regulations as a convergence tool to promote common supervisory approaches and practices.

The PRIIPs Regulation (No 1286/2014) defines the **main rules and principles** for KIDs. It is supplemented by a Delegated Regulation (2017/653) specifying the presentation and contents of the KID, which is based on Regulatory Technical Standards that the ESAs were mandated to develop.

Performance scenarios are included in the Section of the KID titled "What are the risks and what could I get in return?" They indicate how the investment could perform under various different scenarios.