

PRIIPs



Overview

The regulation on key information documents for packaged retail and insurance-based investment products (the PRIIPs Regulation) is part of a wider package of EU reforms aimed at enhancing investor protection and improving confidence in financial markets.

Manufacturers of packaged retail and insurance-based investment products (PRIIPs) will be required to produce a highly prescriptive three page "key information document" (KID) to allow retail investors to easily understand and compare products and the risks, costs and returns associated with them. Following a decision by the Commission in November 2016, the implementation date for the entry into force has been pushed forward to 01 January 2018.

Territorial scope of the Regulation

Manufacturer	Distributor	Retail client	In scope?
EEA manufacturer	EEA distributor	EEA retail client	✓
EEA manufacturer	EEA distributor	Non-EEA client	X
EEA manufacturer	Non-EEA distributor	EEA retail client	✓
EEA manufacturer	Non-EEA distributor	Non-EEA client	X
Non-EEA manufacturer	EEA distributor	EEA retail client	✓- see Article 19(c)
Non-EEA manufacturer	EEA distributor	Non-EEA client	X
Non-EEA manufacturer	Non-EEA distributor	EEA retail client	✓
Non-EEA manufacturer	Non-EEA distributor	Non-EEA client	X

In its consultation paper issued on 18 July 2016, the FCA stated that its current view is that the PRIIPs Regulation will apply to persons outside the EEA (manufacturer or distributor) who deal with EEA retail clients. Accordingly, a third-country manufacturer or distributor of a PRIIP to retail clients in the EEA (e.g. an AIFM for schemes from the Channel Islands or Isle of Man sold in the UK) will be required to prepare and produce a KID. Conversely, if the manufacturer or distributor is based in the UK EEA and targets only non-EEA retail clients, the FCA's view is that the PRIIPs Regulation will not apply and no KID will need to be prepared.

Contact

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