

Regulation on the Key Information Documents for packaged retail and insurance-based investment products (PRIIPs)

■ Why does it matter to intermediaries?

On 1 January 2018, the PRIIPs Regulation became applicable. It introduces the requirement for product manufacturers - before making a packaged retail and insurance-based investment product (PRIIPs) available to retail investors - to draw up a standardised Key Information Document (KID) and to publish it on their website. Distributors (persons selling or advising) of PRIIPs have to hand over the KID to retail investors. It is intended to provide precontractual information on the nature, risks, costs, potential gains and losses of the product and it should facilitate comparison between different products and can be a maximum of 3 pages. Over the past years, various issues with the current KID have been raised by stakeholders (both by industry - including BIPAR - and consumer representatives).

■ State of play

As already mentioned, the Commission's Retail Investment Strategy (RIS) consists of an Omnibus Directive (see above) and of a Regulation amending the PRIIPs Regulation, modernising the KID.

Commission's proposals

The Commission's PRIIPs proposals introduced amongst others:

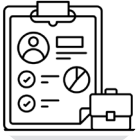
- a definition of **electronic format** and a stronger preference for it (also specification of the conditions for the use of layering and personalisation of the KID);
- amended rules for **presenting costs of MOPs**;
- a new section in the KID "**Product at a glance**" to summarise and highlight the information on an investment product type, its costs and the level of risk, recommended holding period and presence of insurance benefit.
- **removal of the comprehension alert** for complex products as it was not deemed effective;
- a new section in the KID on **sustainability**, an ESG dashboard, to provide investors with a harmonised set of information on the sustainability profile of relevant investment products, building on existing product disclosures.
- a new statement that the **KID shall remain accessible on the website of the person advising or selling the PRIIPs**.

Parliament's position

In spring 2024, the European Parliament agreed on its position (report by French Liberal MEP Stéphanie Yon-Courtin). Some important points for intermediaries in the adopted report:

- The current definition of "person selling or advising" has been changed into "**(5) 'PRIIP distributor' means a person advising on, offering, selling or concluding a PRIIP contract with a retail investor;**"
- **Format** of the KID: **4 pages** instead of 3 (and extra focus on the need for comprehensible language);

- Where the Commission had deleted the current existing **comprehension alert** in its proposal, the Parliament reintroduced a warning.
- ESMA and EIOPA are to develop an **independent Union online comparison tool**, based on key information document data that will be available under the European Single Access Point. A link to the independent online comparator, once available, shall be added to the KID. "*Management companies, investment firms and insurance intermediaries shall promote the use of the online comparison tool on their websites, including in relevant marketing material.*"; See recital 3a + Article 8.
- The EP has amended the **sustainability related information** in the KID that the Commission had proposed. See Article 8 under the new heading "*How environmentally sustainable is this product?*", also called an ESG dashboard, in which consumers will find the information linked to the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy. The aim is to make it easier to access for consumers (but some ESG related information must already be mentioned under the "*what is this product*" section of the KID).
- Also in article 14 is the important part for intermediaries regarding KIDs to be put on the **distributor's website**; BIPAR had raised concerns about the **Commission's proposal requiring the person selling needing to put all KIDs on their websites**. The EP has amended this text and added an exemption: "*The latest version of the key information document shall remain easily and publicly accessible to all retail investors on the website of the PRIIPs manufacturer and, with regard to the relevant PRIIPs that are sold or subject to investment advice, on the website of the PRIIPs distributor. The key information document shall remain capable of being downloaded and stored in a durable medium, for such period of time as the retail investor may need to consult it. If the key information document is not available on the website of the distributor, the distributor shall provide it to the retail investor upon request within 2 working days (...)*".



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Council's agreement

In the Council, an agreement was reached in June 2024. The Council's text amends the Commission's proposal, stating that the KID shall remain accessible on the website of the **manufacturer**; removes the possibility of **personalisation** of the KID; and sticks to the 3 page-length for the KID. As for the application date, the Council extends this to **24 months** after **entry** into force.

■ BIPAR's position / key messages

With regard to **PRIIPs in general**, BIPAR has, from the outset, agreed that for all products which include an investment risk, specific, proportional and relevant pre-contractual information should be available. However, it pointed out from the start how extremely ambitious and difficult it is to achieve a level playing field and relevant, real comparability between all products within the scope of PRIIPs, adding that there was a risk that harmonisation could result in misinformation of the retail investor. BIPAR, for instance, pointed out that IBIPs could be perceived as less interesting/more expensive at the moment compared to "pure investment products".

With regard to the **RIS proposals**, the current PRIIPs Regulation states that the **KID should be accessible on "a website"**, not "the website of the person advising or selling" as proposed by the Commission in the framework of RIS. BIPAR and its members have explained to policymakers that such a new requirement for persons selling/advising/intermediating/ distributing is not logical and inefficient. Distributors/ advisors/ sellers etc. potentially have a very large amount of KIDs that they should thus have on their website and keep updated there. It should be the manufacturers' responsibility to keep their KIDs up to date on their websites and then distributors/ intermediaries and advisors can, if they wish, make links on their own websites to these manufacturer's websites. This approach also facilitates supervision and avoids confusion. BIPAR is, therefore, in favour of keeping the existing wording. If further specification is desired by the co-legislators, it should be the manufacturer's website where the KIDs should remain accessible on (not the website of the person distributing / advising or selling).

BIPAR is not convinced that the **comparison tool**, as developed in the European Parliament's position, will be efficient. BIPAR does not support the EP addition that intermediaries/firms should promote its use and add this tool to their websites – this is a further addition of burden.

Other ESAs' work on PRIIPs

On 28 June 2024, the European Supervisory Authorities (ESAs) published an **updated version of their consolidated Q&As on the PRIIPs KID**. Only one additional question with an answer has been added compared to the earlier March 2024 update. This new question is whether Foreign Exchange forwards fall within the scope of the PRIIPs Regulation. The European Commission answered this question affirmatively on p. 9 of the document.

On 23 July 2024, the ESAs published a **table of Member State language and ex ante notification requirements for the KID**. In accordance with Article 7(1) of the PRIIPs Regulation, the KID has to be written in an official language of the Member State where the PRIIP is distributed, or in another language accepted by the competent authorities of that Member State. In accordance with Article 5(2) of Regulation (EU) No 1286/2014 ("PRIIPs Regulation"), Member States may require the ex-ante notification of the KID by the PRIIP manufacturer or the person selling a PRIIP to the national competent authority for PRIIPs marketed in that Member State. Since these requirements include some optionality for Member States, the ESAs' publication aims to support market participants and other stakeholders to have clarity on the rules across Member States.

■ Next steps

Trilogue negotiations between the European Parliament, Commission and Council on the whole RIS package started in March 2025. Once the PRIIPs text is adopted, it will be published in the Official Journal of the EU. Since it is a Regulation, it will be directly applicable in the Member States as of the application date chosen by the co-legislators.

■ Links

- [PRIIPs Regulation](#)
- [RIS PRIIPs three-column document](#)
- [ESAs' update of the consolidated Q&A on the PRIIPs KID](#)
- [Table of Member State language and ex ante notification requirements for the PRIIPs KID](#)