



EUROPEAN UNION

THE EUROPEAN PARLIAMENT

THE COUNCIL

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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 1286/2014 as regards the extension of the transitional arrangement for management companies, investment companies and persons advising on, or selling, units of undertakings for collective investment in transferable securities (UCITS) and non-UCITS

REGULATION (EU) 2021/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

amending Regulation (EU) No 1286/2014
as regards the extension of the transitional arrangement for management companies,
investment companies and persons advising on, or selling, units of undertakings
for collective investment in transferable securities (UCITS) and non-UCITS

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Acting in accordance with the ordinary legislative procedure²,

¹ Opinion of 20 October 2021 (not yet published in the Official Journal).

² Position of the European Parliament of 23 November 2021 (not yet published in the Official Journal) and decision of the Council of...

Whereas:

- (1) Article 5 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council¹ requires manufacturers of packaged retail and insurance-based investment products (PRIIPs), before making a PRIIP available to retail investors, to draw up and publish a key information document ('KID').

¹ Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, p. 1).

- (2) Article 32(1) of Regulation (EU) No 1286/2014 exempts management companies as defined in Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council¹, investment companies as referred to in Article 27 of that Directive and persons advising on, or selling, units of undertakings for collective investment in transferable securities (UCITS) as referred to in Article 1(2) of that Directive from the obligations laid down in that Regulation, and thus from the requirement to produce a KID, until 31 December 2021 ('the transitional arrangement'). In accordance with Article 32(2) of Regulation (EU) No 1286/2014, where a Member State applies rules on the format and content of the key investor information document, as laid down in Articles 78 to 81 of Directive 2009/65/EC, to non-UCITS funds offered to retail investors, the transitional arrangement is to apply to management companies, investment companies and persons advising on, or selling, units of such non-UCITS funds to retail investors.

¹ Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).

- (3) Commission Delegated Regulation (EU) 2017/653¹ supplements Regulation (EU) No 1286/2014 by laying down regulatory technical standards with regard to the presentation, content and standard format of the KID, the methodology for the presentation of risk and reward and for the calculation of costs, the conditions and minimum frequency for reviewing the information contained in the KID, and the conditions for providing the KID to retail investors.

¹ Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents (OJ L 100, 12.4.2017, p. 1).

- (4) On 7 September 2021, the Commission adopted a Delegated Regulation amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2017/653 as regards the underpinning methodology and presentation of performance scenarios, the presentation of costs and the methodology for the calculation of summary cost indicators, the presentation and content of information on past performance and the presentation of costs by PRIIPs offering a range of options for investment and alignment of the transitional arrangement for PRIIP manufacturers offering units of funds referred to in Article 32 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council as underlying investment options with the prolonged transitional arrangement laid down in that Article. The date of application of that Delegated Regulation is 1 July 2022, but it is important to reflect the need to give management companies, investment companies and persons advising on, or selling, units of UCITS and non-UCITS sufficient time to prepare for the end of the transitional arrangement and thus for the obligation to draw up a KID.
- (5) In order to ensure that the need for sufficient time to prepare for the obligation to produce a KID is met, it is necessary to extend the transitional arrangement until 31 December 2022.
- (6) Regulation (EU) No 1286/2014 should therefore be amended accordingly.

- (7) Regulation (EU) No 1286/2014 aims to enable retail investors to make better-informed investment decisions. In spite of the good intentions underpinning Regulation (EU) No 1286/2014, a number of concerns have been expressed since its adoption, including as regards the need for a clearer definition of 'retail investor', the product scope of that Regulation, the elimination of paper as the default option where a PRIIP is offered on a face-to-face basis, the concept of 'successive transactions', and the provision of pre-contractual information to professional investors. Those concerns need to be urgently addressed in order to improve retail investors' trust in financial markets, both for the benefit of companies looking for funding and for the long-term benefit of investors. The need for a broader review was already set out in Regulation (EU) No 1286/2014, and its urgency remains unchanged. On the basis of such a review in accordance with Regulation (EU) No 1286/2014, the Commission is expected to submit, as a matter of urgency, a report to the European Parliament and to the Council accompanied, if appropriate, by a proposal to address the existing limitations.
- (8) Given the very short period left until the original end of the transitional arrangement, this Regulation should enter into force without delay,

HAVE ADOPTED THIS REGULATION:

Article 1

In Article 32(1) of Regulation (EU) No 1286/2014, the date '31 December 2021' is replaced by '31 December 2022'.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament

The President

For the Council

The President
