

**openfunds event**  
**Zurich, 28<sup>th</sup> June 2017**

**Regulatory Update**

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- **On 26 November 2014**, publication into the Official Journal of the EU of the Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents (KID) for PRIIPs. **Application as of 31 December 2017**
- KID must be produced by investment product **manufacturers** and provided to **retail investors** when they are considering buying investment products; and insurers are required producing a KID with data provided by manufacturers for their MOPs
- **Products in scope**
  - AIFs distributed to retails (Swiss Securities Funds are not recognised as “UCITS Funds” under EU Law but as “AIF”)
  - UCITS:
    - from 1.1.2018 to 1.1.2020: will continue to provide UCITS KIID
    - from 1.1.2020: to be replaced by PRIIPs KID
  - ELTIFs
  - life insurance based investment products
  - structured deposits, structured securities (convertible bonds and other securities that embed a derivative), other structured products, derivatives of all types
  - certain pension products not recognized in national law, annuities / variable annuities

- **Products out of scope:**

- Non-life insurance products
- Deposits
- Shares
- Government bonds
- Pension products recognized by European Member States as retirement vehicles

- **Geographical scope**

The scope of the PRIIP regulation is still open, but should be regulated by the EU Commission soon. According to an unofficial paper the scope is limited as follows:

*“Territorial application Regulation 1286/2014 applies to all PRIIP manufacturers and persons advising on, or selling, PRIIPs made available to retail investors within the territory of the Union, including such entities and persons from third countries. Consequently, where the retail investors within the territory of the Union decide to subscribe or purchase third country PRIIPs and transmit their orders to a person advising on, or selling, those PRIIPs, the obligations provided for by Regulation 1286/2014 apply. In such cases, in accordance with Article 13(1) of Regulation 1286/2014, a person advising on, or selling, those PRIIPs must provide the retail investors with a KID”.*

- Entry into force: 31 December 2017
- Revised RTS were published in EU Official Journal on 12 April 2017
- We are expecting further guidance, starting in the coming weeks
  - European Commission “Level-1 guidance”
    - issued as EC communication in June (still not published)
    - Expected content (non-exhaustive): territorial effect of KIDs, scope of application, advanced implementation of the PRIIPs KID for UCITS, distribution or selling of PRIIPs with or without advice, length of the KID and adaptations to the format of the KID, discretionary portfolio management, treatment of collective investment vehicles, etc.
  - ESAs’ Q&As
    - Q&As expected for June with regular updates similar to MiFID II’s Q&As
    - Expected content (non-exhaustive): transaction costs calculation, MOPs and UCITS data, calculation of credit risk, etc.
- ! While the regulatory entry into force is on 31 December 2017 MOP manufacturers and distributors will request PRIIPs (EPT) and MiFID II (EMT) data earlier, in the second half of 2017

## SFAMA Actions

- SFAMA Working Group follows the EU developments and informs the members
- Organisation of SFAMA PRIIPs Round Tables (last one on April 2017)
- PRIIPs WG + FAPO Commission working on a FAQ (second version published after publication of final RTS) – Templates also available
- Dialog with FINMA
- Dialog between SFAMA and important players in the EU in order to be aligned with the EU praxis
- Discussions with the different platforms in order to ensure the use of harmonised templates
- SFAMA participating in the Working Group of the Federal Finance Department (FIDLEG / FINIG ordinances)
- After the publication of the Level 1 and Level 3 clarifications, SFAMA will inform its members

Many thanks for your attention