

JOINT INDUSTRY RESPONSE TO THE EUROPEAN COMMISSION BETTER REGULATION CONSULTATION ON THE UCITS 'QUICK FIXES'

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The European Commission recently adopted amendments to the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive. **However, in contrast to earlier plans, the adoption of the revised Regulatory Technical Standards (RTS) amending Commission Delegated Regulation (EU) 2017/653 has been postponed.**

Despite this fragmented process, the European Commission is proposing to maintain 1 July 2022 as the date of application of the new requirements to all product manufacturers, including those offering multi-option products (MOPs) with UCITS as underlying investment options. The unexpected delay in the adoption of the revised PRIIPs RTS would cut the implementation period for the industry by three months. This leaves PRIIPs manufacturers and distributors with only nine months instead of the original timeframe of 12 months to implement the new rules.

The European Fund and Asset Management Association (EFAMA), European Association of Co-operative Banks (EACB) and European Savings and Retail Banking Group (ESBG) are, therefore, asking the European co-legislators to ensure that the financial industry has a reasonable twelve months to implement the new rules by 31 December 2022 (instead of 1 July 2022). This request for postponement is based on the assumption that the revised RTS are published in the EU Official Journal, at the very latest, by 31 December 2021.

To follow through on this request, the timelines in the PRIIPs and UCITS quick fixes must be aligned: With regards to the UCITS 'quick fixes', we are, asking the European co-legislators to change Article 2 to allow Member States until 31 December 2022 (instead of 30 June 2022) for the adoption and the publication of the measures, and that these come into effect from 1 January 2023 (instead of 1 July 2022).

Moreover, the requirement to produce a UCITS KIID is maintained for professional investors. We regret this approach, as professional investors do not require the same level of protection as retail investors; they get much more detailed information, and more frequently, tailored to their needs. Maintaining the UCITS KIID for institutional investors will cause unnecessary costs and efforts, which would be needed for other projects or initiatives. Bearing in mind the goals of an efficient Capital Markets Union in Europe, **we invite the European legislators to consider abolishing the UCITS KIID (and PRIIPs KID) for professional investors.**

Should professional investors even have the choice to receive a UCITS KIID or PRIIP KID, a PRIIP KID may need to be produced for professional investors, which is contrary to the wording of the PRIIPs Regulation (such as Recital 7 which states that "*Investment funds dedicated to institutional investors are excluded from the scope since they are not for sale to retail investors.*") and which would create

unnecessary costs. To date, no PRIIPs KIDs are produced for share classes reserved for professional investors and also professional investors do not receive a PRIIPs KID since the obligation is only triggered where the product is bought by a retail investor.



About EFAMA

EFAMA is the voice of the European investment management industry, which manages over EUR 27 trillion of assets on behalf of its clients in Europe and around the world. We advocate for a regulatory environment that supports our industry's crucial role in steering capital towards investments for a sustainable future and providing long-term value for investors.

More information is available at www.efama.org.

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