



Gabriel Bernardino
Chairman
EIOPA
Westhafen Tower
Westhafenpl. 1
60327 Frankfurt am Main

Brussels, 14 February 2019

Re: Derogation on the use of UCITS KIIDs for Multi-option products

Dear Mr Bernardino,

Following the co-legislators' recent trilogue decision to extend the temporary exemption of UCITS from the PRIIPs Regulation¹, the European insurance and reinsurance federation (Insurance Europe) and the European Fund and Asset Management Association (EFAMA) call on the European Commission to urgently align the expiry date of Article 14(2) of the PRIIPs RTS with the expiry date of the exemption. As noted in Recital 18 of the PRIIPs RTS, this derogation was necessary to ensure legal certainty while UCITS were exempted from the PRIIPs Regulation, creating a clear mechanism for consumers to receive information on these products.

Where the underlying funds of an insurance-based product are UCITS funds or other funds where a UCITS KIID is produced rather than a PRIIPs KID, Article 14(2) PRIIPs RTS currently allows insurers and asset managers to produce a generic PRIIPs KID for the overall product and to simply 'pass through' the existing UCITS KIID to provide information for each of the underlying funds.

However, Article 18 PRIIPs RTS stipulates that this derogation allowing for the use of UCITS KIIDs expires in December 2019 – in line with the initial expiry date of the UCITS exemption. Article 18 of the PRIIPs RTS is independent of any changes to the date of application of the UCITS exemption and therefore, the agreed extension of the UCITS exemption will not prevent Article 14(2) of the PRIIPs RTS from expiring in December 2019. This will pose practical difficulties for providers currently making use of this derogation, as they will be required to produce their own PRIIPs KIDs for each underlying fund. This entails a significant compliance burden for insurers and asset managers in producing entirely new data to populate the PRIIPs KIDs, and where the data can simply not be produced, the range of products offered to consumers will ultimately decrease.

While we welcome the ESA's indication in the Final Report following joint consultation paper on amendments to the PRIIPs KID that they intend to propose amendments to the RTS to address this issue, this must now be followed by swift legislative action.² It is crucial that amended RTS are published as soon as possible in order to provide the industry with certainty that they can continue to use UCITS KIIDs for these products until 1 January 2022. There is now very little time for the necessary amendments to the PRIIPs RTS to be adopted prior to the European Parliament elections given the time period required for amended RTS to be scrutinised by the European Parliament and Council. It is vital that amendments to the RTS are adopted by the European Commission urgently in order to ensure there is still sufficient time for the RTS to be approved. We understand the deadline for the Commission to forward delegated acts to the other institutions is 15th March. It is imperative that this deadline is met.

¹<https://www.consilium.europa.eu/en/press/press-releases/2019/02/05/capital-markets-union-political-agreement-on-simpler-and-quicker-cross-border-distribution-of-investment-funds/pdf>

²https://eiopa.europa.eu/Publications/Reports/2019-02-08%20Final_Report_PRIIPs_KID_targeted_amendments%20%28JC%202019%206.2%29.pdf



While there is no substitute for the legal certainty provided by the formal adoption of the amendments, should it not be possible for the legislative process to be completed in this mandate it is essential that the European Commission and the European Supervisory Authorities (ESAs) take all necessary steps to reassure industry that the amendments will be adopted as soon as possible in the new mandate and that insurers will not be required to provide PRIIPs KIDs for MOPs regardless of any gap between the entry into force of new RTS and the lapsing of the existing derogation.

Our two associations urge the European Commission once again to address this issue urgently, to give providers of UCITS funds the legal certainty that they will be allowed to continue using UCITS KIIDs until 1 January 2022, and in line with the UCITS exemption.

Our associations remain at our disposal should you require any more information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Michaela Koller".

Michaela Koller
Director General
Insurance Europe

A handwritten signature in blue ink, appearing to read "Tanguy van de Werve".

Tanguy van de Werve
Director General
EFAMA