Undertakings for collective investment in transferable securities (UCITS): the use of key information documents

2021/0219(COD) - 15/07/2021 - Legislative proposal

PURPOSE: to amend Directive 2009/65/EC as regards the use of key information documents by management companies of undertakings for collective investment in transferable securities (UCITS).

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: according to Directive 2009/65/EC, each undertaking for collective investment in transferable securities (UCITS) must provide ‘key investor information’ to help investors understand the essential characteristics of the UCITS and make informed investment decisions.

Regulation (EU) No 1286/2014 provides for a transitional arrangement whereby management companies, investment companies and persons advising on, or selling, units of UCITS and non-UCITS are temporarily exempted from the requirement to provide retail investors with a key information document. The arrangement currently applies until 31 December 2021.

The Commission presented a proposal for a Regulation to extend the transitional arrangement provided for in Regulation (EU) No 1286/2014 until 30 June 2022. This will give stakeholders time to prepare for the end of the transitional arrangement and to implement the other proposed measure [which provides for amendments to Delegated Regulation (EU) 2017/653] from 1 July 2022.

As things stand, as of 1 July 2022 retail investors in UCITS would receive both a key information document in accordance with Regulation (EU) No 1286/2014 and key investor information in accordance with Directive 2009/65/EC. It is desirable to avoid a situation where retail investors receive two different pre-contractual disclosure documents in respect of the same UCITS.

The proposed measures are necessary to reduce the consequences of parallel application of Directive 2009/65/EC and Regulation (EU) No 1286/2014.

CONTENT: this proposal inserts a new article in Directive 2009/65/EC which lays down in a clear, precise and unconditional manner that, where a key information document is drawn up, provided, revised and translated for a UCITS pursuant to Regulation (EU) No 1286/2014, it should be considered as satisfying the requirements applicable to key investor information for the purposes of that Directive.