Packaged retail and insurance-based investment products (PRIIPs): key information documents. Extension of the transitional arrangement

2021/0215(COD) - 23/11/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 608 votes to 29, with 51 abstentions, a legislative resolution on the proposal for a 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.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

As a reminder, 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 within the meaning of Directive 2009/65/EC of the European Parliament and of the Council are temporarily exempted from the requirement to provide retail investors with a key information document. This arrangement currently applies until 31 December 2021.

In order to meet this need to give the parties concerned sufficient time to prepare for the obligation to produce a key information document, the Regulation as amended **extends the duration of the transitional regime by twelve months, i.e. until 31 December 2022 (instead of 30 June 2022).**

A new recital clarifies that the urgent need for a broader review of Regulation (EU) No 1286/2014 remains unchanged with a view to eliminating the current imperfections concerning, *inter alia*: (i) the need for a clearer definition of retail investors, (ii) the scope of products covered by the PRIIPs Regulation, (iii) the elimination of paper as the default option where a PRIIP is offered on a face-to-face basis, (iv) the concept of ‘successive transactions’ and (v) the provision of pre-contractual information to professional investors.

On the basis of this review, the Commission should submit a report to the European Parliament and the Council as a matter of urgency, accompanied, if appropriate, by a proposal to address the existing limitations with a view to improving retail investor confidence in financial markets.