

Feedback

Subject: ALFI feedback on the European Commission [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

Date: 26 August 2021

Size limit: 4000 characters

We are thankful for the opportunity to provide feedback on the proposal for a regulation aiming at extending the transitional arrangement under PRIIPs for management companies, investment companies and persons advising on, or selling, units of undertakings for collective investment in transferable securities (UCITS) and non-UCITS.

An extension of the exemption for UCITS management companies etc. is needed, because revised regulatory technical standards (RTS) at level 2 under PRIIPs are not yet available. However, ALFI is of the view that the end of the transitional period mentioned in Article 32 of the PRIIPs Regulation should not only be postponed by 6 months, but by 12 months (from the time when the RTS will be published in the Official Journal of the EU).

The Commission justified its approach to grant only a 6-month delay with the argument that the final RTS would be adopted at the end of June 2021 and that no further changes should be expected after adoption, further to discussions with the European Parliament and Council. If this had been the case, the industry would actually have had a 12-month implementation period (until mid-2022). This means that the Commission also acknowledged that the industry needs a year from the availability of firm rules to implement upcoming changes.

However, in June 2021, the Commission was only able to confirm a vague date for the adoption of RTS, namely 'after summer'. In addition, no insight was given into the discussions with the Parliament and Council in terms of whether the industry could rely on the present proposal to be adopted by the Commission. As a result, the industry will receive confirmation on final rules only at the end of 2021, which will reduce the implementation phase under the current proposal from the initially intended 12 months to only 6 months, cutting it into half.

From a practical perspective, the implementation timeline will even be much shorter. Insurers need to prepare their PRIIPs KIDs based on information from UCITS manufacturers. As a result, for a June 2022 implementation the EPT with PRIIP information under the new RTS would be expected by insurers by March/April 2022, i.e. the preparation period for a significant portion of data would be further reduced to three to four months. Considering the significant changes within the revised RTS, the technical implementation represents almost an entirely new implementation as opposed to a mere limited adaptation of existing systems.

Such a short period would not leave sufficient time for the fund industry to adapt systems (data gathering, revision of or new IT programmes and templates), test and implement changes (involvement of different departments), provide translations (for which translated RTS are needed) and train staff. Moreover, discussions with insurers have to take place and the European PRIIPs Template must be revised accordingly. Distributors must be able to understand and implement the technical changes (again an important data gathering exercise) and proper communication with investors must be ensured.

Given the abovementioned uncertainty concerning further changes to the draft RTS, and bearing in mind that discussions around PRIIPs have been particularly difficult in the past, the fund industry is reluctant to implement any changes before the publication of final rules in the Official Journal (after a longer period of translation). It would create unnecessary additional costs and efforts if in the end further changes were needed.

Last but not least, it is worth noting that the amount of PRIIPs KIDs that will have to be produced (instead of UCITS KIID) will be considerable (estimates refer to several 100'000s of new PRIIPs KIDs). We understand from our members that only few managers have opted so far for the production of PRIIPs KIDs. They rather produced UCITS KIID-like documents in line with national law.

ALFI will continue to monitor the legislative process and provide input where needed and requested.

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