

Feedback

Subject: ALFI feedback on the European Commission [proposal](#) for a directive of the European Parliament and of the Council amending Directive 2009/65/EC as regards the use of key information documents by management companies of undertakings for collective investment in transferable securities (UCITS)

Date: 26 August 2021

Size limit: 4000 characters

We are thankful for the opportunity to provide feedback on the proposal for a directive of the European Parliament and of the Council amending Directive 2009/65/EC as regards the use of key information documents by management companies of undertakings for collective investment in transferable securities (UCITS).

Action needs to be taken to avoid that UCITS management companies are required to produce for the same product both a UCITS KIID and a PRIIPs KID. Such a situation would not only cause double efforts and costs, but also confusion for retail investors, because the disclosure requirements of both are not identical (as an example, investors would see different cost figures, because the cost figure under PRIIPs includes transaction costs, which is not the case for UCITS KIIDs).

Moreover, an expiry of the UCITS KIID for retail investors must be consistent with the availability of revised regulatory technical standards (RTS) at level 2 under PRIIPs.

From the outset, the fund and asset management industry held the view that the UCITS KIID should only be replaced by the PRIIPs KID if the latter was at least as good and reliable as the former. Discussions on revised PRIIPs level 2 rules took very long and were even suspended for a couple of months. Moreover, the review of level 2 rules was limited to only certain aspects (such as performance aspects), and the European Commission was not open to simultaneously perform a deep review of concurrent level 1 rules.

Views between the European Commission and the fund and asset management industry are split over the time needed to properly implement upcoming changes. Please refer to our detailed 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. In summary, **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** (depending on the time when the RTS will be published in the Official Journal of the EU). **Accordingly, the timeline for the replacement of the UCITS KIID for retail investors by the PRIIPs KID would have to be aligned, i.e. Article 2 of the proposed directive should refer to 31 December 2022.**

Moreover, we understand that the requirement to produce a UCITS KIID would be maintained for institutional investors. The fund industry regrets 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 for professional investors.**

Should professional investors even have the choice to receive a UCITS KIID or PRIIPs KID, a PRIIP KID may need to be produced for professional investors, which is contrary to the wording of the PRIIPs Regulation (recital 7 provides: “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.

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

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