

GFSC Statement

PRIIPS – Packaged Retail and Insurance- based Investment Products

PRIIPs

Packaged retail and insurance based investment products

Packaged retail and insurance based investment products (“PRIIPs”) (Regulation (EU) No 1286/2014) requires key information documents to be provided to clients on certain products.

PRIIP is a term used for certain financial products which may be sold to retail investors (retail investors as defined by MIFID II). Such products include investment funds, insurance-based investment products and structured term deposits. Entities may be caught by this requirement either as a manufacturer or a distributor;

Manufacturers:

PRIIPs defines a PRIIP manufacturer as the following:

- Any entity that manufactures PRIIPs;
- Any entity that makes changes to an existing PRIIP, including, but not limited to, altering its risk and reward profile or the costs associated with an investment in a PRIIP.

PRIIPs lays down uniform rules in respect of the format and content of the key information document to be drawn up by PRIIP manufacturers, and on the provision of the key information document to retail investors in order to enable retail investors to understand and compare the key features and risks of the PRIIP.

Distributors:

PRIIPs is complementary to measures on distribution in MiFID II, therefore, institutions must also familiarise themselves with PRIIPs to ensure compliance.

Next Steps:

The regulations are effective and all firms are expected to ensure compliance with the requirements.

Firms should familiarise themselves with the requirements and work on a timely plan to ensure compliance with the requirements.

Further information:

You can find a summary of PRIIPs by clicking on this [link](#) to European Union Law.

You can read the PRIIPS legislation by clicking on this [link](#) to European Union Law.

Further details on what the key Information Document should contain can be found [here](#):

PRIIPs – Frequently Asked Questions

This section will apply to both Directives; IDD and MiFID II.

In relation to Article 8 of PRIIPs Regulation, it would be useful to clarify what obligations do distributors (e.g. insurance distributors for IDD or Banks and MiFID firms for MiFID II) have to ensure that the provisions of Article 8 are met before distributing the KID? Article 8 is a requirement applicable to manufacturers, not distributors. Manufacturers will need to refer to the Commission Delegated Regulation (EU) 2017/653 for further information on what is required in the actual development of the PRIIP. Distributors, be it insurance distributors or banks and MiFID firms, are expected to understand if the product meets the clients' needs and the target market matches their intended target market.

Where the manufacturer of the product is not EU based, does the distributor have an obligation to ensure the KID meets PRIIPs requirements? All PRIIPs sold in the EU need to meet the information requirements as set out in the PRIIPs Regulation and the underlying regulations and standards. The KID should be drawn up by the PRIIP manufacturer, as they are in the best position to know the product. The manufacturer should be responsible for the accuracy of the key information document.

It may be useful to liaise with non-EU based manufacturers to establish how they are ensuring that they meet EU requirements and then establishing the best approach. In some cases, co-manufacturing is an option, but this will not be practical in every case. Please refer to co-manufacturing questions for further information.

In reference to Article 13 of the PRIIPs Regulation, given that there are delays by some Manufacturers used by Gibraltar firms in producing the KIDs, how should we proceed when advising clients on such products. Distributors can only provide a PRIIP if a KID is provided to them by the manufacturer. However, whilst the requirements are being considered, we understand that there are some delays and we are in contact with the industry associations to provide flexibility to distributors in the short term, whilst manufacturers understand the requirements and produce KIDs.

Bearing in mind the requirements of Article 13 of the PRIIPs Regulation, when a client executes a trade on an execution only basis what obligation does the Bank / MiFID firm have in providing the KID? It is expected that KIDs are provided to clients even when selling a product on an execution only basis. Depending on how the execution takes place (e.g. directly by the client), arrangements in place should make it possible for the KID to be sent without delay after conclusion of the transaction. For insurance distribution they should specifically consider limitations and requirements on execution only business as set out in the IDD and in the underlying regulations relating to complex transactions.

As per Article 19(a) of the PRIIPs Regulation, retail investors must have an effective way of submitting a complaint against the PRIIP manufacturer. Would the provision of contact details for the manufacturer suffice? The KID should have details of the complaints approach with different methods for sending complaints to a manufacturer e.g. dedicated line, e-mail etc. The manufacturer should also have an established process to deal with complaints.

Consumers should also be provided with information on the intermediary/distributor to deal with complaints on for example, the advice provided - this needs to be provided on the IBID.

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