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Changes to PRIIPs Regime

Of particular interest to: manufacturers and distributors of PRIIPs, including UCITS

In brief

The FCA has introduced changes to the framework of PRIIPs (packaged retail and insurance-based investment products), including an overhaul of the key information document (**KID**).

Summary

As a reminder, before a PRIIP is 'made available' to retail investors, the PRIIP manufacturer is required to prepare a KID, the format of which is set out in Regulatory Technical Standards (RTS) – although see below for the situation regarding UCITS and NURS.

The changes to the RTS will:

- **replace** the requirement and methodologies for presentation of performance scenarios in the KID with a requirement for narrative information on performance to be provided
- address concerns pertaining certain applications of the slippage methodology when calculating transaction costs
- address the potential for some PRIIPs to be assigned an inappropriately low summary risk indicator in the KID

There is also a new sourcebook in the FCA Handbook – the Product Disclosure sourcebook (**DISC**). Although it is fairly brief it offers guidance on when a PRIIP is deemed not 'made available' to a retail investor (DISC 2.3.1) and clarifies that a financial instrument issued before 1 January 2018 and which is traded on secondary market is not a PRIIP (DISC 2.2.5).

The changes came into force on **25 March 2022** – however there is a **transitional period** which will end on **31 December 2022** by which date firms must apply the new requirements.

There is an **exception** to the requirement to produce a KID when the PRIIP concerned is a **UCITS** or a **NURS**.

A UCITS management company **must** produce a UCITS key investor information document (KIID) instead of a KID until 31 December 2026. On the other hand the authorised fund manager of a NURS is permitted to offer **either** a NURS-KII document **or** a KID until that same date (COBS 13.1.1B and COLL 4.7) – see

also pages 20 and 21 of PS22/2 which offers insight regarding EEA UCITS.

Useful Links

[PS22/2](#)

[RTS \(UK\)](#)

[DISC](#)

[PRIIPs - FCA web page](#)

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