

To: Single Market Committee, Public Affairs Group, Communications & PR, Life Committee

EC launches consultations on PRIIPS and IMD

| Latest Developments

The European Commission has launched today 26 November two consultation papers on [PRIIPS](#) and the review of the [IMD](#). The EC reiterates its proposals on delivering PRIIPS project in two separate work streams: 1) a new horizontal instrument on key investor disclosures to allow for more transparency and comparability between different types of PRIIPS and 2) amendments to IMD and MiFID regarding the rules on selling practices.

With regards **PRIIPS**, the EC's consultation sets out a number of options and possible measures with regards disclosure requirements. The EC has also published two studies on the costs and benefits of new rules of disclosure for insurance and non-MiFid PRIIPS, carried out by Europe Economics, and a second one on Consumer Decision-Making in Retail Investment Services. A third study assessing current investment advice practices across Europe is being finalized and will be published shortly. A draft Directive is expected by the end of 2011.

- The EC proposes its own PRIIPS definition which is based on an element of "packaging" and "investment": *"A PRIIP is a product where the amount payable to the investor is exposed to fluctuations in the market value of assets or payouts from assets, through a combination or wrapping of those assets, or other mechanisms than a direct holding"*.
- The EC makes distinction between the different pillar pension products noting that the third pillar pensions might have some characteristics of PRIIPS. The EC will wait to see the outcome of the Green paper on pensions before taking decisions.
- The EC proposes a new legislative instrument on products disclosures, including Level 1 measures and implementing measures. At the level of implementing measures, the EC considers conducting different investor tests to identify the best way of disclosing key information about the risk, costs, guarantees and performance for different PRIIPS types.

The consultation on the revision of the IMD outlines EC's concerns regarding consistent IMD application across EU, and identifies a number of areas where improvements of IMD provisions will be necessary, including conflicts of interest and transparency. The EC plans to introduce into IMD two separate regimes for sales of general insurance and insurance PRIIPS sales.

- The EC seeks views on how to improve information requirements (for both insurance intermediaries and insurance undertakings), whether a MiFID inspired definition of "advice" should be introduced into IMD and whether insurance products could be sold without advice.
- The EC wants to adopt rules on conflicts of interest for all insurance products. However, for PRIIPS insurance, MiFID is the benchmark.

| Next steps

The CEA will reply by the deadline of **31 January 2011**.

| For more info

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