

To: John Berrigan, Director General
Ugo Bassi, Director
Sven Gentner, Head of Asset Management Unit
DG FISMA, European Commission

Subject: Need to maintain a 12-month implementation timeline for the revised PRIIPs RTS

Brussels, 13 July 2021

Dear Mr Berrigan, dear Mr Bassi, dear Mr Gentner,

The European Association of Public Banks (EAPB), the European Fund and Asset Manager Association (EFAMA), the European Savings and Retail Banking Group (ESBG), the European Structured Investment Products Association (EUSIPA) and Insurance Europe understand that the European Commission is planning to adopt its amendments to the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive by mid-July. However, in contrast to earlier plans, it is likely that the adoption of the draft Regulatory Technical Standards (RTS) amending Commission Delegated Regulation (EU) 2017/653 will be postponed until after the summer break, due to delays with the translations into all official EU languages.

We also understand that, despite the unexpected postponement of the adoption of the revised RTS, the European Commission intends to maintain 1 July 2022 as the date the new requirements apply to all product manufacturers, including those offering multi-option products (MOPs) with UCITS as underlying investment options.

While we support the Commission's approach of synchronising the application dates for all products and providers, the unexpected delay to the adoption of the revised PRIIPs RTS would cut the implementation period for the industry by three months. This leaves PRIIPs manufacturers and distributors with only nine months instead of the original timeframe of 12 months to implement the new rules.

An implementation period of nine months is too short, especially for new rules that relate to communication with investors and potential investors. It will be important, if we are to achieve the desired outcomes of better trust and understanding among investors and potential investors, to ensure that we get this right, rather than having to make subsequent adjustments with the consequent confusion and reputational damage that that could cause.

Any amendment to the PRIIPs RTS requires significant implementation efforts involving numerous departments and competences to interpret the new requirements, to gather new data, to make actuarial and financial calculations, to properly plan and make changes to software and other IT systems, to redesign the templates, to test the calculations and design, to legally assess the narratives and figures, to possibly translate them into different languages, to draft new documents and to adapt the training for distributors, in addition to the digital developments beyond the PRIIPs KID to implement the new website disclosure requirements, etc.

Moreover, the PRIIPs value chain involves many stakeholders that are dependent on each other during the implementation of the RTS. For example, many PRIIPs that are sold by insurers are MOPs that provide investors with a combination of different underlying funds. Where the underlying funds are UCITS, insurers need the data and documents produced by UCITS providers to comply with the PRIIPs Regulation. As the new rules will apply to both insurers and UCITS providers, MOPs providers will need sufficient time to collect the data from UCITS providers — once available based on the new rules — and to update all their existing pre-contractual information for MOPs, update and store all KIDs on their websites, etc.

This requires a long structural dialogue between insurers and asset managers in order to agree on the practicalities of data exchanges. An implementation period that is too short could lead to poor implementation

of the rules or even force some operators to suspend the distribution of certain retail investment products, which would be detrimental to consumers' participation in the capital markets and trust in the information they receive.

Therefore, to ensure an orderly and smooth implementation and application of the revised RTS, we urge the European Commission to **maintain a 12-month implementation period from the adoption of the RTS proposals as the minimum time needed by all market participants**. We would also call on the Commission to maintain this timeframe should there be further, unintended technical issues outside of market participants' control that further delay the Commission's adoption of the revised RTS.

As the political scrutiny of the revised RTS by the European Parliament and the Council will also take some time, we would also appreciate an expedited procedure by the co-legislators to facilitate publication in the EU Official Journal as soon as possible and a smooth implementation of the new rules.

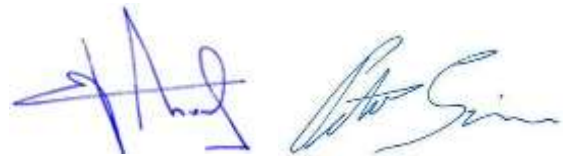
Yours sincerely,



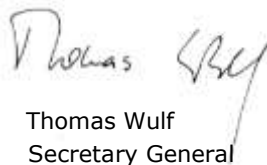
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Secretary General
EAPB



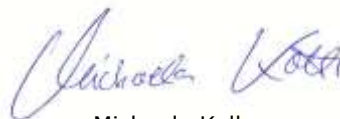
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