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Luxembourg Newsflash - 25 May 2023

Making the PRIIPs KID more consumer friendly

As part of its EU Retail Investment Strategy, the EU Commission is proposing targeted amendments to the PRIIPs KID aimed at improving the information disclosed within it.

On 24 May 2023, the EU Commission published its EU Retail Investment Strategy (RIS) and put forward a package of legislative measures in the form of a proposal for a Directive as regards the Union retail investor protection rules (**proposed RIS Directive**), coupled with a proposal for targeted amendments to the Level 1 PRIIPs Regulation (**PRIIPs Regulation**).

The targeted amendments to the PRIIPs Regulation complement the measures on product disclosures to be made under the proposed RIS Directive. For more detailed information on the proposed RIS Directive, [please click here](#)_

In addition, the EU Commission also proposes to introduce a new section into the PRIIPs KID covering the environmental sustainability of the relevant financial product and its expected greenhouse gas emission intensity.

Improving consumer friendliness

To make the PRIIPs KID easier to read, the proposed amendments introduce a new section called 'Product at a glance'. In this section, PRIIPs manufacturers will be required to summarise and highlight information about the investment product type, its total costs, the risk indicator, the recommended holding period and the existence of insurance benefits set out in the PRIIPs Regulation.

The 'comprehension alert' will be removed. The EU Commission's view is that the alert was not sufficiently effective in warning retail investors against particularly complex products and, conversely, might have unintentionally discouraged retail investors from purchasing less complex investment products.

Amendments to the rules for presenting the costs of multi-option products (MOPs) are also proposed. The amendments suggest that retail investors should be provided with tools, including simulation tools, to access and compare the total costs of a relevant PRIIPs before they select a particular investment option.

Finally, the EU Commission wants to make using the electronic format more flexible, so that investors benefit fully from the potential offered by the provision of a KID in electronic format, for example by being able to customise the amount they wish to invest or the holding period, according to their preferences.

Improving disclosure about sustainability performance

The EU Commission proposes removing the existing reference to environmental and social objectives pursued by the investment product and replacing it with a new section called 'How environmentally sustainable is this product?'. The new section must provide the retail investor with a harmonised set of key information on the sustainability profile of relevant investment products. It builds on existing product disclosures. The European Supervisory Authorities (ESAs) will draft delegated legislative acts specifying the content of the new section.

Clarifications of scope

Targeted amendments to a number of definitions will further clarify the scope of the PRIIPs Regulation.

Next steps

The legislative proposal is now subject to scrutiny by the EU Parliament and the Council of the EU. Once adopted by the EU co-legislators, the proposed amendments to the PRIIPs Regulation will enter into force on the 20th day following its publication in the Official Journal of the EU and will apply 18 months after its entry into force.

At Arendt, we will continue to analyse the amendments to be introduced by the proposed RIS Directive and the targeted amendments to the PRIIPs Regulation. For any further information, please reach out to your usual contact in the **Fund Formation** team, the **Banking & Financial Services** team, **Insurance & Reinsurance Law** team or within our **Regulatory & Consulting** branch.

- [Access the EU Commission's press release on its EU retail investment strategy](#)
- [Access the proposed RIS Directive, and its Annexes](#)
- [Access the proposed targeted amendments to the PRIIPs Regulation](#)

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