

# Update of ESA Q&As on the PRIIPs KID

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On 14 November 2022 and 21 December 2022, the ESAs published an updated version of their Q&A on the on the PRIIPs Key Information Document (KID). The document now includes both Q&As relating to (i) the rules originally included in Commission Delegated Regulation (EU) 2017/653 (“**Regulation 2017/653**”) supplementing the PRIIPs Regulation and (ii) the amendments introduced in Commission Delegated Regulation (EU) 2021/2268 (“**Regulation 2021/2268**”) that are only applicable as from 1 January 2023.

The Q&As regarding the following sections have been updated / completed:

- General topics
- ‘What is this product?’(new sub-section)
- Market risk assessment (sub-section Product categories)
- Performance Scenarios
- Past performance
- PRIIPs with a RHP of less than one year
- Derivatives
- Multi-option products
- Investment funds
- Autocallable products
- Methodology for calculation of costs (which includes the list of (i) cost of investment funds, (ii) costs other than investment funds, (iii) transaction costs, (iv) costs of insurance-based investment products, (v) calculation of the summary cost indicators, and ((vi) presentation of

costs)

It is important to note that one of the new Q&As in the 'General topics' section stresses that it is not possible to produce before 1 January 2023 KIDs complying with the requirements of Regulation 2021/2268 and that all KIDs published prior to that point need to comply with the existing requirements in Regulation 2017/653.

With respect to UCITS and AIFs, the new sub-section 'What is this product?' clarifies that, as from 1 January 2023, KIDs have to clearly disclose whether the product is actively or passively managed. If the UCITS/AIF is actively managed in reference to an index, additional disclosure requirements apply. Most of the explanations provided in this context are essentially the same as those currently contained in ESMA's Q&A on the application of the UCITS Directive. In addition, further clarifications are provided regarding the information to be included for index-tracking (leveraged) UCITS and ETFs.

The new section on investment funds applicable on 1 January 2023 clarifies that:

- the rules concerning the UCITS KIID still apply in certain specific situations (e.g., where a UCITS is not made available to retail investors in the EU in accordance with Article 5(1) of the PRIIPs Regulation, the UCITS management company is required to draw up a key investor information document in compliance with the rules in the UCITS Directive, Commission Regulations (EU) 583/2010 and the corresponding ESMA Q&As, unless it has decided to draw up a PRIIPs KID);
- existing retail investors switching from one sub-fund to another of the same UCITS umbrella must receive the KID for the sub-fund they are switching to;
- a separate KID shall be produced for each individual share class but information relevant to two or more share classes may be combined into a single KID provided the resulting KID complies in full with all KID requirements (including the limit on length);
- UCITS/AIFs may also select a class to represent one or more other classes of the UCITS or AIF provided the information in the KID is fair, clear and not misleading to prospective investors in those other classes (particularly where charging structures differ between classes).

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