



Monday, 27 November 2017

## Updated PRIIPs KID Q&A

On 20 November, the Joint Committee of the European Supervisory Authorities ("ESAs") published an updated set of [Q&As](#) in relation to the key information documents ("KIDs") to be provided in accordance with the EU packaged retail and insurance-based investment products regulation ("PRIIPs Regulation"). The Q&A supplements the PRIIPs Regulation and the related technical standards and cover a variety of issues.

**There are a number of new questions, two of which are of particular interest.**

- Question 2 (on pg 4) deals specifically with the application of the requirement for a KID where an investment product is listed on a regulated market and helpfully concludes that this does not mean that KID is automatically required, provided that the firm has "defined the product" as being meant only for non-retail investors. No further details on what "defined the product" entails has been provided.
- Our view is that this question is not aimed predominantly at investment products which are listed on the Main Market of the London Stock Exchange but, instead, at those investment products which are listed in jurisdictions which provide a market to raise capital from institutional investors, such as the Gibraltar Stock Exchange and The International Stock Exchange (which covers Guernsey, Jersey and the Isle of Man). That is not to say that a fund listed on the Main market would never fall within this category but only in unusual circumstances would such a fund be able to demonstrate that it is not targeting retail investors (such as in an end of life scenario).
- Secondly, Question 4 (on pg 25) gives, for the first time, an answer that the template wording in the KID can be amended where it is misleading and then specifies those changes for an OTC derivative. Whilst this is clearly not of direct relevance to investment funds, it does lend some weight to the argument that the template KID wording could be amended to remove references which are misleading whilst still ensuring that the KID contains the key information needed to make an informed investment decision. This is relevant in the context of a listed fund share as many aspects of the standardised template do not contemplate the varied attributes of differing products, e.g. that a listed funds share is expected to be sold on market rather than redeemed. Following publication of this new question, relevant industry bodies, whilst already having published useful guidance on the PRIIPs Regulation and KIDs, may now be looking to update such guidance and lobby the Financial Conduct Authority to adopt a bespoke template KID for the listed funds community.

# TRIVERS SMITH

---

The PRIIPs Regulation will take effect on 1 January 2018. The Travers Smith Funds team have built up extensive experience in advising listed funds and sponsors on the practical steps that need to be taken in preparation of the PRIIPs Regulation coming into force. For further information, please contact your usual contact at the firm.

## FOR FURTHER INFORMATION, PLEASE CONTACT

---

10 Snow Hill  
London EC1A 2AL  
T: +44 (0) 20 7295 3000  
F: +44 (0) 20 7295 3500  
[www.traverssmith.com](http://www.traverssmith.com)



### **Aaron Stocks**

Partner, Investment Funds

E: [aaron.stocks@traverssmith.com](mailto:aaron.stocks@traverssmith.com)  
T: +44 (0) 20 7295 3319



### **Will Normand**

Partner, Investment Funds

E: [will.normand@traverssmith.com](mailto:will.normand@traverssmith.com)  
T: +44 (0) 20 7295 3169