

Transparency rules for investment products adopted by Council

The Council adopted a regulation aimed at improving market transparency for retail investors.

The regulation is part of a package of measures to boost consumer trust in financial markets. It sets out to ensure that retail investors always receive the information they need to take informed decisions.

The text covers packaged retail and insurance-based investment products (PRIIPs), specifically investment funds, structured deposits and life insurance policies with an investment element.

Retail investors often face confusing and overly complex information about PRIIPs. Asymmetries of information make both risks and the cost of products difficult to assess or compare. Disclosures vary according to the legal form a product takes, rather than its economic nature or the risks it entails for retail investors. This can lead the purchase unsuitable products, thus undermining the efficiency of investment markets and leading to higher prices.

The regulation requires key information documents to be drawn up for PRIIPs. It lays down uniform rules on the format and content of key information documents and on their provision to retail investors.

Key information documents should indicate:

- the nature and features of the product;
- whether it is possible to lose capital;
- the costs and risk profile of the product;
- relevant performance information.

Format, presentation and content should be calibrated to maximise understanding of information and to allow retail investors to compare different PRIIPs. Retail investors should have an effective right of redress under the applicable national law.

Where applicable, investors should be informed whether the product contributes to projects with environmental or social aims.

The regulation does not apply to:

- non-life insurance products;
- life insurance contracts whose benefits are only payable upon death or in the event of incapacity due to injury, sickness or infirmity;
- deposits other than structured deposits and securities;
- officially recognised pension schemes;
- pension products whose primary purpose is to provide the investor with a retirement income;
- individual pension products for which an employer contribution is required.

The new requirements will be applicable two years after entry into force of the regulation. This will allow "manufacturers" of PRIIPs and those advising on or selling them sufficient time to prepare for the new rules.

A review will be carried out after four years to take account of market developments, such as the development of new types of PRIIPs.

Undertakings for collective investment in transferable securities (UCITS) will not be subject to the regulation for five years. These are already subject to key information requirements under other EU rules (directive 2009/65/EC). As part of the review of the regulation, the Commission will assess whether the five-year transition for UCITS should be prolonged.

The regulation was adopted at a meeting of the Agriculture and Fisheries Council, without discussion. This follows an agreement reached with the European Parliament at first reading.

More information:

[Full text of the regulation on transparency for investment products \(PE-CONS 91/14\)](#)
