



Communication FSMA_2021_13 of 17/06/2021

Feedback Statement containing the conclusions of a qualitative examination of PRIIPs KIDs

Scope:

This Communication is addressed to manufacturers who distribute packaged retail and insurance-based investment products (PRIIPs) in Belgium and are required to draw up a Key Information Document (KID).

Summary:

The requirement to publish a KID for an offer of PRIIPs to retail investors has been in force since early 2018. The KID is to contain the key information about a financial product. The aim is to enable retail investors to have all the information necessary to make an informed investment decision and to facilitate comparisons between such products. Manufacturers who offer PRIIPs in Belgium must notify the KIDs to the FSMA prior to marketing these products.

The FSMA examined a representative sample of KIDs notified between 1 January 2018 and 28 February 2021 to assess their quality.

The checks conducted by the FSMA show that complying with the objectives of the PRIIP legislation pose a challenge for the sector. The FSMA has observed that manufacturers do not always apply the PRIIP Regulation consistently (for example, where they describe the investment objectives or the retail investor for whom the PRIIP is intended). As a result, KIDs are not always of sufficient quality to be truly useful to retail investors. Most KIDs do not provide retail investors with sufficient information about the features and risks of the product. Some manufacturers seem to devote a great deal of effort and resources to the drafting of their advertisements but are less attentive to the quality of their KIDs.

The FSMA expects the sector to make efforts to improve, in particular, the clarity and comprehensibility of KIDs in order to meet the clear objective of the European legislators, which is to provide retail investors with a useful document that enables them to compare the characteristics of different products and to make an informed investment decision.

In the absence of clear improvement in the quality of the KIDs after three years of examination and individual feedback provided to a number of initiators, the FSMA will now take the appropriate measures.

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1 Objectives of the PRIIP Regulation

The PRIIP Regulation¹ provides for a Key Information Document (KID) to be published for each packaged retail and insurance-based investment product (PRIIP). A PRIIP is a financial product that offers retail investors an exposure to the financial markets without the investor directly purchasing the underlying assets or reference values. This concept includes:

- class 21 life insurance contracts with the possibility of profit-sharing;
- class 23 life insurance contracts;
- structured investment instruments; and
- structured deposits.

A plain vanilla share or bond², on the other hand, does not fall within the definition of a PRIIP, and is therefore not within the scope of the Regulation.

The PRIIP Regulation is aimed mainly at ensuring that retail investors receive the information necessary to make an informed decision. It also helps reinforce comparability between the different financial products³. The KID is given to retail investors to enable them to understand and compare the main features and risks of the PRIIP⁴. The document must be precise, fair, clear and not misleading⁵.

It contains key information about the financial product, in particular as regards the nature and features of the product, including the potential risk of losing the capital, the costs and risk profile of the product, the recommended holding period, and other relevant performance information.

The manufacture of the product, that is, the credit institution, investment firm or insurance company that is responsible for the creation of the product, must draw up a KID for each PRIIP before making the product available to retail investors⁶.

The KID is not considered a marketing communication because its drafting, its form and its contents are mandatory. The KID is a regulated document and constitutes pre-contractual information. The FSMA does not approve KIDs prior to their distribution. However, they must be notified to the FSMA in advance⁷. The practical modalities and exemptions from this notification were laid down in a royal decree and a communication by the FSMA⁸.

2 Objectives and contours of the qualitative examination of KIDs carried out by the FSMA

Since the entry into force of the PRIIP Regulation⁹, the FSMA has conducted a qualitative examination on the KIDs that have been notified to it. The examination covered a representative sample of KIDs notified between 1 January 2018 and 28 February 2021 for insurance products and structured products (in the form of investment instruments and insurance contracts) distributed in Belgium, both by Belgian and by foreign manufacturers (European and non-European). The FSMA examined at least one KID by each manufacturer that distributes these products in Belgium.¹⁰

The qualitative examination was intended to check the contents of the documents and see whether they comply with the PRIIP Regulation. The examination was not intended to be an exhaustive check of whether all points of the legislation have been complied with¹¹. The aim was to obtain a general overview of the quality of the KIDs provided to the Belgian public, in order to be able to evaluate their added value to investors. Three years after the entry into force of the legislation, the FSMA is able to formalize its findings. Before publishing its conclusions, the FSMA considered it useful, on the one hand, to give the sector time to comply with these new rules and, on the other hand, to analyse a sufficiently large and extensive sample of KIDs over time, leaving room for progress.

After contacting the supervised manufacturers individually, the FSMA now wishes to share with the financial sector the most important and most frequent observations and remarks raised as a result of this examination. This Feedback Statement is forward-looking. It is intended to draw the attention of all manufacturers, in an educational manner, to the points that the FSMA considers the most relevant to enhance the utility of KIDs for retail investors.

The FSMA is aware, however, that some problems will also have to be discussed at European level.

3 Observations following the qualitative examination

3.1 *Clarity, comprehensibility and usefulness of the KIDs*

3.1.1 *Clarity*

In order to provide retail investors with key information that is easy to read, understand and compare, Annex 1 to the PRIIP Delegated Regulation¹² provides a mandatory common template. PRIIP manufacturers are required to draw up the KID based on this template. They must comply with the section order and titles set out in the template. It is a short document of maximum three pages.

The examination conducted by the FSMA indicates that several manufacturers do not comply strictly with the template. In most cases, the shortcomings are minor and involve form rather than content. Sometimes, the manufacturers do not include (word for word) the texts provided in the template, or

they do not cite the titles correctly. Some add further elements. A foreign manufacturer had, for example, provided a space at the bottom of the KID where the policyholder was to sign. This an element that is not included in the KID template.

The FSMA repeats, therefore, the obligation for manufacturers to comply strictly with the template included in Annex I of the PRIIP Delegated Regulation.

The FSMA has also observed, when checking the KIDs for insurance-based investment products (hereafter 'IBIPs'), that several manufacturers tried to get around the 3-page maximum imposed by the PRIIP Regulation by including other information in addition to the KID in the same PDF file. The additional information often consist of a different presentation of the costs and tax rules that apply to the product. In such cases, the manufacturers use a creative page numbering to indicate that the KID is indeed limited to 3 pages and that the following pages should be considered separate documents. Such practices run counter to the strict layout and the 3-page maximum length imposed by the PRIIP Delegated Regulation. Therefore they cannot be accepted, since they do not meet the objective pursued by the legislation, which is to limit the extent of the information provided to investors.

The manufacturers of structured investment instruments generally respect the 3-page maximum length for each KID. However, they use very small fonts and line spacing. The use of such small characters sometimes makes the texts in the KID difficult to read. Formal compliance with the number of pages in the KID must not hamper the legibility and comprehensibility of the document. In this regard, the FSMA has also observed that some manufacturers include warnings or disclaimers (mainly in the "Other relevant information" section of the KID). Such information includes the fact that the document does not constitute advice or a recommendation to purchase. In other cases, it is the provider of the underlying index, where applicable, that wishes to renounce all responsibility. This information, not provided for in the PRIIP Regulation, is not relevant for the investor. They tend to overload the KID and make it denser and more difficult to read.

The FSMA reiterates the legal requirement to use clear and brief language so as to provide correct and clear information, which means using a legible font size, not exceeding the prescribed number of pages and respecting the template provided for by the legislation. Information that is not provided for by the regulation, which tends to limit the responsibility of the manufacturers or other parties, are of no use to investors and are prohibited.

3.1.2 *Technical jargon*

The FSMA also concluded from its examination that the language used, especially when it comes to explaining a product's objectives, is too technical and difficult to understand. These technical terms are generally not defined. The following terms are found in KIDs: internal investment fund, money market instruments, repurchase value, SICAV (in Luxembourg), guaranteed interest rate period, mathematical reserve, separate management, implied volatility, EMTN, barrier conditional coupon, *quanto* participation, withdrawal of hedging arrangements, barrier level, floating coupon, bid-ask spread, secured credit , etc.

The FSMA understands that it is sometimes necessary to use certain technical terms relating to financial products. However, it recommends that these be limited to what is strictly necessary. It advises that these technical terms be replaced by an equivalent in ordinary language that all retail investors can understand. Where technical terms cannot be avoided, they must be defined and explained.

At the same time, the manufacturers also use very long and complex legal descriptions. The latter do not meet the requirement that KIDs should be written in language that is easy to understand. Moreover, some legal formulations are incorrect or incomplete. For example, several manufacturers refer to the management rules of class 21 insurance products, whereas in fact there are no management rules for those products.

The general terms and conditions of insurance products are often complex. Preparing the “What is this product?” section of the KID in a clear, brief and easily understandable manner is thus often a challenge for these types of products. The FSMA is of the opinion that it is not sufficient to copy the general terms and conditions of the insurance product into this section of the KID but that the characteristics of the product should be explained in a different manner.

The technical jargon should be kept to a minimum and, wherever possible, replaced by an equivalent in plain language that every retail investor can understand. The technical terms should always be defined and explained. Including lengthy legal descriptions in the KID, such as those found in the general terms and conditions of the product, is not in line with the objective of the European legislation.

3.1.3 *Comprehensibility and comparison*

The KIDs can facilitate the comparison of products of the same type. Thanks to the predefined structure of the KID, investors will always find the same headings in the documentation (such as the headings relating to costs, risks and performance scenarios) at a familiar location. This structure will enable investors, in principle, to quickly compare a larger number of products. The standard texts containing the objective of the KID and any warnings of the complexity of the product are also important elements. They constitute a solid foundation to allow less experienced investors to understand the nature of the product and the document.

In order to make such comparisons, it is essential, however, that all PRIIP manufacturers use similar concepts for products with similar features. The FSMA noted, during its examination of the KIDs, that this was not always the case.

For example, there is a lack of uniformity in the terms used to describe the legal form of structured investment instruments. The following terms are used, for example: debt security, structured debt instrument, structured debt security, bond, note, security, structured debt security, unsecured debt instrument, etc. Although there is no legal definition for a structured investment instrument and the PRIIP Regulation does not prescribe specific terms, this makes comparison among investors more difficult for the investor. He or she may think that different types of products are involved even where these various names refer to the same thing. Still other terms are used in sales brochures, so that there is little consistency in all the materials and they are difficult for retail investors to understand. The FSMA recommends wherever possible the use of similar terminology across different documents intended for clients¹³.

The comparison of different types of products remains just as complicated. This is particularly evident when we try to compare insurance products with other types of products. Insurance products do differ considerably from other financial products, since they generally offer a specific cover in the event of the death of the policyholder. Furthermore, most insurance contracts are linked to several different investment assets whose features vary and that significantly impact the expected return, the risks and the costs of these types of insurance.

In spite of the standard headings to be used in KIDs, the FSMA has noticed that comparison of several financial products remains difficult.

The manufacturers should try to facilitate comparison among different products. As far as possible, they should use a similar terminology in the different documents intended for clients.

3.1.4 *Automation of KIDs*

Several of the problems identified are due to the fact that the drafting of KIDs is often automated, using IT tools. These tools are sometimes developed by service providers who are external to the manufacturers. In such cases, the manufacturer introduces the specific features of a financial instrument into a database, and the KID is generated automatically. This practice seems detrimental to the quality of the documents, notably in terms of the description of the objectives of the financial product and the target market. The FSMA noted this phenomenon principally among structured products. Yet these products are marked by pay-offs and diversified mechanisms, often difficult for retail investors to understand. Manufacturers who use automation should be especially careful to ensure that the functioning of such products and the mechanisms by which their returns will be determined are presented appropriately to investors.

The KID should contain a generic description of how the product works. In the explication provided, certain words should be printed in bold, such as the observation date for the interest, the payment date of interest, the underlying asset, the date of issue, etc. It is in these tables that the relevant dates for the product are entered, as well as the name of the underlying, the amount of any coupon, etc. To try to understand how the product works, an investor therefore has to combine a generic text with one or more tables in several different parts of the KID. This makes reading and understanding them very laborious.

The FSMA understands the benefits of automation, in particular for standardized products (such as Turbo certificates), where the issuer launches several thousand very similar products. For other products, by contrast, in particular those that are the subject of a specific advertising campaign, the FSMA has noticed that the quality of the advertising documents is often much higher than the quality of the KIDs. The added value of automation for such products is open to question. Automation must not hamper the legibility and comprehensibility of the KID.

Where the manufacturers use IT tools to draw up the KIDs by an automated method, they must ensure that the automation does not hamper the legibility and comprehensibility of the KID for investors.

3.1.5 *Usefulness of the KID for retail investors*

The KID is intended to be a useful document for investors. It summarizes the key information on a financial product, with a view to enabling retail investors to make an informed investment decision. The use of a template that includes predefined headings and mandatory information helps make the document familiar to investors and facilitates comparison among different types of investment product. Investors know where they can find the information they are looking for, be that the type of product, the costs or the expected return. In principle, this should enable investors to easily find the important information about the product and to make comparisons.

In view of the above, however, the FSMA has concluded that these documents do not always achieve a sufficiently high quality to be really useful to investors. The presentation of the document, the technical jargon used or the lack of consistency in some of the information significantly impede that usefulness.

3.2 Key information for retail investors

3.2.1 The objectives of the PRIIP and the means for achieving them

The section of the KID titled “What is this product?” contains information about the nature and key features of the PRIIP. It states the objectives of the product and the means for achieving them. It contains among other things a description of the underlying instruments or reference values, specifying the markets the product invests in as well as the how the return is determined¹⁴.

The description of the objectives and of the means for achieving them is often too general. It does not allow investors to understand exactly how the product works, the sector(s) in which it invests, the underlying values or the nature of its exposure (direct or indirect) to those assets.

The FSMA has observed that manufacturers generally describe the objectives of IBIPs as follows:

- For class 21 products, information is provided on the guaranteed interest rate and the possibility of allocating profit sharing.
- For class 23 and class 44 products, the different types of underlying assets (funds) are mentioned. However, the KIDs do not always describe clearly the sector(s) in which these underlying assets are invested. The geographical distribution of these classes of underlying assets is often stated in a very general and vague manner.

The functioning of structured investment instruments and the mechanisms used to determine the return are often unclear as well. The information provided on the underlying values, a key element of the description of a product, is generally insufficient. Only the name of the underlying index(es) is given. Generally, no mention is made of the market segment that this index represents. The objectives of the underlying and its features are not described. Moreover, there is not always sufficient information on how the return is determined, on the link between the return and the underlying or on the nature of the exposure (direct or indirect). For example, the KID does not always indicate whether the index will be used to determine the value of the variable coupons and/or the reimbursement at maturity. These inadequacies seem to be linked specifically to the automation of KIDs (see point 3.1.4 above).

Information on the objectives and functioning of the financial product is indispensable to enabling investors to understand the product and make decisions. The FSMA therefore stresses the legal obligation to explain clearly in the KID the objectives of the PRIIP and the means for achieving them, including information on the underlying assets.

3.2.2 Description of the type of retail investor

The FSMA has observed that the description of the type of investor for whom the PRIIP is intended does not always comply with the PRIIP legislation. The description must be based upon the ability of retail investors to bear investment loss, their investment horizon preferences, their theoretical knowledge of and past experience with financial products, as well as the needs, characteristics and objectives of the potential end clients¹⁵.

The description provided is often quite generic and abstract. Manufacturers use vague concepts such as “sufficient knowledge and experience”, “progressive savings”, “minimum basic knowledge”, “a number of similar products”, “a similar exposure to the market”, “a compatible risk level”, etc., without explaining precisely what these concepts refer to. Generally, there no distinction is made between theoretical knowledge and practical experience. Moreover, the specific features of the product are rarely taken into account to determine the type of target investor. Manufacturers should

take into account in particular the underlying values of the product, the currency in which the product is invested and the insurance cover offered.

Sometimes the features described in the KID for a PRIIP are difficult to reconcile. For example, one manufacturer notified a KID intended for savers with a 10-year investment horizon, although the product showed a negative return at the end of the recommended holding period.

The definition of the ability of investors to bear losses is sometimes contradictory. Several KIDs mention, for example, that investors “accept the risk that the issuer does not pay or does not meet its obligations under the product”, while specifying that the same investors “are not ready or in a position to bear the loss of their investment”. A clear distinction should be made between the product’s guarantee of (partial) reimbursement, if any, of the capital and the credit risk, in order to avoid such contradictions.

The FSMA has observed on several occasions in the description of the target market of the KIDs for IBIPs that it examined:

- the investment horizon was not mentioned;
- The target market was described for the insurance contract but not for the assets underlying the contract. This has been noted both for the KIDs drawn up for the insurance contract and for specific information documents (hereafter “SID”)¹⁶.

The FSMA recalls the legal obligation to describe clearly the investor to whom the PRIIP is intended to be marketed. Manufacturers must take into account the specific features of the financial product and its underlying assets. They must also avoid using overly vague and generic terms and concepts.

3.2.3 *Information on the maturity of the product and the (automatic) termination date*

The KID must contain information on the product’s maturity and whether the PRIIP may be unilaterally terminated, as well as a description of the circumstances under which the product can be automatically terminated¹⁷.

This information must be included in the “What is this product?” section. However, the KID template does not provide for a specific location for these items.

The FSMA has observed that several manufacturers do not include this information in their KID. Other manufacturers provide some information, but often these are far too general.

AS REGARDS IBIPs, a manufacturer – insurance company – cannot in principle terminate an insurance contract unilaterally. The contract will end automatically only if the insured event occurs. The FSMA considers, however, that this information should be included as a standard item in the KID. This is relevant information to enable investors to understand the functioning of the insurance contract.

Structured investment instruments normally end at the initially defined maturity date. However, contractual documents sometimes give the issuer the right to terminate the contract unilaterally before maturity. The explanations provided in the KID about the issuer’s right to terminate the PRIIP unilaterally are often very vague and general. There is generally an indication that certain events which affect the underlying, the product of the manufacturer may give rise to adjustments or early reimbursement of the product, without providing further details. The FSMA understands that it is not always possible for the KID to include every possible ground for termination. However, investors should be able to understand, based on the KID, the main events that could give rise to a unilateral termination and their impact on the investment.

The KID must contain relevant information about the maturity of the PRIIP and the possibility of (automatic) unilateral termination. This information must be included in the “What is this product? Section”, including for insurance contracts.

3.2.4 *Recommended holding period and performance scenarios*

The FSMA has observed that performance scenarios for IBIPs are sometimes calculated over periods that are different from the recommended holding period. The performance scenarios must be calculated over the recommended holding period and should not diverge from that period. If the recommended holding period does not correspond to the period used in the performance scenarios, investors are not correctly informed of the potential return over the period in question. As a consequence, they might be misled.

The FSMA recalls the legal obligation to calculate the performance scenarios for three separate periods: after 1 year, halfway through the recommended holding period and the end of the recommended holding period.

3.2.5 *Disinvestment procedure*

The KID contains a description of the procedure for disinvestment. Where disinvestment is possible, the KID must describe the impact that exiting before maturity will have on the risk profile or the performance of the PRIIP, as well as on the applicability of capital guarantees.

The FSMA has observed that many KIDs do not contain this information. In other cases, the information provided was very incomplete and general.

Where information is provided, the language used is technical in nature. For structured products, the explanations provided do not distinguish between the normal circumstances for redeeming a product prior to its maturity and the exceptional circumstances under which a product may be terminated (see also point 3.2.3.).

Moreover, most manufacturers do not give information on exit costs, nor do they refer to the table of costs provided in another section of the KID.

The FSMA asks manufacturers to ensure that this information is systematically included in the KID, in line with the applicable legislation. The information provided must enable retail investors to understand whether they can sell or redeem their product before the stated maturity, and if so, how. Investors should also be informed of the impact that such disinvestment will have on the risks and the expected return, of whether there is a capital guarantee at maturity, and of the costs involved. In this regard, it is also important to be attentive to consistency of the statements concerning the liquidity of the investment product.

The KID must contain information on the possibility of disinvestment, and on the impact such a decision will have on the risks and the expected return, and on any capital guarantee and the applicable costs.

3.2.6 *Description of tax treatment in the “Other relevant information” section*

The KID template includes a section titled “Other relevant information”. This section may contain a brief indication of the supplementary information documents that may be provided to retail investors in the pre- and/or post-contractual phase other than marketing communications.

In practice, the FSMA has found that many KIDs for IBIPs mention, in this section, the tax treatment of the product. The tax regime that applies to IBIPs is information that is relevant for the policyholder. The PRIIP Delegated Regulation does not, however, require this information to be included in the KID.

However, the FSMA accepts that a brief description of the tax treatment be provided in this section, provided that reference is made to another document that contains more information on tax treatment. The additional document must not constitute marketing, since the PRIIP Regulation does not allow references in the KID to marketing material¹⁸. In practice, the document must be provided separately and cannot be attached to the KID.

- For class 21 products, where tax treatment is an important item of information, the FSMA accepts the inclusion of tax treatment on a supplementary page. That page (i) may not be attached to the KID by default (this means that it cannot be included with the KID in a single PDF file) and (ii) must indicate clearly that this document is made available to retail investors upon request. Lastly, this document may not contain any advertising statements.
- For class 23 products, the FSMA accepts a reference to the management rules for the description of tax treatment.

The KID can contain a brief description of the tax treatment in the “Other relevant information” section, provided that reference is made to another document that contains detailed information and that does not constitute a marketing document.

3.3 Multi-Option Products (‘MOPs’)

The FSMA has also examined several KIDs for MOPs. The MOPs in question are class 23 insurance contracts where the policyholder has a choice among different underlying investment options (funds).

In the case of MOPs, most of the problems identified were for products whose manufacturer had drawn up a generic KID and SIDs. These problems are generally due to the fact that no link is made between the generic KID and the DIS, which further decreases the usefulness of these documents for investors. The observations regarding examination of these specific KIDs are set out in the document titled “Observations following the examination of KIDs for MOPs, in annex.

4 Conclusion

The KID is intended to be a useful document for investors. It summarizes the key information on a financial product. Indeed, the main objective of the PRIIP Regulation is to enable retail investors to compare products and to make an informed investment decision. However, the way in which some manufacturers apply this legislation means that the KID does not always achieve a sufficiently high quality to achieve those objectives. Some manufacturers seem not to put as much energy and resources into drawing up the KIDs as they do into their marketing documents. The majority of the KIDs examined did not enable investors to be adequately informed of a product, its features or risks. The FSMA individually contacted the manufacturers examined and asked them to make the necessary changes to the documents.

The FSMA will continue in future to review the KIDS notified to it. It expects sustained effort on the part of the sector to improve the clarity and comprehensibility of these documents. It will devote particular importance to how the sector responds to the points requiring attention set out in this Communication. If the FSMA finds that there are still infringements of the PRIIP Regulation, it will take appropriate measures. The FSMA will focus its enforcement action on infringements that are directly at odds with the objectives pursued by the European legislation, namely to enable investors to compare products and make an informed decision. The FSMA is of the opinion that an illegible or

incomprehensible KID, in particular as regards the functioning of the product and the risks associated with it, is clearly in contradiction with these objectives.

Annex: [FSMA_2021_13-01 / Observations following the qualitative examination of KIDS for MOPs.](#)

¹ Regulation 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.

In this regard, see the Joint ESA Supervisory Statement – application of scope of the PRIIPS Regulation to bonds dated 24 October 2019, available via the following link: https://www.esma.europa.eu/sites/default/files/library/jc-2019-64_priips_kid_supervisory_statement_bonds.pdf

³ Recital 15 of the PRIIP Regulation.

⁴ Article 1 of the PRIIP Regulation.

⁵ Article 6(1) of the PRIIP Regulation.

⁶ Article 5(1) of the PRIIP Regulation.

⁷ Article 37*sexies* the Law of 2 August 2002 on the supervision of the financial sector and on financial services provides that each manufacturer of a PRIIP or each person who sells a PRIIP via a public offering within Belgium shall notify the key information document to the FSMA at last 5 working days before the launch of the public offer or, if earlier, at latest when the advertisement is submitted to the FSMA for approval.

⁸ Royal Decree of 25 December 2017 clarifying the obligation of prior notification of the key information document to the Financial Services and Markets Authority and containing miscellaneous provisions, and Communication FSMA_2017_24 of 29 December 2019 on the notification of key information documents for PRIIPs to the FSMA via the “FinPro” application.

⁹ The PRIIP Regulation has been in force since 1 January 2018.

¹⁰ More than 100 KIDs have been checked. If the manufacturers use the same KID model for all their products, the sample can be considered representative.

¹¹ It should be noted that this Feedback Statement does not cover every point in Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents. The Delegated Regulation will soon be amended. By way of reminder, the ESAs launched a consultation in October 2019 on draft RTS to amend Delegated Regulation (EU) 2017/653. The revision had to do mainly with the information on performance and on costs, with a view to the appropriate application of the text to UCITS. The draft final report coming out of the public consultation was approved by the three ESAs. A revision of the text is therefore expected soon.

¹² Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents.

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- ¹³ The FSMA suggests that for securities where the performance depends on an underlying, the terminology used should be that defined in the Communication FSMA_2011_09 of 1 April 2021 containing Frequently Asked Questions (FAQ) about advertisements for investment instruments when they are offered to the public, admitted to trading or distributed to retail clients, available on the FSMA website: https://www.fsma.be/sites/default/files/public/content/FR/circ/2021/fsma_2021_09_fr.pdf. In this Communication, the FSMA recommends the use of “debt security with (partial) right to capital reimbursement” or “debt security without guaranteed capital reimbursement”, depending on whether or not there is a guaranteed (partial) reimbursement of the invested capital at maturity.
- ¹⁴ Article 8.3, c) ii) of the PRIIP Regulation.
- ¹⁵ Article 2.3 of the PRIIP Delegated Regulation.
- ¹⁶ A specific information document (SID) is drawn up for each underlying investment option, in accordance with Article 14 of the PRIIP Delegated Regulation. That document is a supplement to the generic KID. The combination of a generic KID and a SID for each underlying investment option represents a possible way of presenting information for manufacturers that offer a range of underlying investment options. For more information on these documents, please see Annex 1.
- ¹⁷ Article 2.5 of the PRIIP Delegated Regulation.
- ¹⁸ Article 8.3., i) of the PRIIP Regulation.