

# Asset Management & Investment Funds Update

December 2022



## New PRIIPs Q&As Published

On 14 November 2022, the ESAs published an updated version of their PRIIPs Q&A document with over thirty new Q&As of relevance to UCITS finalising their preparations for compliance with the 1 January 2023 PRIIPs deadline.

In addition to new 'general topic' Q&As, there are new Q&As on the 'What is this product', 'What are the risks and what could I get in return?', 'What are the costs?' sections of the PRIIPs KID as well as Q&As on the disclosure of past performance.

While the timing of publication is no doubt challenging given the imminency of the PRIIPs deadline, it is helpful that several of the new PRIIPs Q&As carry over existing UCITS Q&As, as well as guidance issued by ESMA, and so clarify that existing UCITS KIID guidance can, where indicated, be used in interpreting and complying with PRIIPs rules.

The updated ESA PRIIPs Q&A document is accessible [here](#) and a summary of new Q&As relevant to UCITS is set out below:

### UCITS KIID Q&A and guidance carried over to PRIIPs

New PRIIPs Q&A have been published which apply the following existing UCITS Q&As and guidance to PRIIPs rules applicable to UCITS:

- **ESMA UCITS KIID Q&A 4: Past performance:** Q&As 4a, 4b, 4cbis, 4d, 4e, 4f and 4g have all been carried over and applied in respect of the past performance rules under PRIIPs (Annex VIII, PRIIPs Delegated Regulation (as amended)). Notably, the PRIIPs Q&A 1 on past performance, states that UCITS which do not have one year's performance should include a statement to that effect in the 'Other relevant information' section of the PRIIPs KID. See Q&As 1-7 in 'Past Performance' section of the updated ESA PRIIPs Q&A document.
- **ESMA UCITS KIID Q&A 5: Clear language:** Q&As 5a, 5b. See Q&A 7 & 8 in 'General Topics' section of the updated ESA PRIIPs Q&A document.
- **ESMA UCITS KIID Q&As 8: Disclosure of the benchmark index in the objectives and investment policies:** Q&As 8a, 8b, 8c. See Q&As 1-3 in the 'What is this product?' section of the updated ESA PRIIPs Q&A document.

- **ESMA Guidelines on ETFs and other UCITS issues:** relevant guidance (paras 10, 14-17) relating to index-tracking, index-tracking leveraged and UCITS ETF disclosures in the UCITS KIID. See Q&As 4–6 in the 'What is this product?' section of the updated ESA PRIIPs Q&A document.

### New PRIIPs Q&As on general topics

New Q&As 9 & 10 in the 'General Topics' of the updated ESA PRIIPs Q&A document clarify that:

- where applicable, the group name should be included as part of the 'Name of the PRIIP manufacturer' at the beginning of the KID alongside other information required by Article 8(3)(a) of the PRIIPs Regulation
- where applicable, PRIIPs KIDs published prior to 1 January 2023 should comply with the PRIIPs regime in place as at the date of publication.

### New PRIIPs Q&As on the 'What are the risks and what could I get in return?' section of the KID

New Q&As 6-17 and 19 in 'Performance Scenarios' section of the updated ESA PRIIPs Q&A document clarify various aspects of the performance scenario calculations including:

- of 'Element E' of the narrative: dates included in this disclosure should relate to the differing periods taken for each performance scenarios and disclosed in month/year format;
- for the calculation of sub-intervals, additional sub-intervals and the performance of linear transformations;
- for calculations by UCITS with insufficient data but with a benchmark, those with no benchmark/a benchmark with insufficient data, those with no benchmark and no proxy and those with a RHP>10 years;
- on the ability to use existing share class data for a new share class rather than a benchmark subject to relevant conditions;
- of the requirement to disclose the results (and not the underlying calculations) of previous performance scenario calculations in the 'Other relevant information' section of the KID; and
- of the requirement for monthly calculations (but not necessarily review or revision of) performance scenarios in the KID.

### New PRIIPs Q&As on the 'What are the costs?' section of the KID

New Q&As 10 and 11 in the 'Presentation of costs' section of the updated ESA PRIIPs Q&A document clarify the:

- disclosure of performance fees and where explanatory narratives should be included e.g., in relation to any reference benchmark used or if fees are payable in the event of negative overall performance but positive performance against the benchmark; and
- calculation of performance fees which should be based on historical data.

### Next steps

UCITS sold to EEA retail investors have until 1 January 2023 to publish a PRIIPs KID.

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