



**COUNCIL OF
THE EUROPEAN UNION**



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Council sets out its position on transparency rules for investment products

The Permanent Representatives Committee agreed today, on behalf of the Council, its position on a draft regulation aimed at improving market transparency for retail investors ([11430/13](#)).

It called on the presidency to start negotiations with the European Parliament with the aim of adopting the regulation at first reading.

The proposal forms part of a legislative package dedicated to strengthening 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 investment products (PRIPs), specifically investment funds, structured deposits and life insurance policies with an investment element.

Retail investors often face confusing and overly complex information about such products. 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. Such factors contribute to the purchase of unsuitable products, thus undermining the efficiency of investment markets and leading to higher prices.

The draft regulation requires key information documents to be drawn up for PRIPs, laying down uniform rules on the format and content of such documents and on their provision to retail investors.

P R E S S

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Key information documents should only contain relevant information such as the nature and features of the product, whether it is possible to lose capital, the costs and risk profile of the product and relevant performance information. Format, presentation and content should be calibrated to maximise understanding of information and to allow retail investors to compare different PRIPs. Retail investors should also have an effective right of redress under the applicable national law.

According to the Council's text, requirements would be applicable two years after entry into force of the regulation. This would allow "manufacturers" of PRIPs and those advising on or selling them sufficient time to prepare for the new rules. Similarly, undertakings for collective investment in transferable securities (UCITS) would only become subject to the regulation after five years, given that these are already subject to key information requirements under directive 2009/65/EC.

A review would be carried out after four years, in order to take account notably of market developments, such as the development of new PRIPs.
