

Chapter 1

Commission Delegated Regulation (EU) 2017/653

Article 2 What is this product? section

(1) Information relating to the type of the PRIIP in the section entitled "What is this product?" of the key information document shall describe its legal form.

(2) Information stating the objectives of the PRIIP and the means for achieving those objectives in the section entitled "What is this product?" of the key information document shall be summarised in a brief, clear and easily understandable manner. That information shall identify the main factors upon which return depends, the underlying investment assets or reference values, and how the return is determined, as well as the relationship between the PRIIP's return and that of the underlying investment assets or reference values. That information shall reflect the relationship between the recommended holding period and the risk and reward profile of the PRIIP.

Where the number of assets or reference values referred to in the first subparagraph is such that specific references to all of them cannot be provided within a key information document, only the market segments or instrument types in respect of the underlying investment assets or reference values shall be identified.

(3) The description of the type of retail investor to whom the PRIIP is intended to be marketed in the section entitled "What is this product?" of the key information document shall include information on the target retail investors identified by the PRIIP manufacturer, in particular depending on the needs, characteristics and objectives of the type of client for whom the PRIIPs is compatible. This determination shall be based upon the ability of retail investors to bear investment loss and their investment horizon preferences, their theoretical knowledge of, and past experience with PRIIPs, the financial markets as well as the needs, characteristics and objectives of potential end clients.

(4) The details of insurance benefits in the section entitled "What is this product?" of the key information document shall include in a general summary, namely, the key features of the insurance contract, a definition of each benefit included, with an explanatory statement indicating that the value of those benefits is shown in the section entitled "What are the risks and what I could get in return" and information which reflects the typical biometric characteristics of the target retail investors, showing the overall premium, the biometric risk premium that forms part of that overall premium and either the impact of the biometric risk premium on the investment return at the end of the recommended holding period or the impact of the cost part of the biometric risk premium taken into account in the recurring costs of the "Costs over the time table" calculated in accordance with Annex VII. Where the premium is paid in the form of a single lump sum, the details shall include the amount invested. Where the premium is paid periodically, the number of periodic payments, an estimation of the average biometric risk premium as

a percentage of the annual premium, and an estimation of the average amount invested shall be included in the information.

The details referred to in the first subparagraph shall also include an explanation of the impact of the insurance premium payments, equivalent to the estimated value of insurance benefits, on the returns of the investment for the retail investor.

(5) The information relating to the term of the PRIIP in the section entitled "What is this product?" of the key information document shall include all of the following:

- (a) the maturity date of the PRIIP or an indication that there is no maturity date;
- (b) an indication of whether the PRIIP manufacturer is entitled to terminate the PRIIP unilaterally;
- (c) a description of the circumstances under which the PRIIP can be automatically terminated, and the termination dates, if known.