



PRIPs Services For Fund Companies.



The special features of the PRIIPs Services for fund companies

- Avoid losing clients by reliably complying with the data requirements of insurance companies in relation to investment funds in unit-linked life insurance products
- Strengthen client loyalty by providing transaction costs for all investment funds in the insurance companies' security assets
- Gain investors in investment funds by ensuring provision of PRIIPs-KIDs for investment funds no later than 2020

Background

The EU's PRIIPs Regulation¹ is intended to protect retail investors and strengthen confidence in the financial sector. It aims to do so by making information on packaged retail and insurance-based investment products (PRIIPs) comparable and easy to understand. As a result, the product manufacturers must draw up key information documents (KIDs) and make them available to investors prior to concluding a contract.

The European Commission stipulates in Regulatory Technical Standards (RTS) specifically how documents are to be structured in relation to presentation and content, format, methods for determining risk and return scenarios, for calculating costs, etc.

PRIIPs include funds, unit-linked and classic life insurance products. Fund companies are affected in two ways by the regulation:

- as a provider of funds to retail investors, and
- as a supplier of information to insurance companies, if the funds are investment options in unit-linked life insurance products or investments in the security assets.

Impact on Fund Companies

Q3 2017

Insurance companies must complete the PRIIPs-KIDs for insurance products by the end of 2017 in order to make them available to Sales in good time in early 2018. They expect data deliveries from fund companies with sufficient time in advance:

- In the case of funds that are investment options in unit-linked life insurance products, the delivery of comprehensive information in the industry's standard formats (EPTs/CEPTs²)
- In the case of funds in the security assets of classic life insurance products, the calculation and delivery of transaction costs

2018

For all funds that are targeted at retail investors and semi-professional investors, fund companies must produce PRIIPs-KIDs and make them available to interested investors, once a year or additionally if any changes are made.

- In the case of UCITS, UCITS-KIIDs can continue to be used up to 31 December 2019.
- In the case of investment funds that are not UCITS, national regulations may exist that also permit use of UCITS-KIIDs or other key information documents up to 31 December 2019.

2020

Transitional arrangements expire, i.e. fund companies must produce PRIIPs-KIDs for all funds.

¹ 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)

² European PRIIPs Template (EPTs)/Comfort European PRIIPs Template (CEPTs) of the European PRIIPs Working Group

Through its PRIIPs Services, IDS is acting as a service provider for fund companies to cover the whole processing chain, from data acquisition through production of the KIDs.

Challenges

Time Pressure and Uncertainty

- Insurance companies need fund data from the third quarter of 2017 onwards
- Regulatory Technical Standards still not finalized

Complexity

- Large number of asset classes and product variants managed by the fund companies
- Specific requirements for insurance companies due to different insurance products and national specificities
- In some cases, demanding procedures to calculate risk and return scenarios
- Complex management and maintenance of text modules in all required languages
- Distribution of the generated EPTs/CEPTs to a large number of insurance companies

Cross-Industry Expertise

- Adaptation of the data to the specific requirements of insurance companies taking account of country-specific practices
- Standardization of the data and specific file formats

Data Requirements

- Rising demand for exchange of investment fund data
- Acquisition and management of arrival prices (open, close, intraday) depending on type of investment, for calculating transaction costs
- Calculation of transaction costs depending on the specific features of the funds and the traded investments

The IDS Solution for Fund Companies

The solution from IDS enables you to reduce the many complex challenges resulting from the PRIIPs regulation to the delivery of raw data in a format that is standardized and harmonized for all funds. IDS offers four service modules. You can use the full PRIIPs service or, as required, select one or more of the following modules:

1 Generation of EPTs/CEPTs

- Coordination and implementation of the joint processes with the client
- Provision of standard data requirements per category for all relevant funds tailored to PRIIPs requirements
- Implementation of interfaces between IDS and the fund data delivery systems and receiving systems
- Ongoing operation of data deliveries
- Organization of the fund master data, master data for calculations, text and time series in a database specializing in financial products
- Calculation or import of costs, returns and synthetic risk indicators (SRI) of funds in category 2 and, by agreement, in category 3
- Production of EPTs/CEPTs (prices, text, recommended holding periods, observation of national requirements, e.g. PIA procedure)
- Delivery of the EPTs/CEPTs to the fund company (single module) or distribution to insurance companies (in combination with PRIIPs Services module "IDS Fund Data Hub")
- Monitoring and production of updated EPTs/CEPTs at regular 12-month intervals or in case of SRI changes or if there are any other substantial changes

2 Transaction Cost Calculation

- Implementation of an interface for IDS to acquire transaction data
- Identification of the investment types needed for cost calculation in accordance with the PRIIPs Regulation and the investment-specific features
- Calculation for existing funds based on transactions and arrival prices
- Calculation for young funds based on turnover and index bid-ask spreads
- Calculation for new funds based on estimated turnover and index bid-ask spreads
- Delivery of transaction costs to the fund company (single module) or enrichment of the EPTs/CEPTs produced by IDS (in combination with the other modules)

3 Production of PRIIPs-KIDs for Funds

- Definition and implementation of the PDF templates for PRIIPs-KIDs in accordance with the regulatory specifications and in the layout of the fund company
- Coordination and implementation of rules for producing PRIIPs-KIDs based on the data created in other service modules
- Initial production of the PRIIPs-KIDs as PDF files
- Agreement and implementation of processes for updating documents as required
- Organization of the fund master data, master data for calculations, text and time series in a database specializing in financial products
- Calculation or import of costs, returns and SRI of funds in category 2 and, by agreement, in category 3
- Ongoing production of the PRIIPs-KIDs as PDF documents
- Delivery of the PRIIPs-KIDs to the fund company
- Monitoring and production of updated PRIIPs-KIDs at regular 12-month intervals or in case of SRI changes or if there are any other substantial changes

4 IDS Fund Data Hub

- If required, implementation of system-specific interfaces for the import and export of EPTs/CEPTs
- Approval management between suppliers and users of the EPTs/CEPTs
- Operation of a Web portal or data interface for the import of EPTs/CEPTs from suppliers or connection to the PRIIPs Services module “Generation of EPTs/CEPTs”
- Format checks
- Distribution of the EPTs/CEPTs to users

Additional Features

- Support and consulting on implementation
- Service management by a dedicated IDS service team
- Monitoring the regulatory requirements and guidance if action is required (e.g. informing clients, implementing changes)
- Archiving and historization of data and documents, as well as auditable record-keeping
- Optionally, the management of translations of text modules in collaboration with an external translation agency

Detailed knowledge of the regulation and expertise in both industries, asset management and insurance, are key factors in creating an efficient and cross-industry solution.

Benefits

IDS combines its specific capabilities in the management of investment data with its expertise in the asset management and insurance industries.

The key advantages of IDS are:

- Its detailed understanding of regulatory requirements, unit-linked and classic life insurance products, and the underlying funds
- Its technical expertise and the standardized platform for data management, analytics and reporting, which has been tried and tested and specializes in financial products
- Its ability to implement a comprehensive solution quickly and efficiently

As an IDS client, you benefit from:

- High-quality results and sound advice on implementation and operation
- A practice-proven solution covering all stages of the value chain
- Rapid implementation – the service is available as of the date required by the regulatory authorities or, as the case may be, by the insurance companies
- Cost savings by reducing complexity and selecting service modules
- High degree of efficiency through using a single integrated platform for acquiring data, analyzing it and producing documents, and for obtaining and distributing the EPTs/CEPTs
- Ongoing monitoring of updates to the PRIIPs Regulation, its interpretation and implementation
- IDS' experience in implementing PRIIPs requirements for a large number of fund and insurance products in various EU countries
- High level of process reliability through practice-proven processes relating to the existing KID service
- Integration of translation services into the production process

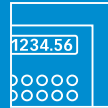
IDS PRIIPs Services

You can use the full PRIIPs Services or select one or more of the 4 modules.



Generation of EPTs/CEPTs

Identification, import and organization of the raw data in the integrated IDS platform developed in-house, performing the calculations and producing the EPTs/CEPTs



Transaction Cost Calculation

Acquisition of the underlying data and calculation of transaction costs



Production of PRIIPs-KIDs for Funds


Rule-based production of quality-assured and ready-to-print documents in compliance with regulatory requirements, in the fund company's design

Production of new PRIIPs-KIDs if there are changes to the synthetic risk indicator (SRI), any significant change or after one year



IDS Fund Data Hub

Central storage and distribution of EPTs/CEPTs on the platform operated by IDS



For more information about the product,
please send an email to:

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For further information about IDS
and all of our products, please visit
www.InvestmentDataServices.com

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March 2017