



Retail Disclosure Consultation
Financial Services
HM Treasury
1 Horse Guards Parade
SW1A 2HQ

By email

2 March 2023

Dear Sir/Madam,

Practitioner Panel response to consultation on PRIIPs and UK Retail Disclosure

The Panel welcomes the proposals set out in the consultation to repeal the Packaged Retail and Insurance-based Investment Products Regulation. We very much recognise the issues with the current regulation as outlined in the paper and agree with the proposed principles to guide the approach to shaping a new framework. We have highlighted our key observations below.

Firstly, we support the proposed delegation of responsibilities to the FCA and agree that the current operational objectives of the regulator should be sufficient to support the delivery of the new retail distribution scheme. We particularly welcome the proposal to move away from prescriptive comparability requirements towards a focus on empowering the consumer to make well-informed decisions. This approach aligns with the Consumer Duty and supports the development of a robust UK retail distribution framework which is outcomes-led.

We also strongly agree that disclosure requirements should be flexible, with prescriptive requirements for format and structure only when deemed necessary by the FCA. It is appropriate that the FCA rule book sets the required standards, and that within this framework firms have the opportunity to innovate and tailor their disclosures taking into account relevant factors including product type, investment blend, and client risk appetite. Allowing the flexibility for firms to provide information in alternative formats including graphics, dashboards and interactive displays can only aid consumer engagement. Related to this, providing the freedom to layer information enables key disclosures to be displayed upfront with access to more granular data as needed. We have addressed these points more specifically in our response to the FCA's discussion paper on the Future Disclosure Framework.

We are encouraged to see the consultation raise the possibility of defining products classes or groupings that carry more or less risk to consumers. This has the potential to enable regulation to allow risk warnings to become proportionate to the risk the individual is taking by investing. Further flexibility could be built into the advice regime where product classes are relatively low risk. This is something which should be considered within a holistic review on advice and guidance.

On wider suggestions for improvement, we would highlight that aligning the various disclosure regimes will be an important next step. The breadth of information and inconsistent format in KIIDs, KIDs, prospectuses, pre-sales costs and charges, post-sales costs and charges, and workplace pension annual statements, does not aid client comparison. There is the opportunity to streamline requirements to address this issue, reduce costs and bring in economies of scale.

We would be happy to discuss these points further if required.

Yours faithfully,

[signed]

Matt Hammerstein
Deputy Chair, FCA Practitioner Panel