

*Approved by the Resolution of the Management Board of
AS KIT Finance Europe No 1.5-01P dated 01.02.2018*

Information about Packaged Retail and Insurance-based Investment Products (PRIIPs)

The PRIIPs regulations (Regulation (EU) No 1286/2014¹), which came into effect on 1 January 2018, aim to make the financial services more transparent across Europe.

The regulation applies to PRIIPs products and services purchased by European Economic Area (EEA) Resident Retail Investor, regardless of their nationality. The regulation is applicable worldwide, no matter where a PRIIP is purchased, as long as it is purchased by EEA Resident Retail Investor.

What is PRIIP?

Packaged retail investment and insurance-based products (PRIIPs) make up a broad category of financial assets that are regularly provided to consumers in the EEA through banks or other financial institutions as an alternative to savings accounts. The category, for regulation's sake, is intentionally broad and is intended to cover all packaged, publicly marketed financial products that have exposure to underlying assets (stocks, bonds, etc.), provide a return over time, and have an element of risk. Essentially, this covers all packaged retail investment products marketed in the European Union, including insurance policies.

Key Information document (KID)

The new regulations require investment product manufacturers - for example, a fund provider - to create key investor information documents (KIDs) for their products. This is a free-of-charge pre-contractual, stand-alone document that has to be shared with the EEA retail investor prior to the conclusion of any transaction.

KFE provides the KID to the Client through KIT Finance Europe (KFE) website www.kfe.ee² in English in accordance with Regulation article 7(1)³.

Where the KID has been revised, previous versions can be found on the KFE website www.kfe.ee or provided on request of the investor.

Provision of KID

The Client undertakes to review KID before the transaction. When submitting an order, the Client confirms that he or she is acquainted with the KID. By accepting the Terms of Conditions the Client gives consent that KID is provided online and the Client will carefully read and understand it. In certain cases KFE website also contains links to manufacturer KIDs of investment products available through KFE or will be provided to the Client personally. KFE has no intention to manufacture any products for offering to EEA resident retail investors that would fall within PRIIP scope.

KFE is not responsible whether the Client read the KID or not.

¹ Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)
<https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX%3A32014R1286>

² To provide the key information document to through the KFE website, KFE fulfills the following conditions:

(a) the provision of the key information document by means of a website is appropriate in the context of the business conducted between the person advising on, or selling, a PRIIP and the retail investor;
(b) the retail investor has been given the choice between information provided on paper and by means of a website and has chosen the latter in a way that can be evidenced;
(c) the retail investor has been notified electronically, or in written form, of the address of the website, and the place on the website where the key information document can be accessed;
(d) the key information document remains accessible on the website, capable of being downloaded and stored in a durable medium, for such period of time as the retail investor may need to consult it.

³ Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)

KFE products within PRIIP scope

Among wide range of products provided by KFE the next products, in particular, fall within the PRIIP regulation scope: ETFs, derivatives, notes and other structured products. KFE gives access to most ETFs and derivatives on key world exchanges. Structured products are traded voice-only on a more limited scale.

Restrictions for EEA resident retail investors

If the Client was classified retail and is a resident of the EEA, KFE deems that the client falls under PRIIP regulation. From 1.01.2018 EEA Resident Retail Investor cannot trade the instruments affected by PRIIP Regulation without prior receiving of Key Information Document (KID).. In this case KFE will generally block client's electronic access to a range of products where the manufacturer has not published the KID. Voice orders for PRIIP without the KID will also be rejected.

Information for intermediaries

Intermediary understand and acknowledge that you, and not KFE, are solely responsible for delivering the applicable KID to your underlying clients in good time before submitting such client's orders for PRIIPs Products.

Intermediary understand that you, and not KFE, are solely responsible for classifying your clients as retail or professional clients according to the rules set out in the Markets in Financial Instruments Directive II ("MiFID II") as implemented by the applicable National Competent Authority(ies) ("MiFID II Rules").

Complaints

The legitimacy of PRIIP Regulations in KFE is observed by the compliance officer of KFE. The Clients have the right to contact the KFE with problems and questions concerning PRIIP Regulation via Personal account, by e-mail address office@kfe.ee or other contacts, described on www.kfe.ee.