



## CMVM REGULATION NO. 8/2018

CMVM Regulation No. 8/2018 (hereinafter “Regulation”) introduces specific rules regarding information and trading duties of packaged retail and insurance-based investment products (PRIIPs) in the Portuguese regulatory framework.

### Scope of application

The Regulation applies exclusively to PRIIPs whose issuance, trading or provision of consulting services is supervised by CMVM, pursuant to Annex II of Law No. 35/2018, of 20 July. For this reason, the retail and insurance-based investment products controlled by Banco de Portugal and the Portuguese Insurance and Pension Funds Supervisory Authority are excluded from its scope.

### Object

As the regulatory entity responsible for supervising the issuance, trading and provision of consulting services related to PRIIPs, CMVM regulates the information and trading duties of PRIIPs, specifically information to be made available, its content, document preservation and related trading and advertising records obligations.

### Five key categories:

#### (i) Language and features of the key information document (hereinafter “KID”)

The Regulation starts by setting forth the language of the KID (key information document -regulated by Law No. 35/2018, of 20 July), which must be either Portuguese or a language commonly used in financial markets (should the latter be the case, the investor must make sure they have sufficient knowledge of such foreign language to understand the content of the document).

#### (ii) The content of PRIIP advertising and the prior notification of KID;

With respect to the prior notification to CMVM of the KID and its contents, the law establishes rules on how to provide this information, regarding the means and the way it is submitted. Upon notification, CMVM discloses on its website the KID and respective contents.

This regulation also includes some specific instructions as regards the elements included in PRIIP advertising, specifically by prohibiting the use of expressions that may lead to erroneous conclusions or that are not the sole responsibility of the entity providing them.

In PRIIP advertising, the advertiser must identify the PRIIP issuer, the PRIIP traders, and the entity responsible for the advertising. Detailed rules concerning online advertising and the conditions under which it is to be carried out are also laid down.

**(iii) Protection measures for non-professional investors.**

This regulation instructs on the content of the PRIIP subscription and/or acquisition document defining specific requirements applicable to non-professional investors. It is important to emphasize the obligation to include certain expressions in order to raise awareness and hold the investor accountable for their options and respective risks.

In this context, PRIIP traders must inform non-professional investors individually about any relevant changes that may be introduced to the KID, in order to ensure that the investor has effective and timely knowledge of same and enabling the supervision activity by CMVM.

**(iv) Other communication duties**

The information about the result of the PRIIP trading must be provided by the PRIIP traders (or a common representative designated by the issuer) to CMVM within fifteen business days upon closing of the transaction.

When a public offering of PRIIPs is made, either the issuer or the trader, as applicable, must disclose the offer to the market, through CMVM's information disclosure system, and release information regarding (i) any changes occurring at the issuer or traders' level, (ii) possible suspension of the trading and respective grounds, (iii) the date of extinction of the indefinite duration PRIIP, (iv) all results of such public offering, and (v) the reason for extinguishing the PRIIP and, if other than expected, the reason for the change in the amounts of the redemption cash flows.

**(v) Archive and Registration Duties**

The PRIIP trader shall keep on file the documents and records relating to contracts with customers or documents containing the conditions under which the entity provides services to the customer, as well as proof of compliance with the requirement to provide KID under the terms of the law and proof that guarantees the registration of the declarations in the document of subscription or acquisition, for a five-year period as of the termination of the customer relationship.

There is also an obligation on the part of the issuer to keep all the documents related to the PRIIP risk reports and the elements that have sustained any review and subsequent decision to review or revise the KID for a period of one year.

**Applicable regime**

All complex financial products traded under CMVM Regulation No. 2/2012 and CMVM Instruction No. 3/2013 before January 1, 2018, are subject to the provisions of those same regulations.

The products traded between 1 January 2018 and the date of entry into force of this Regulation are subject to a transitional regime with notification and reporting obligations.

## Entry into Force

The Regulation shall enter into force 30 days after its publication in the Portuguese Official Journal («Diário da República»).

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