



**ENTRY INTO FORCE OF THE SUSTAINABLE FINANCE
DISCLOSURE REGULATION AND PUBLICATION OF
JOINT SUPERVISORY STATEMENT AND FINAL
REPORT WITH DETAILED PROVISIONS REGARDING
THE DISCLOSURE REGULATION**

5 March 2021

10 March 2021, the Sustainable Finance Disclosure Regulation (the “Regulation”) enters into force.¹ The Regulation concerns sustainability-related disclosures in the financial sector applicable to a number of participants² and products that pursue the objective of sustainable investment. The Regulation imposes certain obligations on the participants in general, while some of the obligations only apply with respect to financial products that either promote Environmental, Social, and Corporate Governance (ESG) characteristics or invest in sustainable investments. The Regulation defines and introduces transparency requirements on financial products’ characteristics.

Pursuant to the Regulation, the Joint Committee of the European Supervisory Authorities (ESMA, EBA and EIOPA) must draft detailed provisions with respect to a number of areas of the Regulation.

In its report,³ the Joint Committee made a number of proposals, including a proposal for concrete indicators for the main negative effects on sustainability factors (principal adverse impacts), reporting templates for use in sustainable financial products both prior to the conclusion of the agreement and in the periodic reporting, as well as product information that must be available on websites. Further, the Joint Committee proposed that the detailed provisions should enter into force on 1 January 2022. However, it is up to the European Commission to adopt the proposals, including the proposed date of entry into force.

Further, the Joint Committee have issued a statement, urging authorities and market participants to act in accordance with the report from 10 March 2021, when the Regulation enters into force, and until the detailed provisions enter into force. An appendix to the statement contains an overview of effective dates and more specific guidance.⁴

Both the regulation, the detailed provisions yet to be passed by the European Commission, and the statement highlight the increased focus on ESG and transparency in relation to investors.

¹ REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector

² i.e. (i) insurance undertakings making available an insurance-based investment product (IBIP); (ii) investment firms which provides portfolio management; (iii) institutions for occupational retirement provisions (IORP); (iv) manufacturers a pension products; (v) alternative investment fund managers (AIFM); (vi) pan-European personal pension product (PEPP) provider; (vii) managers of certain qualified registered venture capital funds (viii) managers of certain registered qualifying social entrepreneurship funds; (ix) a management companies of undertakings for collective investments in transferable securities (UCITS management company); and (x) credit institution which provides portfolio management;

³ <https://www.esma.europa.eu/press-news/esma-news/three-european-supervisory-authorities-publish-final-report-and-draft-rts>

⁴ <https://www.esma.europa.eu/press-news/esma-news/esas-issue-recommendations-application-regulation-sustainability-related>

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