

European Commission Consultation Paper and targeted consultation document on the implementation of the Sustainable Finance Disclosures Regulation (SFDR)

[Consultation Paper on the implementation of the SFDR](#)

[Targeted consultation document on the implementation of the SFDR](#)

1. – Target participants

The public consultation is addressed to a broad range of stakeholders, such as individuals and organisations (e.g. interest groups, member associations and representative bodies) that have more general knowledge of the SFDR.

The targeted consultation is addressed to public bodies and stakeholders who are more familiar with the SFDR and the EU's sustainable finance framework as a whole, such as financial market participants, investors, NGOs, relevant public authorities, national regulators, and others that are subject directly or indirectly to the provisions of the SFDR and/or have more in-depth knowledge and/or (working) experience in the field of sustainable finance disclosures.

2. - Information Note

The goal of these documents is the assessment of the current framework in order to assess potential shortcomings – focusing on legal certainty, the useability of the regulation and its ability to play its part in tackling greenwashing. The open and targeted public consultations will be complemented by workshops and roundtables, enabling stakeholders to submit further input.

The Commission is interested in understanding how the SFDR has been implemented and any potential shortcomings, including in its interaction with the other parts of the European framework for sustainable finance, and in exploring possible options to improve the framework.

With this purpose in mind, both the consultation paper and the targeted consultation document include two sections that cover the SFDR as it is today, exploring how the regulation is working in practice and the potential issues stakeholders might be facing in implementing it:

Section 1. Current requirements of the SFDR

Section 2. Interaction with other sustainable finance legislation

Additionally, the targeted consultation document includes Sections 3 and 4 that look to the future, assessing possible options to address any potential shortcomings:

Section 3. Potential changes to the disclosure requirements for financial market participants

Section 4. Potential establishment of a categorisation system for financial products

As there are crosslinks between aspects covered in the different sections, respondents to the targeted consultation are encouraged to look at the questionnaire in its entirety and adjust their replies accordingly.

Section 1 includes some general questions on the effectiveness of the SFDR framework in achieving its objectives and opinions on whether the costs are proportionate to the benefits. It also includes several questions regarding Principal Adverse Impacts (PAI) disclosures at entity and financial product level and try to quantify the actual costs of implementation in economic and human resources terms. Feedback about the problems regarding the availability of data and the use of estimates is also sought. The Commission also wants to understand the effects of SFDR in the availability of sustainable financial products.

Section 2 includes several questions on the interaction of SFDR with the Taxonomy Regulation the Benchmarks Regulation; the Corporate Sustainability Reporting Directive (CSRD); MiFID II and the Insurance Distribution Directive (IDD); and the Regulation on Packaged Retail Investment and Insurance Products (PRIIPs).

As for the targeted consultation document, Section 3 includes several questions to assess potential changes regarding entity level disclosures and more detailed questions on financial product level disclosures exploring possible options such as sustainability disclosures for all financial products regardless of their sustainability claims and for some financial products regardless of their sustainability claims but according to possible criteria (assets under management, targeted only to retail investors). It includes questions on the effectiveness of the current system that provides information in different documents (precontractual, periodic and website). Views are also sought about the need to further improve the accessibility and usability of this information, in particular in a digital context. It is also enquired whether the financial products and the types of investments they pursue should be taken into account when determining the level of disclosures.

Finally, Section 4 deals with the question of whether there is a need for financial product categorisation and focus on two options 1) a system focused on the type of investment strategy (promise of positive contribution to certain sustainability objectives, transition focus, etc.), based on criteria that do not necessarily relate to those existing concepts (in such a scenario, concepts such as environmental/social characteristics or sustainable investment and the distinction between current Articles 8 and 9 of SFDR may disappear altogether from the transparency framework) and 2) a system that could build on and develop the distinction between Articles 8 and 9 and the existing concepts embedded in them (such as environmental/social characteristics, sustainable investment or do no significant harm), complemented by additional (minimum) criteria that more clearly define the financial products falling within the scope of each article.

3. - Submission of comments

The deadline for submitting comments on both documents is **15 December 2023**.

Respondents may send their comments through the links provided at the beginning of this document. Further information jointly with the consultation papers and the response forms are available there.

Likewise, please send a copy of your answers to the CNMV to the following email address: documentosinternacional@cnmv.es

Dirección de Asuntos Internacionales
CNMV
c/ Edison 4
28006 Madrid