

On 6 April 2022, The European Commission adopted technical standards to be used by financial market participants when disclosing sustainability-related information under the Sustainable Finance Disclosures Regulation (SFDR). The Delegated Regulation outlines the exact content, methodology and presentation of the information to be disclosed, thereby improving its quality and comparability.

The requirements apply to all financial market participants (FMPs) and financial advisors (FAs) in the EU, FMPs with EU shareholders, and those marketing themselves in the EU, and sets out clear disclosure requirements. FMPs include:

- Insurance companies that make available an insurance-based investment product;
- Investment firms that provide portfolio management;
- Institutions for occupational retirement provision;
- Manufacturers of pension products;
- Alternative investment fund managers;
- Pan-European personal pension product providers;
- Managers of a qualifying venture capital and private equity funds;
- Managers of a qualifying social entrepreneurship funds;
- Management companies for UCITS (Undertakings for the Collective Investments in Transferable Securities); and
- Credit institutions that provides portfolio management.

All types of products that it encompasses include (not exhaustive): investment and mutual funds, UCITS, insurance-based investment products, private and occupational pensions and insurance and investment advice.

The requirements in the Delegated Regulation will now be subject to scrutiny by the European Parliament and the Council. They are scheduled to apply from 1 January 2023.

- [Delegated Regulation](#)
- [Annex 1](#)
- [Annex 2](#)
- [Annex 3](#)
- [Annex 4](#)
- [Annex 5](#)

The Delegated Regulation has the following chapters:

- **Chapter I** states the definitions and general provisions.
- **Chapter II** refers to the transparency about adverse impacts on sustainability factors and specifies the content, methodology and presentation of the information required by Art. 4(1) to (5) of the SFDR on the sustainability indicators on (i) adverse impacts on the climate and other environment-related Regulatory Technical Standards (**RTS**) adverse impacts and (ii) adverse impacts in the field of social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
- **Chapter III** on pre-contractual product disclosures sets out the details of the content and presentation of the information that should be disclosed at pre-contractual level in the sectoral documentation referred to in Art. 8 (1), (2) and (2a) of the SFDR.
- **Chapter IV** lays down rules on website product disclosures on financial products referred to in Art. 10(1) and Art. 37 of the SFDR.
- **Chapter V** lays down rules on Product-Disclosure in Periodic Reports by financial products referred to in Art.6, Art. 911(1)(2) of the SFDR in the sectoral documentation referred to in Art. 11(2) of that Regulation.

When complying with obligations for financial products under the SFDR, this activates disclosure requirements from the EU taxonomy. Similarly, firms must follow the EU Taxonomy Regulation to comply with the SFDR. The SFDR also overlaps with the EU Regulatory Technical Standards (RTS). The RTS package includes the text of the aforementioned Delegated Regulation that includes all 13 RTS, together with an explanatory memorandum:

- In Annex 1, the template of a principal adverse sustainability impacts statement;
- In Annex 2, a template for the pre-contractual disclosure of financial products under Art. 8 (1), (2) and (2a) of the SFRD;
- In Annex 3, a template for the pre-contractual disclosure of financial products under Art. 9;
- In Annex 4, a template for the periodic disclosure of financial products under Art. 8; and
- In Annex 5, a template for the periodic disclosure of financial products under Art. 9

The adopted RTS are largely unchanged as of the February 2021 and October 2021 prior drafts. The RTS package will now be subject to a three-month objection period by the European Parliament and Council (extendable by another three months at their request). When the final text is agreed, the RTS will be published in the Official Journal of the EU (**OJEU**) and enter into force on the 20th day following that. This should, therefore, mean that the RTS should appear in the OJEU around July or October 2022. The current expectation is that 1 January 2023 will be the effective date.

Overall, FMPs and FAs that operate in the EU will need to review the whole lifecycle of their products, from initial product development, marketing, advice, contracting, through to monitoring and reporting and update their policies and processes.

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