

**MEMO# 32882**

October 30, 2020

# **EU ESG: European Commission Officially Confirms Delay of SFDR Level 2 Requirements**

[32882]

October 30, 2020 TO: ICI Global Members

ESG Task Force (Global)

EU ESG Disclosure Regulation Working Group SUBJECTS: Disclosure

ESG

International/Global

MiFID, EMIR, AIFMD, UCITS V RE: EU ESG: European Commission Officially Confirms Delay of SFDR Level 2 Requirements

The European Commission has provided an official communication, via a letter<sup>[1]</sup> to the European Supervisory Authorities (ESAs), confirming the delay of the application of the level 2 Regulatory Technical Standards (RTS) for the EU's Sustainable Finance Disclosure Regulation (SFDR).<sup>[2]</sup> The letter is almost identical in substance to a letter that the Commission provided earlier this month to the German and Italian fund industry associations, but may provide more legal certainty given that this letter is addressed to the ESAs.

The letter does not yet specify a new date for the application of the level 2 RTS provisions. However, we understand that the Commission is currently looking toward March 2022, which would be shortly after the application of the Taxonomy's product-level disclosure requirements with respect to climate change adaptation and mitigation.

As you know, this delay applies only to the level 2 RTS that the ESAs are drafting and intend to submit to the Commission in January 2021. The level 1 legislative requirements will still apply as of the existing application dates in the SFDR (beginning on 10 March 2021).<sup>[3]</sup>

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## endnotes

[1] The letter is *available at* [https://www.esma.europa.eu/sites/default/files/library/eba\\_bs\\_2020\\_633\\_letter\\_to\\_the\\_esas\\_on\\_sfdr.pdf](https://www.esma.europa.eu/sites/default/files/library/eba_bs_2020_633_letter_to_the_esas_on_sfdr.pdf)

[2] The ESAs published a draft of the RTS for consultation earlier this year, *available at* [https://www.esma.europa.eu/sites/default/files/jc\\_2020\\_16\\_-\\_joint\\_consultation\\_paper\\_on\\_esg\\_disclosures.pdf](https://www.esma.europa.eu/sites/default/files/jc_2020_16_-_joint_consultation_paper_on_esg_disclosures.pdf). We submitted our response to the consultation on 1 September, *available at* <https://www.ici.org/pdf/32734a.pdf>. See also ICI Memorandum No. 32734, *available at* [https://www.ici.org/my\\_ici/memorandum/memo32734](https://www.ici.org/my_ici/memorandum/memo32734).

[3] For a description of the SFDR level 1 legislative requirements, see ICI Memorandum No. 32229, *available at* <https://www.ici.org/esg/international/Policy-Developments/memo32229>.

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