



To:

Ms. Natasha Cazenave, Executive Director, ESMA
Mr. Evert Van Walsum, Head of Investors and Issuers Department, ESMA
Mr. François-Louis Michaud, Executive Director, EBA
Mr. Jacob Gyntelberg, Director of Economic and Risk Analysis, EBA
Mr. Fausto Parente, Executive Director, EIOPA

CC:

Mr. Patrik Karlsson, Senior Policy Officer, ESMA
Ms. Dorota Siwek, Head of ESG Risks Unit, EBA
Mr. David Cowan, Team leader on Conduct of Business Policy, EIOPA

Brussels, 14 December 2022

Subject: Non-enforcement letter SFDR Delegated Regulation gas and nuclear

Dear Ms Cazenave,
Dear Messrs Van Walsum, Michaud, Gyntelberg and Parente,

As representatives of the financial sector, our associations are committed to supporting the transition to a more sustainable economy and tackling climate change. We strongly support the Commission's work in developing the EU Taxonomy, the associated transparency disclosure requirements, and other initiatives to generate transformation projects that will trigger sustainable investment opportunities. Incorporating nuclear and gas disclosures into SFDR RTS brings more transparency regarding the degree of sustainability of financial products and will provide end-investors with comparable information to make informed investment choices.

It is in this context that we wish to draw your attention to **the most pressing operational issue raised by the recently adopted amendments requiring the disclosure of the extent to which their portfolios are exposed to gas and nuclear-related activities**, scheduled to enter into force on the third day following its publication in the OJEU (i.e. early Q1 2023).

Financial undertakings have already been working relentlessly to incorporate sustainability into their financing and other business activities. Over the past years, the industry has been putting significant time, resources, and effort into implementing the existing version of the SFDR Delegated Regulation requirements to be compliant ahead of the 1 January 2023 deadline. They are finalising the required L2 disclosures in line with the approach provided by their respective NCAs, based on the finalised RTS, without the inclusion of the recent amendments relating to gas and nuclear disclosures.

While no official timeline has yet been communicated as to when the changes regarding nuclear and gas disclosures are to take effect, we understand that these changes are expected to be implemented as early as February 2023. This puts the industry in a very challenging situation. While some will have

already filed the disclosures with their respective NCAs and have produced the required website disclosures, others will not have sufficient time to make the operational changes necessary to incorporate the revised Delegated Regulation (including producing the required translations), thereby potentially being at risk of not meeting the new regulatory requirements. This can result in reputational risk, claims about greenwashing and more importantly could cause confusion among investors receiving multiple updates to pre-contractual documents undermining their confidence in the wider sustainable finance agenda.

For this reason, we would like to emphasize the importance of reasonable and realistic timeframes for any changes to the sustainable finance regime, allowing sufficient time for the industry to adequately prepare and adapt to the new rules, or failing that, provide an explicit transitional period for firms to revise their approaches to minimise any detrimental impact on consumers.

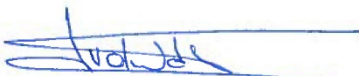
Our associations therefore ask the ESAs **to not prioritise supervisory or enforcement action in relation to these new nuclear and gas disclosure requirements**, at least until the industry have had sufficient time to adapt and (re)-file, where necessary, their pre-contractual documents in line with the requirements to be laid out by their respective NCAs. Whilst regulations directly apply on Members States, we very much hope that there will be no expectation for an immediate enforcement or supervisory action, and that they can be implemented as soon as practicable and more extensively as part of the next prospectus update provided this aligns with the process to be introduced by respective NCAs.

We would welcome the opportunity to discuss our request with you in more detail if this may be helpful. We also look forward to engaging with you on more fundamental reviews such as the Call for Evidence on greenwashing and the consultation on guidelines on funds' names using ESG or sustainability-related terms.

Yours sincerely,

The undersigned associations:

Tanguy van de Werve
Director General,
EFAMA



Peter Simon
Chief Executive Officer,
ESBG



Wim Mijs
Chief Executive Officer,
EBF



Olav Jones
Deputy Director General, **Insurance Europe**



Marcel Roy
Secretary General,
EAPB



Nina Schindler
Chief Executive Officer,
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Oliver Moullin
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