



To: Mr Olivier Guersent, Director General
DG FISMA
European Commission

Cc: Mr Mario Nava, Director, Directorate B - Horizontal Policies
Mr Ugo Bassi, Director, Directorate C - Financial Markets
Mr Martin Merlin, Director, Directorate D - Bank and Insurance
DG FISMA
European Commission

Subject: Application date of the Regulation on sustainability disclosures

Brussels, 19 September 2019

Dear Mr Guersent,

The Association for Financial Markets in Europe (AFME), the Alternative Investment Management Association (AIMA), the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), the European Association of Cooperative Banks (EACB), the European Banking Federation (EBF), the European Fund and Asset Management Association (EFAMA), Insurance Europe and PensionsEurope would like to bring to your attention concerns regarding the current application timeline of the Regulation on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU)2016/2341 ("the Regulation").

We support the European Commission's objectives of financing a more sustainable economy. However, as explained in the annex, **the Regulation is very likely to become applicable before the related, final Level 2 measures are even adopted, thus creating significant compliance challenges and liability risks for market players, as well as confusion for investors.**

The Level 2 measures aim to clarify the understanding of the Level 1 requirements, many of which introduce new concepts, as well as how to comply with the Regulation. They are, therefore, instrumental in ensuring the industry's adequate and timely preparation for compliance with the new rules. If final Level 2 measures are not published well ahead of the entry into application of the Regulation, or — as is highly likely — are published after the entry into application of the Regulation, that would result in legal uncertainty for the industry and a lowering of investor confidence.

For these reasons, we urge the European Commission to take immediate action to ensure that the industry is provided with realistic time for implementation. To this end, we suggest that the application of the new requirements in the Regulation takes place at least one year after all the Level 2 texts are published in the Official Journal of the EU.

We remain at your disposal should you require any further information.

Yours sincerely,



Rick Watson
Managing Director, Head of Capital Markets,
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Jack Inglis
Chief Executive Officer, AIMA



Sarah Goddard
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Hervé Guider
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Secretary General/CEO, PensionsEurope

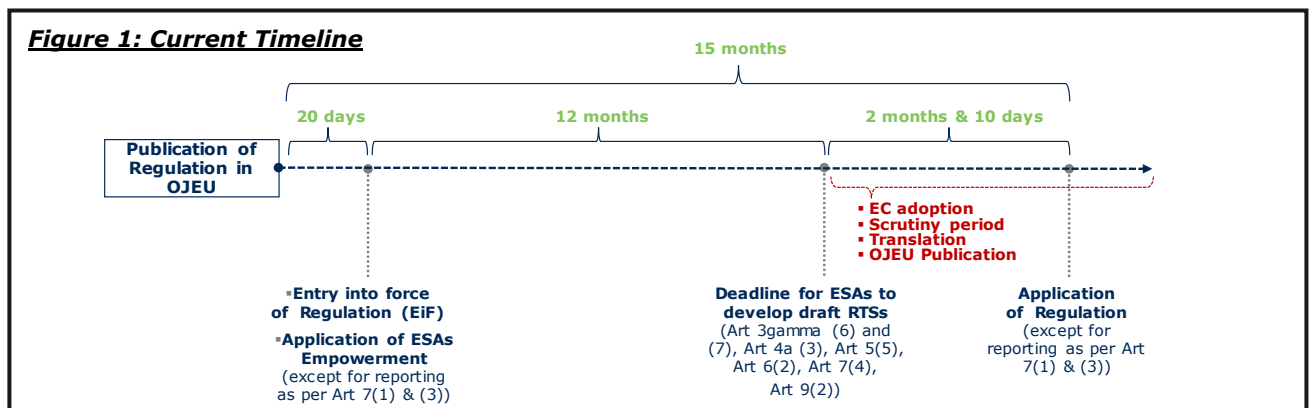
Annex – Explanation of the timeline of the Regulation on Sustainability Disclosures

The Regulation on Sustainability Disclosures contains empowerments for the EBA, EIOPA and ESMA (the ESAs) to develop Level 2 measures in the form of Regulatory Technical Standards (RTS) to elaborate its requirements.

While the Regulation will apply 15 months from publication in the Official Journal of the EU (OJEU), the ESAs will have 12 months and 20 days from publication to develop the drafts of most of the Level 2 measures. We understand that the ESAs will make full use of these 12 months. Subsequently, endorsement by the Commission and the scrutiny period of the Council and European Parliament will require several additional months before the Level 2 measures become final.

Therefore, even if draft RTS are prepared in accordance with the deadline set in the Regulation, it is **very likely that the final RTS will not be published before the current application date of the Regulation** (see Figure 1). In the meantime, as the Commission may potentially change draft RTS, the industry cannot fully rely on the draft Level 2 texts. That would lead to legal uncertainty for the industry and potentially hit end-investor confidence if information they receive on sustainable products is changed shortly after that information is provided.

The timeline is even more questionable for Level 2 measures on sustainability indicators in relation to adverse impacts in the field of social and employee matters, respect for human rights, anti-corruption and bribery matters, which will have to be developed within 24 months and 20 days of publication of the Regulation.



Our recommendation: To provide the industry with sufficient time for implementation, we suggest to set the application of the Level 1 Regulation 12 months after all Level 2 measures are published in the OJEU (see Figure 2).

To this end, the timeline for the development and the application of the RTS on principal adverse sustainability impacts under article 3 gamma (7) in the field of social and employee matters, respect for human rights, anti-corruption and bribery matters would have to be aligned with that of the other RTS.

