

09 March 2021

The Implementation of the Sustainable Finance Disclosure Regulation (SFDR)

Introduction

Following the publication of the [MFSA Circular](#) on the implementation of the Sustainable Finance Disclosure Regulation (SFDR) dated 9 February 2021, this circular intends to provide further details on the application of the Regulation following the Supervisory Statement of the European Supervisory Authorities (ESAs) on 25 February 2021.

Background

The [Supervisory Statement of the ESAs](#) intends to lessen the risk of divergent application of the SFDR within the period from 10 March 2021 to the application date of the Regulatory Technical Standards (RTS) on the content, methodologies and presentation of sustainability-related disclosures under empowerments in Articles 2a(3), 4(6) and (7), 8(3), 9(5), 10(2) and 11(4) of the SFDR.

Financial market participants and financial advisers are required to apply most of the provisions on sustainability-related disclosures laid down in the SFDR from 10 March 2021 while the application of the RTS will be delayed to a later date. The ESAs have proposed in their draft RTS to delay the application date of the RTS to 1 January 2022.

The ESAs are recommending that in the interim period, financial market participants and financial advisers make use (as a reference for the purposes of applying the provisions of Articles 2a, 4, 8, 9, and 10 of the SFDR) of the [final report](#) that has been submitted to the European Commission on 4 February 2021.

However, it is pertinent to note that the draft RTS must still be adopted by the European Commission and the European Parliament or the Council. Therefore, the final RTS may be different to the draft RTS in the ESAs' final report.

Way Forward

The MFSA encourages financial market participants and financial advisers to use the interim period from 10 March 2021 until 1 January 2022 to prepare for the application of the RTS.

In addition, the MFSA encourages financial market participants and financial advisers to follow the table presented in the Annex attached to this MFSA circular ([Application timelines in SFDR and TR](#)). It provides a summary table of the Sustainable Finance Disclosure Regulation and Taxonomy Regulation disclosure obligations on financial market participants, financial advisers and financial products and the respective timelines.