
Press release

AFME welcomes the Sustainable Finance package recently published by the European Commission

19/06/2023

The package contains a number of important elements:

- A legislative proposal for the regulation of ESG ratings providers. This aims to enhance the integrity, transparency, responsibility, good governance, and independence of ESG rating activities, contributing to the transparency and quality of ESG ratings. It lays down conditions for the provision of ESG ratings in the EU, principles for the integrity and reliability of ESG rating activities, transparency requirements of ESG ratings' activities, obligations relating to the independence and conflict of interests of ESG rating providers, and ESMA's powers with regard to the supervision of ESG rating providers.
- The final Delegated Act for the additional environmental criteria and expansions to the EU Taxonomy including:
 - Technical screening criteria (TSC) for economic activities making a substantial contribution to the four remaining environmental objectives (Taxo4);
 - Targeted amendments to the delegated acts specifying the Taxonomy's reporting requirements; and
 - Targeted amendments and additions to the delegated acts specifying the TSC for climate change mitigation and climate change adaptation.
- A Communication taking stock of progress in the EU sustainable finance regulatory framework: The Communication places emphasis on the Commission's work to enhance the usability and effectiveness of the EU Sustainable Finance framework. The Commission acknowledges implementation challenges, highlights work done and under way to seek to address these, but states that "Early analysis of reporting shows that the EU sustainable finance framework is beginning to work as intended, facilitating private finance for green and transition investments through transparency and as a comprehensive toolbox".
- A Staff Working Document on the usability of the EU Taxonomy presents an overview of the recent measures and tools put forward to address key implementation issues and questions raised by stakeholders regarding the usability of the EU Taxonomy. The Commission's stated priority is helping market participants implement the EU Taxonomy and the overall framework, and to enhance its usability. Some further FAQs were also published on the Minimum Social Safeguards and on whether Taxonomy-aligned investments qualify as 'sustainable investment' under the SFDR.
- A Recommendation on transition finance: The Recommendation emphasizes the important role of transition finance in meeting the EU's climate and environmental goals. It provides a definition of transition finance and aims to support transition finance through recommending approaches that can utilize sustainable finance tools and disclosures including the EU Taxonomy, transition plans, EU climate benchmarks and science-based targets. It makes recommendations for issuers, financial intermediaries, Member States and the ESAs, including that the ESAs take account of the recommendation when monitoring and supervising greenwashing risks.

AFME welcomes the emphasis from the European Commission on addressing usability and implementation challenges with the EU regulatory framework and the recognition of the need to ensure that this works

Association for Financial Markets in Europe

London Office: Level 10, 20 Churchill Place, London E14 5HJ, United Kingdom T: +44 (0)20 3828 2700

Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 883 5540

Frankfurt Office: Neue Mainzer Straße 75, 60311 Frankfurt am Main, Germany T: +49 (0)69 710 456 660

www.afme.eu

effectively both to promote green finance but also to facilitate transition finance, which is vital to enable the EU to meet its climate and environmental objectives. We look forward to continuing to contribute to this important work.

– Ends –

AFME Contacts

Rebecca Hansford

rebecca.hansford@afme.eu

++44 (0)7825 081 686

Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu
2. Follow us on Twitter [@AFME_EU](https://twitter.com/AFME_EU)