



### **1. EFMLG meetings Q3 2021, Q4 2021.**

On 24 September 2021, the EFMLG discussed the response received from the European Commission on the EFMLG letter of 26 July 2021 on Article 55 BRRD (see point 3 below). It established subgroups to cover ESG changes to MiFID II (see point 5 below) and UK CCPs' eligibility / temporary equivalence.

On 4 December 2021, a representative of the French Ministry of Finance presented the priorities of the French Presidency at the EFMLG meeting. The rest of the meeting had a focus on sustainability: Green Asset Ratio (EBA's pilot exercise) and draft Corporate Sustainability Reporting Directive (CSRD).

### **2. EFMLG letter to the European Commission on reporting under Article 8 of the EU Taxonomy Regulation and under the NFRD.**

The EFMLG's letter to the European Commission recommended a close alignment between the reporting obligations under the draft Delegated Act on Article 8 of the EU Taxonomy and the Non-Financial Reporting Directive (NFRD) and, thereafter, the forthcoming CSRD.

Also, the EFMLG suggested a consistent approach between the numerator and the denominator of the taxonomy-alignment ratios, and to ensure the recognition of the role of derivatives in taxonomy-alignment metrics.

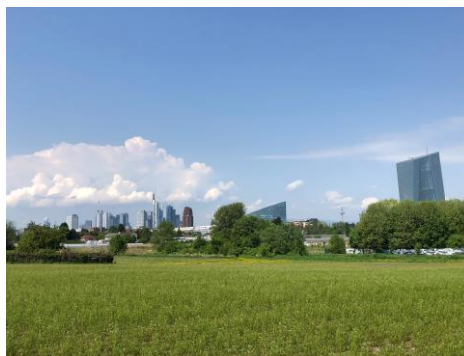
### **3. EFMLG letter to the European Commission on Article 55 BRRD II.**

The EFMLG letter to the European Commission of 26 July 2021 covered some critical issues in the EBA's Final Report on the Article 55 BRRD draft Regulatory Technical Standard. In particular, the EFMLG stressed that the list of only five

conditions for impracticability referred to in Art. 1 (1) of the draft RTS is insufficient and that the impracticability notification and assessment process entails significant costs for the institutions and, in certain cases, risk.

### **4. EFMLG meeting Q1 2022.**

On 18 March 2022 two representatives from the European Commission presented the roadmap of the revision of the Payment Services Directive II: evaluating the existing rules and looking into how the market has evolved regarding new payment actors and products in order for the Directive to gain its full potential. The EFMLG also discussed the ESMA's Consultation Paper on the trading venue perimeter. EFMLG ECB members presented the EU, US and UK sanctions vs Russia.



### **5. EFMLG contribution to the ESMA Consultation on the ESMA Guidelines on certain aspects of the MIFID II suitability requirements.**

On 21 April 2022 the EFMLG filed its contribution to the ESMA consultation. The EFMLG suggested, among others, avenues for an effective implementation of the measures contained in the ESMA Guidelines.

The EFMLG, while fully sharing the urgency of the EU's sustainable finance agenda, considers that there is a need to

postpone the application date of the ESG provisions of MIFID II and the Insurance Distribution Directive, preferably until 2024. This will give time to the financial industry to process ESG data, also in view of the overall EU calendar for the collection of ESG data.

The EFMLG raised concerns about the definition of "sustainability preferences" with regard to certain financial instruments that are not "financial products" under Sustainability Finance Disclosure Regulation.

Furthermore, the EFMLG considered the currently envisaged approach as regards clients' sustainability preferences as excessively complex. Therefore, the EFMLG proposed a more flexible approach that considers the scope of the service provided and the availability of products potentially meeting the clients' sustainability preferences.

Finally, the EFMLG pointed at certain inconsistencies with Delegated Regulation 1253/2021 as regards the integration of sustainability factors, risks and preferences for investment firms.

The EFMLG suggested that, in the absence of an investment option meeting squarely the client's sustainability preferences or, eventually, in the presence of a client without sustainability preferences, it should remain possible to recommend an ESG product that does not meet the client's sustainability preferences provided that this fact is made clear to the client and that the ESG dimension of the investment is undisputed.

### **6. Upcoming meetings.**

EFMLG: 3 June 2022 (hybrid); Autumn meeting (date to be confirmed).  
Quadrilateral meeting hosted (on-line) by the EFMLG: 6 October 2022 (second session; first session was on 6 April 2022).