



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Sustainable Finance Disclosure Regulation¹: Process clarifications for UCITS and AIFs pre- contractual documentation updates applicable 10 March 2021

January 2021

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

Sustainable Finance Disclosure Regulation (“SFDR”) implementation: Process clarifications with respect to UCITS and AIFs pre-contractual document(prospectus) updates applicable 10 March 2021 (‘SFDR Deadline’)

Context

The SFDR requires financial market participants and financial advisers, which includes UCITS management companies and Alternative Investment Fund Managers (AIFMs), to make pre-contractual and ongoing disclosures to end investors with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment. The SFDR applies from 10 March 2021, whilst related regulatory technical standards have been delayed until a later date. The application of the Level 1 text will result in updates to pre-contractual documentation for UCITS and AIFs.

Central Bank approach

To facilitate orderly implementation of the SFDR, the Central Bank has established a fast-track filing process for pre-contractual document updates based on the SFDR Level 1 text, under which both UCITS management companies and AIFMs (‘Managers’) will be able to certify their compliance with the SFDR.

Overarching expectations

The responsibility rests with the relevant Manager to ensure compliance with SFDR requirements from 10 March 2021 in keeping with the high-level principles based approach outlined by the European Commission². Managers will need to determine the fund’s appropriate product classification and ensure pre-contractual disclosures are appropriate to their particular funds.

Importantly, the fast-track regime should not be seen as providing scope for a lesser quality of disclosures than would otherwise be produced.

Documentation and timing

Q. What documents need to be filed with the Central Bank?

² <https://www.esma.europa.eu/document/letter-european-commission-esas-application-regulation-eu-20192088-sustainability-related>

A Responsible Person³ shall certify that the amendments made are in accordance with the SFDR and do not contain any other amendments to the pre-contractual documentation. This certification along with the relevant revised final dated documents (prospectus/supplement) are required to be submitted to the dedicated mailbox SFDR@centralbank.ie for automated noting by the Central Bank.

Q. *Is there a prescribed format or form for the self- certification?*

No, the Central Bank does not require a specific form or format for the self-certification.

Q. *When must filings be made to ensure compliance (noting) by 10 March 2021 deadline?*

Filings can be made from 11 January 2021 to 10 March 2021.

Q. *Is it possible to make other changes to the prospectus, as well as SFDR Level 1 as part of the fast-track process?*

No. The fast-track process is only available for SFDR related disclosures. Any other changes must comply with the usual Central Bank review process for the relevant fund.

Q. *I have made a submission to the Central Bank for the authorisation of a new fund / sub-fund. Can I qualify for the fast-track process?*

No. Where a new fund/sub-fund application has been made with the Central Bank then the disclosures made in relation to SFDR may be subject to comment.

Q. *After 10 March 2021, will the fast-track process be available?*

No. Where a submission has been made with the Central Bank then the disclosures made in relation to SFDR may be subject to comment.

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³ The Responsible Person of a UCITS is the UCITS management company or the UCITS Self-Managed Investment Company (SMIC); the Responsible Person of an AIF is the AIFM or the AIF SMIC, or in the case of an AIF with a non-EU AIFM the Responsible Person is the fund itself.

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