



Asset Management & Investment Funds Update

May 2022

Central Bank SFDR Supervisory Statement

On 27 April 2022, the Central Bank published a supervisory statement on the application of SFDR (the **Central Bank Statement**). The Central Bank Statement follows on from the updated supervisory statement of the European Supervisory Authorities (the **ESA**), published on 24 March last, setting out regulatory compliance expectations for the Taxonomy-related SFDR rules (the **ESA Statement**). Our briefing on the ESA Statement is available [here](#).

Taxonomy-related SFDR rules

With effect from 1 January this year, SFDR Taxonomy-related provisions (SFDR requirements inserted by the Taxonomy Regulation) require funds in scope of SFDR Articles 8 or 9 with environmental characteristics/objectives and which invest in environmental sustainable investments to disclose (i) the environmental objectives under the Taxonomy Regulation (the **Taxonomy**) to which the fund's investments contribute and (ii) how and to what extent the fund's investments comply with the Taxonomy criteria for environmentally sustainable investments i.e., the level of Taxonomy-aligned sustainable investments in the fund's portfolio (the **Taxonomy-related SFDR rules**).

Supervisory expectations for compliance with Taxonomy-related SFDR rules

The Central Bank Statement confirms:

- draft SFDR Level 2 measures should be used as a reference point for applying the SFDR in the period until those measures are finalised and in effect on the anticipated date of 1 January 2023. Our briefing on the draft SFDR Level 2 measures is available [here](#)
- the supervisory expectations set out in the ESA Statement including that an 'explicit quantification' of Taxonomy-aligned investments in a fund's portfolio be included in fund offering documents to address the Taxonomy-related SFDR rules and that, while estimates should not be used to calculate Taxonomy-alignment, where information is not readily available from investee companies' public disclosures, reliance may be placed on equivalent information on Taxonomy-alignment obtained directly from investee companies or from third party providers

Next steps

Following the publication of the Central Bank Statement and the ESA Statement, and until SFDR Level 2 comes into effect, in-scope UCITS managers and AIFMs should refer to the draft Level 2 measures when applying relevant SFDR disclosure rules, including the Taxonomy-related SFDR rules.

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