



Assogestioni's position on the European Commission proposal to revise the SFDR (European Commission Proposal 2025/0361 (COD) – 20 November 2025)

February 2026

1. Introduction

Assogestioni welcomes the European Commission's proposal to revise the Sustainable Finance Disclosure Regulation (SFDR) and broadly supports the direction of travel outlined in the November initiative. The revision of the SFDR represents a crucial opportunity to restore clarity, proportionality and credibility to the EU sustainable finance framework, while preserving a high level of investor protection and market integrity.

The regulatory framework introduced between 2018 and 2020 through the Action Plan for Financing a Sustainable Transition marked a turning point for European financial regulation, placing sustainability and ESG considerations at the centre of investment decisions and corporate strategies. Since its entry into force, the SFDR has significantly reshaped asset managers' internal processes and product governance frameworks, requiring the systematic integration of ESG considerations throughout the investment lifecycle and a high degree of transparency towards investors.

While this evolution has supported the mainstreaming of sustainability considerations, it has also entailed substantial operational, legal and compliance challenges for asset management companies. The experience gained in applying the SFDR and the Taxonomy Regulation—now in their fifth year of application—has brought to light a number of structural shortcomings that limit the effectiveness and usability of the current framework.

Against this background, the Commission's proposal constitutes a meaningful step forward and is largely aligned with the needs expressed by the asset management industry in its exchanges with regulators and supervisory authorities.

2. Limitations of the current SFDR framework

Based on practical implementation experience, several key weaknesses of the current SFDR framework have emerged:

- excessive complexity and granularity of disclosure requirements, generating significant operational costs without delivering commensurate benefits in terms of investor understanding or product comparability;
- a definition of “sustainable investment” that has proven difficult to operationalise and has failed to ensure consistent application across products, asset classes and jurisdictions;
- entity-level disclosures that provide limited decision-useful information for investors



- and do not accurately reflect the third-party nature of asset management activities;
- the de facto use of transparency obligations for product classification purposes, contributing to legal uncertainty and increasing the risk of greenwashing;
- the absence of effective and coherent minimum safeguards applicable across comparable products.

These shortcomings have reduced the overall effectiveness of the framework and have, in some cases, undermined confidence in sustainable finance disclosure.

3. Assessment of the Commission's proposal

The European Commission's proposal responds constructively to many of the above-mentioned issues. In particular, it introduces a more proportionate and product-focused approach that is better aligned with investors' decision-making processes and distribution dynamics.

Key positive elements include:

- the elimination of entity-level disclosure obligations, allowing regulation to focus on products and acknowledging the third-party asset management model;
- the overall simplification and streamlining of transparency requirements, including the removal of the definition of "sustainable investment" as per art 2 (17), which has proven difficult to apply and of limited comparability;
- the introduction of product categories, including a dedicated category for transition investments, supported by minimum safeguards and clearer indications of eligible investment strategies.

4. Points of attention regarding the transition towards a revised SFDR ("SFDR 2")

While expressing an overall positive assessment, Assogestioni believes that certain aspects of the Proposal warrant further consideration, particularly in view of the operational complexity associated with the transition to a revised framework.

Given the pervasive nature of the SFDR within the EU sustainable finance architecture, the transition towards a revised regime ("SFDR 2") requires a clear, predictable and well-coordinated implementation roadmap. Close alignment between Level 1 and Level 2 measures will be essential, as well as consistency with other intersecting regulatory initiatives, including the Taxonomy Regulation, the Benchmark Regulation, the Corporate Sustainability Reporting Directive (CSRD), MiFID II and the ESMA Guidelines on funds' names using ESG or sustainability-related terms.

The interaction between SFDR disclosures and the collection of ESG preferences and suitability assessments under MiFID II is particularly sensitive. Changes to the information made available



under the SFDR, as well as the proposed removal of portfolio management from its scope, will require a fundamental reassessment of sustainability preferences and product suitability at the distribution stage.

In this context, Assogestioni encourages the Commission and supervisory authorities to consider transitional measures capable of alleviating unnecessary operational burdens without undermining regulatory objectives. In particular, with respect to entity-level disclosures under Articles 4 and 5 SFDR, the issuance of a temporary no-action or no-enforcement letter could provide legal certainty and immediate relief to financial market participants, in line with the Commission's simplification agenda and while awaiting formal legislative changes.

Finally, Assogestioni encourages the Commission to accompany the next stages of the Proposal with structured stakeholder consultation and, where appropriate, consumer testing, while allowing adequate implementation timelines to ensure an orderly transition.

Conclusion

Assogestioni remains committed to supporting the development of a revised SFDR framework that is simpler, more coherent and genuinely decision-useful for investors, while safeguarding the credibility of the EU sustainable finance agenda. Continued dialogue with stakeholders, regulatory consistency and an adequate implementation timeline will be key to ensuring the success of this reform and further promote sustainable investing.



Annex – Technical observations on the Proposal

1. Alignment of Exclusion criteria

The exclusion criteria proposed under Articles 7, 8 and 9 of the Proposal are broader than those envisaged under the ESMA Guidelines and differ from the criteria applicable to Climate Transition Benchmarks (CTB) and Paris–Aligned Benchmarks (PAB) under the Benchmark Regulation. Such divergence risks creating unnecessary complexity, undermining comparability across products and generating confusion for end investors.

Further reflection is also needed on the impact of the automatic qualification, under Articles 7 and 9, of financial products that replicate or are managed with reference to CTB or PAB benchmarks. These products would be subject to less stringent fossil fuel–related exclusions than transition or sustainable products, potentially creating an unlevel playing field between passive and active investment strategies.

Moreover, the broadening of the exclusion criteria envisaged in the Proposal—particularly with regard to the Transition category – through the extension of CTB exclusions to companies involved in coal and excluding investments in companies that develop new projects in certain fossil fuel–related activities—risks being overly restrictive and may hinder investment in companies that are most in need of capital to support their transition pathways.

In light of the above, Assogestioni recommends maintaining exclusion criteria for SFDR categories that are aligned with those currently envisaged under the ESMA Guidelines, namely the application of CTB exclusions for Articles 7 and 8 products and PAB exclusions for Article 9 products. Such an approach would enhance operational consistency, support competitive neutrality between investment strategies and preserve the credibility of transition–related exclusions.

2. Deletion of entity–level disclosures (Articles 4 and 5)

Assogestioni welcomes the removal of entity–level disclosures. However, further clarification is needed regarding the interaction between the SFDR and the CSRD, in particular with respect to AUM–related disclosures for entities that remain subject to CSRD requirements.

3. Eligible strategies for positive contribution

The Proposal introduces significant flexibility by allowing investments to qualify where a credible contribution can be demonstrated and adequately disclosed. Such flexibility is welcome and useful to accommodate different investment strategies and asset classes, especially when accompanied by indicators to measure compliance with the strategy.

Further consideration should therefore be given to whether the additional Level 2 guidance envisaged in art 19 (b)(a) (iv) is really needed or whether this would be constraining innovation or investment flexibility.



4. Products investing in categorised products (Article 9a)

Products investing in or combining categorised products may themselves qualify under Articles 7, 8 or 9, depending on compliance with the 70% threshold. Clarification is required on how this threshold should be calculated, including the treatment of direct and indirect exposures, in order to avoid inconsistent interpretations.

5. Voluntary sustainability-related disclosures for non-categorised products (Article 6a)

Assogestioni welcomes the introduction of a dedicated sustainability disclosure space for products that integrate ESG elements beyond sustainability risk management but do not qualify under the SFDR categories.

However, further clarification is needed to ensure that the limitations applicable to regulatory and marketing communications are sufficiently clear and workable in practice. A complete prohibition on referencing ESG features risks reducing transparency rather than enhancing it. A limited, factual and non-promotional reference to ESG elements—accompanied by a clear disclaimer that the product is not categorised under the SFDR—should be permitted.

6. Use of data and estimates (Article 12a)

The Proposal places extensive disclosure and information obligations on financial market participants, while no corresponding responsibility regime is envisaged for ESG data providers. This asymmetry may expose asset managers to legal and supervisory risks that are not commensurate with their actual control over underlying data.

Recognising structural limitations in data availability at investee or asset level, supervisory expectations and disclosure requirements should be applied in a proportionate manner. Assogestioni also supports the introduction of minimum transparency requirements for ESG data providers, in order to promote accountability and reduce liability risks for financial market participants relying on third-party data. While such obligation for data providers could not be introduced in the proposed regulation, a recital could recommend the creation of self-regulation on the matter on the part of ESG data providers.

7. Treatment of sovereign bonds under the SFDR categorization framework

Assogestioni considers it essential that sovereign bonds remain meaningfully integrated within the SFDR framework, given their central role in financing Member States' environmental and social policy objectives, including the goals of the Paris Agreement. The current Proposal, however, adopts an overly restrictive approach by confining general-purpose government bonds to the "ESG Basics" (Article 8) category, while limiting eligibility for the "transition" and "sustainable" categories to narrowly defined use-of-proceeds instruments. This does not adequately reflect the contribution of sovereign issuers to Europe's decarbonization and resilience strategies. Furthermore, while no single harmonized methodology exists, consolidated ESG assessment approaches for sovereign bonds are already well established and applied by asset managers.

By significantly limiting the role of sovereign exposures in art.7 and 9 categories, the



framework constrains portfolio construction and removes an important source of diversification and risk stabilization, potentially resulting in less diversified portfolios.

This approach also lacks consistency with other EU initiatives, notably the Commission's Notice on the European Green Bond Regulation, which recognizes National Climate Plans as the public-sector equivalent of corporate transition plans. In this context, Assogestioni considers that sovereign bonds issued by Member States with such plans should be eligible for inclusion in the 70% threshold also for the "transition" and "sustainable" categories.

8. Marketing communications and naming rules (Article 13)

Article 6a products appear to be prevented from referring to sustainability features in marketing communications, even where such references would be factual and appropriately limited. Assogestioni believes that limited ESG-related references should be permitted, provided they are accompanied by a clear disclaimer stating that the product is not categorized (see also point 5 above).

In addition, regulatory consistency should be ensured between the Proposal and the ESG Ratings Regulation. While the latter mandates the development of RTS on ESG rating disclosures, Article 13 of the Proposal would apply directly without Level 2 measures, potentially leading to misalignment.

9. Reporting and ESAP transmission (Articles 18 and 18a)

Article 18a introduces a direct obligation for financial market participants to transmit SFDR disclosures to the European Single Access Point (ESAP). While this may enhance accessibility and comparability of sustainability information, further guidance will be needed to ensure efficient coordination with existing reporting channels and to mitigate additional operational burdens.