



NSA Position Paper: Sustainable Finance Disclosure Regulation (SFDR) Review

The NSA¹ welcomes the European Commission's ("Commission") initiative to simplify and revise the Sustainable Finance Disclosure Regulation (SFDR). We share the Commission's objective of enhancing regulatory coherence and reducing unnecessary complexity and administrative burden, while safeguarding investor protection and supporting the effective functioning of EU financial markets.

The NSA broadly supports the Commission's intention to focus the Regulation clearly on product-level disclosures. We welcome measures that remove obligations which have proven administratively burdensome without delivering proportionate benefits for investors. A simpler, clearer framework is essential to ensure usability, legal certainty and effective implementation across Member States.

Scope of application

The NSA supports the proposed narrowing of the scope of the SFDR, including the exclusion of investment advice and portfolio management services. These activities are services rather than products and are more appropriately addressed under sector-specific legislation, notably MiFID II and related frameworks. Clarifying the scope of the SFDR is an important step towards reducing complexity and avoiding overlapping or duplicative requirements.

Product categorisation

We support the move towards a clearer and more structured product categorisation framework under SFDR. A well-designed categorisation system can improve comparability and investor understanding, provided that categories are clearly defined, operationally feasible, and proportionate. It is essential that categorisation criteria are sufficiently clear at Level 1 and do not rely excessively on subsequent Level 2 measures in ways that would reintroduce complexity or legal uncertainty.

Non-categorised products

We share concerns regarding the proposed treatment of non-categorised products (ie. Article 6a products.) While preventing greenwashing is a legitimate and important objective, the framework should also allow financial market participants to provide factual and proportionate information about how sustainability factors are considered, without forcing products into categories for which they are not suited. Legal clarity is needed to ensure that innovation and product diversity are not unintentionally constrained.

Data availability and coherence with other legislation

The NSA emphasizes that the effectiveness of the revised SFDR framework depends critically on the availability of reliable sustainability data. Recent and ongoing changes to other parts of the Sustainable Finance framework, including corporate sustainability reporting, risk reducing data

¹ NSA is composed of Finance Denmark (Finans Danmark), Finance Finland (Finanssiala ry), the Norwegian Securities Markets Association (Verdipapirforetakenes Forbund) and the Swedish Securities Markets Association (Föreningen Svensk Värdepappersmarknad). NSA is registered in the European Parliament Transparency Register with number 622921012417-15.



availability. SFDR requirements must therefore be calibrated to reflect realistic data constraints. More broadly, strong coherence and alignment with related legislation — particularly MiFID II, IDD, PRIIPs, the Taxonomy Regulation and corporate sustainability reporting rules — is essential to ensure a consistent and workable regulatory framework.

Furthermore, sustainability preferences under MiFID/IDD must be comprehensively revised, due to the changes in scope of SFDR. While sustainability preferences under MiFID/IDD may be compatible with SFDR products, we also consider it important that investment options recommended to a client with ESG preferences under MiFID may also include products and services that fall outside the scope of the SFDR. The operational complexity of the sustainability preferences regime should be significantly simplified to enhance client understanding.

Implementation, transition and legal certainty

We stress the importance of sufficient transition periods and well-designed transitional provisions. Financial market participants have invested significant resources in implementing the current SFDR framework, and changes will require further adjustments not only to products and disclosures, but also to advisory and internal processes. Level 1 and Level 2 measures should be aligned in timing and substance to avoid regulatory gaps or uncertainty during the transition period.

Conclusion

The NSA is supportive of a more streamlined, coherent and investor-focused SFDR framework. Achieving this objective requires simplification, clear product categorisation, realistic data requirements, strong alignment with other EU financial legislation, and adequate transition periods. We stand ready to engage constructively with EU institutions to support a revised SFDR that is proportionate, practical and effective in supporting sustainable finance in the EU.