

Final Report

Technical Standards on the European Green Bonds Regulation



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1 Executive Summary

Reasons for publication

Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds was published in the Official Journal of the European Union on 30 November 2023. The Regulation empowers the European Securities and Markets Authority (ESMA) to develop regulatory technical standards (RTS) and implementing technical standards (ITS) specifying certain of its provisions for external reviewers.

On 26 March 2024, ESMA published a Consultation Paper (CP) on the proposed draft technical standards on senior management requirements and analytical resourcing, sound and prudent management, analytical knowledge, and experience, outsourcing of assessment activities and forms, templates and procedures for registration. The public consultation closed on 14 June 2024. During this period, ESMA sought the advice of the Securities and Markets Stakeholder Group (SMSG) and received recommendations from the Proportionality and Coordination Committee (PCC). This Final Report includes the revised draft RTS and ITS developed taking into account all the feedback received.

Further information on the rationale for the draft technical standards can be found in the CP.

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The main body of this Final Report (section 2) summarises the contributions received to the consultation conducted by ESMA and explains how this feedback has been considered in developing the revised technical standards.

Annex I sets out the list of questions contained in the CP.

Annex II displays the legislative mandates to develop the draft technical standards.

Annex III presents the cost-benefit analysis related to the draft technical standards.

Annex IV sets forth the advice of the PCC.

Annex V lays out the full text of the final draft RTS and ITS.

Next Steps

ESMA has submitted the draft regulatory and implementing standards to the European Commission for adoption by means of a Commission Delegated Regulation (for RTS) and

a Commission Implementing Regulation (for ITS). The technical standards will also be subject to non-objection by the European Parliament and Council.

2 Overview of the Final Report

2.1 Background

1. The Regulation on European Green Bonds ('EuGB Regulation') entered into force on 21 December 2023.
2. This Final Report contains the technical standards for delivery to the European Commission by 21 December 2024. These technical standards cover the empowerments for ESMA to develop regulatory technical standards under Articles 23(6), 27(2), 28(1), 33(7) and the implementing technical standard under Article 23(7) of the EuGB Regulation. These technical standards relate to various aspects of the external reviewer regime, notably to: (i) the criteria to be assessed relating to senior management, board members and analytical resources; (ii) the criteria to assess sound and prudent management and management of conflicts of interest; (v) the criteria applicable to outsourcing of assessment activities; and (v) the standard forms, templates and procedures for the provision of registration information.

2.2 Public consultation process

3. On 26 March 2024, ESMA published a CP on 4 draft RTS and one draft ITS in order to explain the rationale underlying its proposals and gather input from stakeholders. The 12-week public consultation closed on 14 June 2024.
4. ESMA received a total of 21 responses (6 of which confidential) from audit, accounting and assurance service providers (12), external reviewers and second-party opinion (SPO) providers (3), testing, inspection and certification assessment bodies (3), credit rating agencies (2) and respective associations, as well as from one trade association in the capital markets industry (1). The 15 non-confidential contributions are available on ESMA's website.
5. In line with Article 10 of the ESMA Founding Regulation¹, ESMA consulted the SMSG on the proposed draft technical standards. The SMSG deliberated not to provide technical advice to ESMA on the draft RTS/ITS.
6. Additionally, the PCC has, on its own initiative, submitted to ESMA formal advice on the draft RTS/ITS. While not addressing any of the consultation questions specifically, the

¹ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority).

PCC has provided recommendations on ESMA's proposals, with a focus on proportionality-related aspects of the supervisory mandate. The advice of the PCC is presented in Annex IV.

7. The feedback statement summarises the main aspects raised in responses to the CP and demonstrates how these contributions, together with the PCC advice, have been taken into account in developing the final draft technical standards.

2.3 Feedback statement

8. Respondents to the CP were broadly in support of ESMA's proposals to specify the criteria set out in the provisions of the EuGB Regulation on the external reviewer regime.
9. Proposals for amendments to the draft technical standards were mainly focused on questions of proportionality, administrative burden and costs of compliance for external reviewers, with a view to alleviating possible entry barriers for entities wishing to join the market. In addition, some respondents chose to highlight the importance of more clearly specifying the criteria that external reviewers should meet under certain draft RTS and that such a change would ensure a closer alignment with the letter of the legal empowerments of the relevant articles.
10. Based on this feedback, ESMA has made a number of revisions to the content and structure of the draft RTS/ITS while keeping to the extent possible the substance and concepts contained within the consultation paper. The most notable change is the merging of the technical standard under Article 28(1) into the RTS under Article 23(6). The rationale and justification for this merger is explained in section 2.3.1 of this document. ESMA would also highlight that the effect of a number of these changes has been to reduce the burden of reporting requirements proposed by the draft RTS, with all reporting requirements now removed from the draft RTS and placed within the ITS under Article 23(7).

2.3.1 RTS on criteria to be assessed relating to senior management and members of the board, as well as analysts, employees and other persons directly involved in assessment activities, Article 23(6) – Questions 1 and 2

Q1: Do you agree with ESMA's proposals to specify the criteria to assess the sufficiently good repute, skill, professional qualifications and experience of senior management and members of the board of an external reviewer?

Q2: Do you agree with ESMA's proposals to specify the criteria to assess the sufficiency of the number of analysts, employees and persons directly involved in the assessment activities and of their level of knowledge, experience and training?

11. Several respondents raised concerns over the level of detail of the information required at registration under the RTS, in particular those already subject to requirements from parallel regulatory frameworks (e.g. CRA Regulation) addressing the fitness and propriety of senior management and board members.
12. Two other contributions highlighted that members of the board of external reviewers engaging in other services may have little or no specialist knowledge of European Green Bonds. Therefore, they propose that only good reputation and managerial skills are assessed by ESMA at registration. Similarly, two other respondents highlighted that board members should not be required to have sustainable finance expertise, as they are not expected to have the same level of experience in undertaking technical assessments as analytical staff.
13. One respondent shared its appreciation for ESMA's acknowledgement in Article 3(4) of the RTS that the senior management and board should possess a "collective" understanding of the activities of external reviewers, in addition to the suitability requirements on an individual basis.
14. On the criteria proposed by ESMA to assess good reputation, one respondent stated that requesting a criminal record (Article 2(a)) and a self-declaration of fitness and propriety (Article 2(b)) seemed excessively burdensome. Another respondent added that submitting a criminal record file may not be legally permitted in certain cases and jurisdictions.
15. Moreover, three respondents expressed their reservations over the need for external reviewers to perform a separate self-assessment of skill of its senior management and board members, under Article 4 of the draft RTS, on the basis of high costs, limited added value vis-à-vis information already provided to ESMA and the limited expertise of senior management in technical disciplines, especially in the case of multidisciplinary firms. One of these contributions requested more clarity on the process of assessing skill in general. One respondent also stated that the evaluation of the collective suitability prescribed in Article 4(2) was excessive and even going beyond the requirements of the more stringent regulatory framework for credit rating agencies.
16. Four respondents proposed to differentiate between the members of senior management and the board who are responsible for overseeing the business segment responsible for external review activities and those who are not, for the purpose of information to be provided at registration, so as to reduce the administrative burden of applicants.
17. Two respondents claimed that the definition and boundaries between senior management and board members, for the purpose of the RTS, were not clear.
18. One respondent recommended that ESMA consider the different nature of fines (i.e. criminal, administrative) and possibly include a time-barring on historical fines, subject

to the applicant providing information as to how the infringement in question was remediated.

19. One respondent disagreed with the applicability of the RTS to external reviewers intending to provide their services during the transitional period, citing proportionality and practicality concerns.
20. One respondent proposed amending Article 2(b)(v) so that disclosures are only required where a fitness and propriety assessment of a regulatory body has led to a negative outcome, based on the principle of presumption of innocence.
21. One respondent has provided targeted amendments to trim down Article 2(b)(iii) (“has been part of the senior management or board of an undertaking whose registration or authorisation was withdrawn by a regulatory authority”) and Article 2(c) (“a self-declaration where each member of the senior management and board of an external reviewer declares whether he, or she have or have had any relationships, positions or involvement that could, directly or indirectly, affect the interests of an external reviewer and the integrity of its assessment activities”), in order to lessen the burden of information requirements for applicants.
22. One contribution suggested adding a reference in Article 2 to “relevant registered entity” and, in Article 2(b)(ii), to replace “business” with “legal entity”, to provide greater clarity on the applicable requirements.
23. Finally, one respondent suggested the addition of “sustainability services” to the list of relevant activities set out in Article 3(3), for the purposes of ascertaining the level of experience of members of senior management and the board. In relation to the proposed elements for assessment under Article 5(c), two respondents highlighted the difficulty of estimating the duration of an external review, given the variation based on the complexity of each issuance. Likewise, five respondents stated the same in relation to the number of assessments to be allocated per employee in the forthcoming 12-month period, given market players’ current inability to forecast the number of European Green Bond issuances.
24. Another respondent stressed the difficulty for both ESMA and external reviewers to predict an accurate expected number of analysts, employees and people directly involved in the assessment activities, claiming this would fluctuate on a case-by-case basis. Another response stressed the difficulty in anticipating the size and skill level of analytical teams before knowing the precise client needs.
25. One contribution claimed that requiring an assessment of professional qualifications, skills and expertise, the estimation of the duration of any activities performed by employees and the submission of development plans, would significantly increase costs of compliance and diminish the competitive advantage of smaller SPO-specialized players within the market.

26. Two respondents recommended a shift in the approach of ESMA's assessment from individual to the collective suitability of the analytical function. For instance, having external reviewers satisfy the sufficient knowledge and experience requirement through the demonstration of a robust firm-level training and development plan.
27. One respondent claimed that requesting information from all employees of an entire analytical department, including junior analysts, instead of key personnel only, is unjustifiably onerous.
28. A few respondents raised the prospect that ESMA may not have entirely fulfilled the mandate of Article 23(6) of the EuGB Regulation by failing to clearly specify in the RTS what can be considered as employing a "sufficient" number of analysts or what can be considered as possessing "sufficient" knowledge.
29. One contribution proposed assessing the sufficiency of analysts in context of the size of the activities of the company in the space of green bonds and the collective capabilities of analytical personnel, rather than assessing these separately for each individual employee.
30. One contribution highlighted the need for further clarity on a few aspects of the assessment in Article 5. For instance, at which point the measurement of the number of employees should take place (average over a year, end of the year in question, etc) and whether the assessment in Article 5(c) applies annually or only to the initial year of registration. Another respondent raised a question on the intended frequency of submission of information on the composition of analytical teams following registration, stating that it is unclear whether this should be an annual update or more frequent. In this regard, another respondent highlighted that, in light of the nascent nature of the market for external reviews, the substance and form of relevant training is evolving rapidly. As such, providing ongoing updates to ESMA on the changing content of training and development plans for analysts (Article 6(d)) would be unpractical.
31. In relation to Article 6, one respondent suggested that ESMA limits the period for which the information is required or limits the information to an individual's relevant experience only, so as to reduce the burden of the assessment for external reviewers with limited resources.
32. One contribution questioned the compatibility of ESMA's required information on individual employees with EU data protection and privacy laws. Similarly, another response expressed concerns over analysts potentially proving reluctant to allow for their personal and professional information to be shared with ESMA.
33. One respondent suggested the addition of "sustainability services" to the list of relevant activities set out in Article 6(2) for the purposes of ascertaining the level of knowledge, experience and training of analysts.

34. The PCC drew attention to the possible over-prescriptiveness of the RTS on two occasions. In Article 5(c), it recommended the removal of the 12-month business outlook per employee. In Article 6(2), it suggested the inclusion of a prepositional phrase like “such as” to clarify that the list of relevant activities for the purposes of assessing the knowledge and experience of analytical staff in Article 6(2) merely illustrative.
35. **ESMA Response:** ESMA has revised the draft RTS under Article 23(6) in order to take these comments and a number of related issues into account. This process has involved restructuring the proposed draft RTS in three ways (i) to more closely align the text with the wording of the empowerment (ii) to reduce overlap and duplication with the RTS under Article 28(3) and (iii) to address a number of specific comments provided by respondents. One of the main drivers of the change under points (i) and (ii) is to ensure that this RTS can function as both a level 2 measure facilitating registration, but that it can also function as a level 2 measure that external reviewers must comply with on an ongoing basis, as required by Article 22(2) of the regulation.
36. With regards to the first change, the revised RTS now specifies the criteria against which senior management and members of the board will be assessed in order to judge whether they are of good repute and possess sufficient skill, professional qualifications and relevant experience. The proposed approach is that the criteria set out in paragraph 1 of Articles 1 and 2 will be assessed according to the information that is listed in paragraph 2 of Articles 1 and 2. ESMA considers that this revision will provide greater clarity to applicants with regards to the criteria their applications will be assessed against.
37. For the second change, the revised draft RTS has now integrated the process of assessment that was required under the separate RTS under Article 28(3). The purpose of this is to remove overlap and duplication among the level 2 measures under the regulation. The reason for the change is that the RTS under Article 23(7) is already specifying the criteria for determining the adequacy of the number of analysts and other employees involved in the assessment activities as well as the sufficiency of their knowledge, experience and training. As a result ESMA considered it important to avoid overlap and duplication between what was required of external reviewers under both RTS. With the revised approach, it is now proposed that external reviewers carry out a single assessment, via the RTS under Article 23(6) and that this assessment will also suffice for demonstrating compliance with the requirements of Article 28(1), thereby removing the need for a separate RTS under Article 28(3).
38. For the third change, a number of refinements to address the comments and input received during the consultation have been made, in this regard ESMA has:
- Integrated the information required on an individual’s previous criminal convictions into the self-declaration set out in Article 2(b), when such official records are not available in a given jurisdiction.

- Decided to revise Article 2(b)(v) (now Article 1(b)(v)) to only require the disclosure of previous fitness and propriety assessments resulting in negative or conditional decisions
- Opted to simplify the conflicts of interest self-declaration contained in Article 2(c) (now Article 1(c)), by eliminating the reference to “close relatives”.
- Removed the requirement for external reviewers to perform a standalone skill assessment of its senior management and board members as foreseen by the previous Article 4 and incorporated this into the criteria for assessing professional qualifications and relevant experience under the revised Article 2.
- Removed from Article 5 (now Article 3) information requirements on the roles, assigned headcount, other tasks or expected allocation of analysts and assessment activities planned to be outsourced, as it expects to largely receive these points from other sources (for instance, as part of the registration pack listed in Article 23(1) of the EuGB Regulation).

2.3.2 RTS on criteria to assess sound and prudent management and management of conflicts of interest Article 27(2) – Questions 3 and 4

Q3: Do you agree with ESMA’s proposals to specify the criteria to assess the sound and prudent management of the external reviewer?

Q4: Do you agree with ESMA’s proposals to specify the criteria to assess that any actual or potential conflicts of interest are properly identified, eliminated or managed, and disclosed in a transparent manner by the external reviewer?

39. Respondents generally agreed with ESMA’s proposals on the sound and prudent management of external reviewers.

40. One respondent questioned the added value of requiring the policies, procedures, terms of reference and meeting minutes of all committees established across the organization (Article 2), as well as the identities of staff (Article 3(1) not involved in external review-related activities. Similarly, five other respondents highlighted that disseminating meeting minutes outside the organisation may raise confidentiality and data protection concerns, as it is likely that these contain commercially sensitive and legally protected information.

41. Four contributions questioned the relevance of requesting information on external reviewers’ disaster recovery arrangements², claiming such information would be far

² Section 4.2, p. 23(b), Consultation Paper - Technical Standards on the European Green Bond Regulation, ESMA84-2037069784-2116.

more relevant for regulated financial institutions. Furthermore, one respondent underlined that it is unclear what information should be provided to ESMA on the administrative and accounting procedures of external reviewers (Article 3).

42. One respondent noted that the reference to the internal control framework in Article 4 is potentially ambiguous, as it could refer to the firm-wide internal control framework or solely to those internal controls pertaining to the relevant business segment responsible for external reviews. Another contribution noted that corporate governance and internal control frameworks can vary considering the nature and corporate structure of the external reviewer.
43. While expressly supporting the reference to the proportionality of internal control mechanisms in Article 4(2) (more concretely, “the adequacy of the implemented internal control mechanisms to the nature, scale and complexity of the external reviewer”), one respondent indicated that further guidance from ESMA on how the assessment should be conducted would be useful.
44. One contribution requested a clarification on the concept of “sound and prudent management” in the context of external reviewers. Two other respondents added that the term “governance bodies” could be further specified, as entities may have different interpretations.
45. One respondent suggested amendments to Article 3(1) to target the information to be provided by the external reviewer only to employees holding significant roles.
46. Under Article 5(2)(a), one respondent questioned the added value of requiring the board to formally approve the conflicts of interest policy, stressing that what should be materially required of the board is the oversight over the policy.
47. Respondents generally supported ESMA’s propositions on the conflicts of interest framework of external reviewers.
48. One respondent, however, criticised ESMA’s approach of requesting detailed information from applicants, instead of setting its own supervisory expectations in the RTS through a standardised set of requirements for external reviewers to comply with.
49. One respondent particularly welcomed ESMA’s proposal to extend the framework to potential - in addition to actual - conflicts of interest. Conversely, another respondent stated it would be inappropriate to draw up a list of potential conflicts of interest, as external reviewers would be unaware, at the date of submission, who their future clients will be. Similarly, one respondent questioned the utility of drawing up a prescriptive list of “potential” scenarios as per Article 5(4), instead recommending that the focus of the RTS should be on putting in place robust policies and procedures. One respondent also claimed that submitting an inventory of conflicts of interest may involve releasing commercially sensitive information and breaching client confidentiality. In this regard,

other respondents pointed out that they expect conflicts of interest to arise on a project-by-project basis, rendering it impossible to disclose these ex-ante.

50. One contribution suggested the setting up of an ongoing process by ESMA for external reviewers to submit updates on their changing policies and procedures and organisational information.
51. One response suggested that, in order to minimize workload, ESMA leverage on existing available information from existing accreditations, such as transparency reports of Public Interest Entities (PIE) audit firms, instead of requiring additional reporting obligations.
52. One contribution requested the clarification of the term “reporting mechanisms” for the purposes of disclosure of conflicts of interest, as per Article 5(4)(b).
53. The PCC pointed out that, under the RTS, the conflicts of interest policy is an inherent part of the external reviewer’s internal control mechanism. By way of logic, it should then also be governed by the proportionality principle set out in Article 4(2), a point which is not clarified in the wording of Article 5.
54. **ESMA response:** ESMA has revised the draft RTS under Article 27(2) in order to take account of these comments and address a number of issues related to those which were also addressed in the RTS under Article 23(7). This process has involved simplifying the structure of the RTS to place a greater emphasis on the criteria that will be assessed for the purpose of sound and prudent management and conflicts of interest, rather than what information should be provided to ESMA at time of registration.
55. In ESMA’s view this revised approach will provide greater clarity for external reviewers as to how ESMA will assess their adherence to the requirements of Article 27(1)(a) and (c) on an ongoing basis, while at the same time providing clarity as to what records external reviewers will be required to maintain, which should be available to ESMA at time of registration. Concretely, the revised RTS now includes an Article that specifies criteria for the sound and prudent management of the external reviewer, and another Article specifying the criteria for the management of conflicts of interest within the external reviewer.
56. For the sound and prudent management of the external reviewer, Article 1 of the RTS sets out the elements (under points (a)-(g) that an external reviewer is required to fulfil in order to ensure compliance with Article 27(1)(a). The approach here is to specify that an external reviewer must have in place a number of internal safeguards such as sound corporate governance arrangements, a robust internal control framework, and comprehensive organisational arrangements to ensure continuity and regularity of operations, amongst others. For the specific element of the ‘internal control framework’ the RTS goes into greater detail as to what is expected from an external reviewer under this point.

57. For the management of conflicts of interest Article 2 of the RTS sets out the elements (under points (a)-(c)) that an external reviewer is required to fulfil to ensure compliance with the requirements of Article 27(1)(c). The approach here is to specify that an external reviewer must have in place the elements listed in points (a)-(g) of Article 2, which includes elements such as a conflicts of interest policy, an appropriate and effective compliance process for monitoring the policy and an inventory of actual or potential conflicts of interest, amongst other elements.
58. With this revised approach the RTS simplifies the approach of the initial proposed draft RTS, and ensures that for Article 27(1)(a) and (c), it is clear what is expected from an external reviewer under EuGB Regulation.
59. Beyond these changes ESMA would also like to clarify the following elements in response to comments made during the consultation:
- ESMA considers that the inventory of conflicts of interest is meant to serve as a record of actual and potential scenarios in which a conflict of interest could occur (one of which could be, for instance, “an analyst terminates his/her employment and joins a client”) and respective mitigation strategies (using the same example, “sample-based review of last 6 months of analytical work to identify instances of nonindependence”). As such, ESMA does not expect the disclosure of concrete events or specific client details. It is important to reinforce the utility of such a tool in transparently identifying and tracking possible threats to independence, thereby reducing the likelihood of their occurrence and the magnitude of their impact. Furthermore, ESMA would like to underline the importance of identifying potential conflicts of interest to an external reviewer’s conflicts of interest management framework. This will contribute towards the identification of unrealised conflicts of interest before they escalate into actual conflicts.
 - ESMA considers that nothing stops external reviewers from using information or documentation used to satisfy disclosure/reporting obligations under separate regulatory frameworks in their submissions to ESMA, such as transparency reports for auditors of PIEs.
 - ESMA notes that the EuGB Regulation already features a means for external reviewers to inform ESMA of any material changes to the information provided at registration before such changes are implemented. ESMA expects to address the notification regime for material changes to registration when developing the ITS required under Article 24(2), for 21 December 2025 delivery to the European Commission. Therefore, establishing a dedicated process for the submission of updated policies, procedures or organisational information to ESMA appears unnecessary.
 - ESMA would like to point out that Disaster recovery arrangements are not mentioned in the body of the draft RTS. Thus, there is no need to submit these as part of an application to become an ESMA-registered external reviewer of European Green Bonds. Yet, ESMA wishes to note that it may, at any time during the course of its

supervision, request information on an external reviewer's business continuity planning arrangements.

- ESMA considers that the internal control framework of applicants should be firm-wide and adjusted to the external reviewers organisational arrangements (including the existence of a parent undertaking, shared services, outsourced functions, etc) and operational characteristics (people, processes, technology or product offerings). Naturally, ESMA's assessment of sound and prudent management will also take into account the structure and circumstances of external reviewers.
- ESMA notes that internationally recognised standards such as the COSO Framework, can provide a useful benchmark to assist external reviewers in the assessment of the adequacy of their internal control framework,.
- ESMA disagrees with the view that requiring the board oversight of the conflicts of interest policy is excessive, emphasizing the importance of establishing board accountability and involvement in managing conflicts of interest of external reviewers. This includes, but is not limited to, providing the final independent sign-off on the conflicts of interest policy. This approval ensures that the policy is in line with the entity's values and demonstrates the board's commitment to maintaining ethical standards.
- Finally, in order to avoid duplication or undue overlap with the content of the forthcoming RTS mentioned under Article 30(3), which will include the criteria for the soundness of internal control mechanisms, ESMA has removed from this RTS any references to a risk management framework, as was set out in Article 4(3). However, this should not be construed as ESMA discouraging external reviewers from establishing and integrating a risk management framework from their internal control mechanisms from the time of registration.

2.3.3 RTS on criteria for assessing knowledge and experience of analysts Article 28(1) - Question 5

Q5: Do you agree with ESMA's proposals to specify the criteria for assessing the appropriateness of the knowledge, experience and training of the persons referred to in Article 28(1)?

60. Respondents mostly welcomed the approach of the RTS to prescribe a self-assessment on the appropriateness of the knowledge, experience and training of analytical staff of external reviewers.
61. However, one respondent suggested that knowledge be instead attested on a self-declaration basis. The same respondent highlighted that, given the novelty element of the Taxonomy and EuGB regulatory frameworks, this requirement should not create an additional entry barrier for entities interested in becoming ESMA-registered external

reviewers. Similarly, another respondent pointed out the importance of a gradual adaptation to the EuGB Regulation's knowledge requirements for analysts and the practical aspects of the Taxonomy framework.

62. Due to the expected difficulties in estimating the specific "types of issuances, issuers and assessment activities" that will happen in the future, as per Article 3(1)(a), one respondent suggested that the RTS require instead an explanation from external reviewers as to how they are adequately resourced to conduct external reviews for these different types of issuances, issuers and assessment activities.
63. One contribution suggested that the RTS allow for external reviewers to individually establish their own set of assessment criteria for determining the sought-after level of knowledge, experience and training of analysts.
64. Six respondents underlined that the focus of the process of assessment should be on the qualifications of key individuals responsible for issuing the external review, instead of the entire team of analysts (including, notably, junior employees).
65. One contribution emphasized that, once analytical employees have gained sufficient experience and knowledge in the business of external reviews, they are expected to retain that level, questioning the need to reassess compliance against the requirements annually. Similarly, another respondent noted that there will always be team members, such as junior staff, who are not knowledgeable or skilled in assessment activities. As such, a few respondents recommend a shift in the focus of the RTS from an individual to a collective knowledge and experience assessment.
66. Several respondents suggested that ESMA place a greater emphasis on the robustness of the training framework put in place by external reviewers, instead of a process of assessment approach. For instance, two respondents put forward a proposal whereby the training plan submitted at registration, as per the RTS developed under the empowerment provided by Article 23(6) of the EuGB Regulation, would be complemented by ad-hoc supervisory requests to ESMA.
67. One respondent pointed out that, under the annual allocation report template set out in Annex II of the EuGB Regulation, the RTS should also incorporate the need for specific accounting and financial skill requirements for analysts engaging in external reviews.
68. Anchored on the proportionality principle, one respondent put forward an amendment to Article 2(3) to reflect that the process of assessment should be subject only to the oversight (and not the approval) of senior management (and not the board) of external reviewers.
69. One respondent noted the difference between the references to analytical staff under the RTS required under Article 23 ("analysts, employees and other persons directly involved in the assessment activities of the applicant") and the RTS required under

Article 28 (“analysts and employees, and any other natural person whose services are placed at their disposal or under their control and who are directly involved in assessment activities”), questioning whether there was a meaningful difference in the envisaged employees in scope of the two RTS.

70. One respondent suggested that instead of undertaking an annual review of the information as mandated by Article 3(2) and Article 4(2), external reviewers should only be obliged to update the criteria of their process of assessment when and if relevant changes occur.
71. In relation to the use of AI, as mentioned in Article 3(1)(c), the PCC stated that external reviewers should be aware of the risks involved and the associated governance and control mechanisms. Furthermore, the PCC recommended that external reviewers consider making their AI policies publicly available.
72. In its recommendations, the PCC also underscored that a limited experience of a given analyst may be compensated by an ambitious training programme. Hence, the PCC welcomed the inclusion of a training plan in Article 4(1)(d) as an element of the external reviewer’s self-assessment.
73. **ESMA response:** ESMA has revised the draft RTS under Article 28(1) significantly through the merging of its provisions and content within the RTS under Article 23(6). The rationale behind this change is elaborated in further detail in the ESMA response to that RTS. The effect of merging the RTS under Article 28(1) into the RTS under Article 23(6) is that an external reviewer will now demonstrate compliance with the provisions of Article 23(2)(a)(iv) through Articles 3 and 4 of the RTS under Article 23(6) and compliance with Article 28(1) through Article 5 of the RTS under Article 23(6). While these changes are significant in terms of form and content, they should result in a streamlining of the requirements applicable to external reviewers in respect of these provisions.
74. Beyond these changes ESMA would also like to clarify the following elements in response to comments made during the consultation:
 - ESMA considers a self-declaration to fall short of a self-assessment in establishing a high benchmark for assessing the appropriateness of analytical knowledge and experience. Consequently, by not providing adequate assurance, it would fail to properly meet the mandate set out in Article 28 of the EuGB Regulation.
 - With the aim of factoring in further proportionality into the RTS, ESMA has accepted to reduce the minimum frequency of the assessment of knowledge, experience and training of analysts under Article 5 of the RTS to a two-yearly basis, subject to the condition that no significant deviations arise in the level of knowledge and experience of analytical staff (at which point it should be immediately performed) in between assessments.

- Despite the suggestion for external reviewers to be able to establish their own assessment criteria, the legal empowerment for the RTS, set out in Article 28(3) of the EuGB Regulation, is clear in that it is for ESMA (“*ESMA shall develop RTS specifying the criteria...*”) and not external reviewers to specify the criteria for assessing the appropriateness of the knowledge, experience and training of analytical staff.
- On the proposal to narrow the scope of the process of assessment to exclude junior analysts, ESMA notes that the RTS empowerment in Level 1 does not allow for a differentiation between different analysts on the basis of the length of their professional experience. As such, the relevant criteria have been specified for both lead analysts or persons primarily responsible for approving external reviews and the remaining employees directly involved in assessment activities.
- In relation to the proposal for a specific reference in the RTS to the need for accounting and financial skills for analysts, ESMA views this as disproportionately demanding in view of the limited financial content of external reviews, as set out in the templates presented in Annex IV of the EuGB Regulation, with potential negative repercussions in the staffing and hiring processes of external reviewers. However, ESMA emphasizes that analysts should possess a solid understanding of bond structuring and financial analysis fundamentals to effectively carry out their roles.
- Finally, ESMA would like to clarify that, given the lack of historical information on market practices in the nascent European Green Bonds industry, as well as its intention to avoid an overly prescriptive regime, the approach to the assessment envisioned under Article 5 of the proposed draft RTS is to require external reviewers to establish a process and conduct a self-assessment on analytical capacity, instead of mandating specific policies, procedures, systems or controls.

2.3.4 RTS on criteria applicable to outsourcing of assessment activities Article 33(7) - Question 6

Q6: Do you agree with ESMA’s proposals to specify the criteria for assessing the reliability and capacity of a third-party service provider?

75. Respondents generally agreed with ESMA’s proposals on assessing the reliability and capacity of third-party entities performing outsourced assessment activities.

76. Two respondents recommended moving from the proposed annual assessments, under Article 2(2), to a 2 or 3-year assessment frequency, given the possibility to rely on the external reviewers’ established internal control mechanisms for the ongoing monitoring of outsourcing arrangements. Instead, another respondent proposed to require external reviewers to only conduct the assessment when material changes take place. Similarly, one respondent stated that assessing a third-party service provider on an annual basis might not be necessary, considering that this is likely to be a long-term relationship.

Likewise, one respondent recommended that monitoring on outsourcing arrangements is carried out on an exceptional basis rather than annually, claiming that many prospective external reviewers already comply with the relevant requirements under other standards.

77. Four respondents proposed that intragroup arrangements should be left outside the scope of application of the RTS, as they present less risk than traditional outsourcing to third-parties. Similarly, several respondents in the audit profession pointed out that the definition of a third-party service provider would merit further clarification, especially in the context of delivery service centres that are commonly used by professional services networks to undertake certain activities.
78. One respondent suggested to further factor in proportionality in the prescribed assessment. The same contribution argued against the required approval by senior management or the management body set out in Article 2(3), on the basis that it would constitute an excessively cumbersome approval process.
79. One respondent considered the approach of the RTS to be overly prescriptive, when requiring external reviewers to assess “the business model of the third-party service provider, including their financial resources, services offered, ownership and group structure, its status as a regulated or supervised entity and past performance for similar services”, under Article 3(1)(b), and “the knowledge and experience of staff involved”, under Article 3(1)(c).
80. Conversely, one contribution suggested adding to the process of assessment an obligation to review the output of the third-party service provider, serving as an additional means of oversight.
81. One respondent put forward a suggestion for a grandfathering clause for external reviewers already engaging with a third-party service provider under an existing service agreement, on the basis that time and resources may be required to amend the respective contract in line with the requirements of the RTS.
82. The PCC indicated that the reference to “exit strategies” is only used in relation to third-country third-party service providers in Article 5(2)(c), although this would be a valid requirement regarding all service providers (EU-based or not).
83. **ESMA response:** ESMA has revised the proposed draft RTS under Article 33(7) in order to take account of these comments and address a number of similar issues that were addressed in the proposed draft RTS under Article 33(7). In this regard, ESMA has taken a more direct approach to setting the criteria for Article 33(7)(a)-(b). Specifically, ESMA has moved away from establishing that the process of assessment is the criterion for meeting the requirements of Article 33(7). Instead, ESMA has replaced the assessment process with criteria for each of the key areas (i) ability and capacity of third party service providers (ii) ensuring outsourcing does not materially impair internal control and (iii)

ensuring that ESMA's ability to supervise compliance is not impaired. With the revised RTS, ESMA is simplifying what is expected of external reviewers and establishing what is needed to demonstrate compliance with the requirements of Article 33(7) in a more direct manner.

84. Beyond these changes ESMA has taken on board the following elements in response to comments made during the consultation:

- ESMA considers that questions on the definition, scope and boundaries of outsourcing arrangements under Article 33 of the Regulation, such as their applicability to intragroup arrangements, are not a matter for specification at Level 2. External reviewers are bound by the Regulation in this regard where the legislator, in turn, only appears to refer to the outsourcing of assessment activities to (external) "third-party service providers".
- On the various contributions related to the proposed 12-month frequency of the self-assessment, ESMA notes that it considers the outsourcing of assessment activities to constitute a high-risk practice, given the loss of control and lower visibility by external reviewers of the analytical process and any detrimental consequences of an inaccurate or unreliable output to issuers and investors relying on external reviews. As such, ESMA does not feel the need to reduce the frequency. However, ESMA wishes to clarify that external reviewers not outsourcing assessment activities to third-party service providers are not expected to perform the assessment prescribed in the RTS, even though they are expected to comply with the RTS by putting such a process in place. In other words, it is only from the eventual date when they should decide to enter into an outsourcing agreement to externalise their assessment activities that they should conduct the process of assessment "on a regular basis" and at least annually, while the referred contract remains in effect.
- ESMA does not believe the inclusion of a grandfathering provision in the RTS is necessary, as it does not expect the proposed process of assessment to result in any disruption to existing service provision. Moreover, the RTS does not mandate any particular contractual safeguards for existing outsourcing agreements.
- In relation to the PCC advice, while ESMA supports procedures for the timely execution of exit strategies for all outsourcing agreements of external reviewers, ESMA notes that the additional safeguards set out in Article 3 paragraph 1(d), in the context of outsourcing to third-country providers, serve the purpose of mitigating any jurisdictional difficulties in exercising contractual rights, such as audit and access rights or personal data protection. ESMA notes that third-party risk can increase in the case of outsourcing to certain non-EU service providers, for example, in the case of political risks in the service provider's jurisdiction, inexistence of cooperation agreements, language barriers, etc.

2.3.5 ITS on forms, templates and procedures for providing registration information

Q8: Do you agree with the practicality and efficiency of ESMA's proposals to specify the standard forms, templates and procedures for the provision of the information for an application for registration as an external reviewer?

85. Respondents widely supported ESMA's proposals on the standard forms, templates and procedures for external reviewer registration applications.
86. However, a few respondents raised concerns about the disproportionality of requiring extensive information from applicants.
87. One respondent mentioned the GDPR data minimisation principle, with a view to proposing a more solid alignment of application forms and templates with data protection and confidentiality standards.
88. Two respondents stated it was unclear how ESMA would ensure consistency in the provision of information for each individual employee. One other respondent noted that, under the draft ITS, it is unclear how any changes to the initial application forms would be reported to ESMA.
89. **ESMA response:** ESMA has addressed the above contributions individually in previous sections of the feedback statement. ESMA has also addressed respondents' remarks on privacy issues³ (section 2.5.1) and material changes to registration information⁴ (section 2.5.2).

Q9: Do you have any views or comments on the relevance of the information contained in Annex I to VII of the draft ITS?

90. Respondents generally agreed with ESMA's proposals on the information requirements for submitting an application as an external reviewer. Where this was not the case, the reasons for this deviation were provided in responses to questions 1-4 of the CP.
91. A few respondents have stated that they would welcome a less prescriptive and more practical approach in relation to the required documentation and information to be provided by applicants.
92. One respondent stated that the template under Annex V should not contain the names of the employees involved in assessment activities, considering this information is bound to change over time. The same respondent, in relation to Annex VI, suggested

³ See, in particular, section 2.5.1.

⁴ See, in particular, section 2.5.2.

that ESMA reconsider the necessity of the information required under points 17 (“Assessment activities planned to be outsourced to a third-party provider”) and 18 (“Internal assessment”). The contribution argues that the former is already covered by the previous point (“Documents and information related to any existing or planned outsourcing arrangements for activities covered by this Regulation, including information on entities assuming outsourcing functions”) and the latter is not expected at registration phase (governed by Article 23 of the EuGB Regulation), but rather on an ongoing basis, under the RTS ESMA has been empowered to develop pursuant to Article 33(7) of the EuGB Regulation.

93. One respondent raised concerns that some of the information to be submitted to ESMA in accordance with the Annexes to the draft ITS could comprise personal or commercially sensitive information.
94. **ESMA response:** ESMA has revised the ITS to condense the initially proposed 11 Articles, split by area of relevance to the registration application, into a single Article that now refers to a set of Annexes, split by area of relevance. Within these Annexes, only a limited number of changes have been made in order to align the content of the ITS with the revised content of the supporting RTS under Article 23(7).
95. Of most significance among these changes are those in Annex VI ‘Policies and Procedures’. Here the sequence of the policies and procedures has been revised versus the initially proposed ITS, in addition the explanatory text for some of the items in Annex VI has been adjusted to also reflect wording and content changes in the supporting RTS.
96. More specifically, ESMA considers that significantly less information will be required from potential registrants, thereby reducing the administrative burden of applicants. Additionally, ESMA has opted to withdraw the requirement for applicants to list the services provided by its affiliate entities, given the ambiguity surrounding the definition of the term “affiliates” and possible difficulties for applicants operating in a large group with several related undertakings.
97. Conversely, ESMA has added a new field to the ITS requiring applicants to submit the date and place of birth for members of their senior management and board. ESMA believes this addition is justified as a means to facilitate their identification, in line with Article 23(1)(e) of the EuGB Regulation. This inclusion also offers the benefit of harmonising the necessary information with the recently published ESAs Joint Committee Guidelines on the system for the exchange of information relevant to fit and proper assessments⁵, required under Article 31a of the ESMA Founding Regulation.

⁵ Joint Guidelines on the system established by the European Supervisory Authorities for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities, JC/GL202488.

98. ESMA understands that respondents may question the need to provide the names of employees involved in assessment activities, when these may inevitably change over time. However, it emphasises that, practically speaking, the ITS applies during the registration phase and ESMA's review of the registration conditions is only relevant to that specific point in time.
99. ESMA agrees with the removal of the two outsourcing-related points from the ITS, given their redundancy and lack of added value at application stage.

2.3.6 Cost-benefit analysis

Q10: Do you have any comments on the CBA or impact assessments outlined under the preferred option?

100. Respondents strongly endorsed ESMA's cost-benefit analysis and impact assessments consulted on.
101. One respondent particularly welcomed the reference in the CBA recognising that some of the proposed requirements place a comparatively higher burden on smaller entities vis-à-vis the larger, more established external reviewers.
102. One respondent, however, recommended that the CBA further factor in diverse costs, notably of compliance with duplicative requirements and to account for a potential disruption of services from the date of application of the new Level 2 requirements.
103. More specifically, one respondent pointed out that the proposed requirements to develop a training and development plan for analysts under Article 4 of the draft RTS on the criteria for assessing knowledge and experience of analysts are burdensome and may introduce recurring costs for external reviewers not accounted for in the CBA.
104. A different respondent questioned whether the CBA had considered the costs for certain external reviewers of ESMA not recognising compliance with existing accreditations, from the lack of clarity of certain definitions and the administrative burden associated with mandating detailed team-wide disclosures.
105. **ESMA response:** ESMA disagrees with the argument that putting in place a training and development plan for analysts will necessarily result in significant costs for external reviewers. ESMA would like to clarify that none of the draft RTS consulted on sets out requirements on the content or approach to training, leaving this to the discretion of external reviewers. For instance, there are several types of internal training activities (e.g. on-the-job training, in-house e-learning, mentoring, coaching or job rotation) that would typically be expected to minimise direct costs for entities. However, where training does incur costs for external reviewers, ESMA would like to emphasize its value in enhancing staff knowledge and expertise, ultimately offsetting the expenses involved.

106. It is ESMA's view that already complying with a similar set of requirements under other regulatory frameworks is an advantage for applicants, given that the ability to leverage on an existing compliance apparatus is expected to reduce costs. Furthermore, ESMA notes that the lengthy transitional period set out in Level 1 (18 months) mitigates any potential costs of disruption of services for external reviewers.
107. Finally, on the cited costs related to definitions and disclosures, ESMA notes that an amendment to the CBA is unjustified, due to the insufficient evidence provided and limited corroboration from other respondents.

Q11: Do you have any quantitative information to provide on the estimated costs of the options considered and proposed by ESMA that would benefit the analysis?

108. ESMA received very few responses to this question.
109. One respondent estimated the legal, registration and compliance costs to stand at approximately 60% of expected revenues in year 1, with the caveat that there is still a degree of uncertainty around the European Green Bonds market pick-up. Conversely, another respondent claimed that entering the EuGB external review market would not be expected to add any significant costs to their business.
110. **ESMA response:** Based on feedback from consultation participants, ESMA has made revisions to the five draft technical standards to lower the costs involved for external reviewers. However, ESMA notes that the anticipated long-term advantages of the proposed set of information and documentation to be provided at registration and of complying with new requirements on an ongoing basis are expected to outweigh any potential short-term costs, particularly in terms of investor protection and financial stability.
111. The CBA has not been modified to reflect responses to questions 10 and 11, as no further material evidence or conclusive data was offered other than brief feedback provided by a small number of respondents.

2.3.7 Additional comments

112. A few respondents claimed that the nature of ESMA's proposals were similar to existing regulatory frameworks in place for CRAs or financial institutions, making them disproportionate to the nature, size and embryonic state of the external reviewer market. One contribution also stressed the need for a reduction in the administrative burden for external reviewers to ensure a competitive and dynamic market.
113. The vast majority of respondents in the audit, assurance and accounting professions proposed that ESMA recognise compliance with other pieces of EU legislation already supervised by NCAs (e.g. Audit Directive) or internationally recognised standards (e.g. IESBA Code, ISQM1, ISSA5000, ISAE3000) with

overlapping requirements to the proposed EuGB secondary legislation, for the purposes of:

- 1) Securing an accelerated gateway to registration as an external reviewer for European Green Bonds; and
- 2) Obtaining an exemption from compliance with potentially duplicative or conflicting requirements contained in the RTS/ITS.

114. One respondent proposed putting in place a significant transition period prior to implementation to ensure external reviewers have time to adjust to the proposed Level 2 requirements.
115. One respondent repeatedly called for the mutualization of analytical, internal control and central support functions (IT and finance in particular) in the case of group companies, citing proportionality concerns and the difficulty of bearing high administrative costs for small and mid-sized players. Similarly, one respondent sought clarity from ESMA as to whether the centralisation of certain compliance activities to serve a group of affiliates would be acceptable under the proposed Level 2 acts. Another respondent noted in particular that the RTS on the criteria to assess sound and prudent management and the management of conflicts of interest failed to refer to instances in which an external reviewer may be part of a group of companies. As such, it recommends that ESMA explicitly acknowledges that it is reasonable for an external reviewer to rely, where appropriate, on a compliance framework established at group level.
116. Several respondents provided comments on the ideal degree of alignment between the EuGB regulatory framework and other EU sustainable finance legislative initiatives (Taxonomy, ESG Ratings, etc).
117. **ESMA response:** ESMA acknowledges that the feedback received during the consultation period was predominantly concerned with questions of proportionality and possible excess burden imposed on applicants and external reviewers. Thus, in developing the final version of the draft technical standards, ESMA has particularly tried to tackle any unnecessary strain in the required information and the compliance costs of assessments for external reviewers, where possible.
118. ESMA considers that the policy approach of the European Commission, when proposing the European Green Bonds draft Regulation in 2021, was not to accommodate already existing national accreditation schemes and supervision by NCAs of third-party assurance providers. Hence, the proposed interoperability between existing regulatory frameworks and oversight by different supervisory bodies is not possible to tackle via the Level 2 empowerments granted to ESMA. Moreover, ESMA highlights the importance of avoiding double standards and promoting a level playing field in the EU external reviewer market. With this in mind, while ESMA is bound by

granular empowerments for technical standards in the EuGB Regulation, it has made an effort to refine its proposals with a view to better balancing proportionality and reducing undue burden for all prospective external reviewers, regardless of their service offering or industry.

119. ESMA considers that no further implementation or adjustment time is required in addition to the 18-month period set out in Articles 69 and 70 of the EuGB Regulation, where compliance on a “best efforts basis” with the provisions of the Regulation is expected for external reviewers providing their services during the transitional regime. ESMA notes that the technical standards consulted on will only apply to ESMA-registered external reviewers from 21 June 2026.
120. ESMA would like to clarify that its responsibilities under the EuGB Regulation relate exclusively to the registration and supervision of external reviewers and the development of technical standards associated with these tasks. As such, ESMA cannot address miscellaneous remarks that are unrelated to its legal empowerments in the Final Report.

3 Annexes

3.1 Annex I – Summary of questions

Q1: Do you agree with ESMA’s proposals to specify the criteria to assess the sufficiently good reputation, skill, professional qualifications and experience of senior management and members of the board of an external reviewer?

Q2: Do you agree with ESMA’s proposals to specify the criteria to assess the sufficiency of the number of analysts, employees and persons directly involved in the assessment activities and of their level of knowledge, experience and training?

Q3: Do you agree with ESMA’s proposals to specify the criteria to assess the sound and prudent management of the external reviewer?

Q4: Do you agree with ESMA’s proposals to specify the criteria to assess that any actual or potential conflicts of interest are properly identified, eliminated or managed, and disclosed in a transparent manner by the external reviewer?

Q5: Do you agree with ESMA’s proposals to specify the criteria for assessing the appropriateness of the knowledge, experience and training of the persons referred to in Article 28(1)?

Q6: Do you agree with ESMA’s proposals to specify the criteria for assessing the reliability and capacity of a third-party service provider?

Q7: Do you agree with ESMA’s proposals to specify the criteria for assessing that the internal control of an external reviewer is not materially impaired and ESMA’s ability to supervise is not limited?

Q8: Do you agree with the practicality and efficiency of ESMA’s proposals to specify the standard forms, templates and procedures for the provision of the information for an application for registration as an external reviewer?

Q9: Do you have any views or comments on the relevance of the information contained in Annex I to VII of the draft ITS?

Q10: Do you have any comments on the CBA or impact assessments outlined under the preferred option?

Q11: Do you have any quantitative information to provide on the estimated costs of the options considered and proposed by ESMA that would benefit the analysis?

3.2 Annex II – Legislative mandate to develop technical standards

3.2.1 RTS on criteria to be assessed at registration relating to senior management and members of the board, as well as analysts, employees and other persons directly involved in assessment activities

Article 23(6) of the EuGB Regulation

Article 23 - Application for registration as an external reviewer for European Green Bonds

2. ESMA shall register an applicant as an external reviewer only where the following conditions are met:

(a) the senior management and the members of the board of the applicant:

(i) are of sufficiently good repute;

(ii) are sufficiently skilled to ensure that the applicant can perform the tasks required of external reviewers pursuant to this Regulation;

(iii) have sufficient professional qualifications;

(iv) have relevant experience in activities such as quality assurance, quality control, the performance of pre-issuance, post-issuance and impact report reviews, the provision of second party alignment opinions or financial services;

(b) the number of analysts, employees and other persons directly involved in the assessment activities of the applicant, and their level of knowledge, experience and training, are sufficient in order for the applicant to perform the tasks required from external reviewers pursuant to this Regulation;

6. ESMA shall develop *draft regulatory technical standards specifying the criteria referred to in paragraph 2, first subparagraph, points (a) and (b).*

3.2.2 RTS on criteria to assess sound and prudent management and management of conflicts of interest

Article 27(2) of the EuGB Regulation

Article 27 - Senior management and members of the board

1. The senior management and the members of the board of the external reviewer shall, respectively, ensure or oversee the following:

(a) the sound and prudent management of the external reviewer;

(b) the independence of assessment activities;

(c) that any actual or potential conflicts of interest are properly identified, eliminated or managed, and disclosed in a transparent manner;

(d) that the external reviewer complies with the requirements of this Regulation at all times.

2. ESMA shall develop *draft regulatory technical standards specifying the criteria to assess the sound and prudent management of the external reviewer referred to in paragraph 1, point (a), and the management of conflicts of interest referred to in paragraph 1, point (c).*

3.2.3 RTS on criteria for assessing knowledge and experience of analysts

Article 28(3) of the EuGB Regulation

Article 28 - Analysts and employees of external reviewers, and other persons directly involved in the assessment activities of external reviewers

1. External reviewers shall ensure that their analysts and employees, and any other natural person whose services are placed at their disposal or under their control and who are directly involved in assessment activities, have the necessary knowledge and experience for the duties assigned.

3. ESMA shall develop **draft regulatory technical standards specifying the criteria to assess the appropriateness of the knowledge and experience of the persons referred to in paragraph 1.**

3.2.4 RTS on criteria applicable to outsourcing of assessment activities

Article 33(7) of the EuGB Regulation

Article 33 – Outsourcing

7. ESMA shall develop **draft regulatory technical standards specifying the criteria for:**

(a) assessing the ability and the capacity of third-party service providers to perform the assessment activities reliably and professionally; and

(b) ensuring that the performance of assessment activities does not materially impair the quality of the external reviewers' internal control or ESMA's ability to supervise the external reviewers' compliance with this Regulation.

3.2.5 ITS on forms, templates and procedures for providing registration information

Article 23(7) of the EuGB Regulation

Article 23 - Application for registration as an external reviewer for European Green Bonds

1. An application for registration as an external reviewer for European Green Bonds shall contain the following information:

(a) the full name of the applicant, the address of its registered office within the Union, the applicant's website and, where available, the legal entity identifier (LEI);

(b) the name and contact details of a contact person;

(c) the legal form of the applicant;

(d) the ownership structure of the applicant;

(e) the identities of the members of the senior management and the board of the applicant with their curriculum vitae showing at least their levels of qualification, experience and training;

(f) the number of the analysts, employees and other persons directly involved in assessment activities, and their level of experience and training gained prior to and while working for the applicant in the provision of external review or similar services;

(g) a description of the procedures and methodologies implemented by the applicant to issue reviews;

(h) the corporate governance arrangements and the policies or procedures implemented by the applicant to identify, eliminate or manage, and disclose in a transparent manner, any actual or potential conflicts of interest as referred to in Article 35;

(i) where applicable, documents and information related to any existing or planned outsourcing arrangements for activities of the external reviewer covered by this Regulation, including information on entities assuming outsourcing functions;

(j) where applicable, information about other activities carried out by the applicant.

7. ESMA shall develop draft implementing technical standards to specify the standard forms, templates and procedures for the provision of the information referred to in paragraph 1.

3.3 Annex III – Cost-benefit analysis

1. ESMA has consulted market participants on its preliminary CBA and individual impact assessments in relation to each of the draft technical standards.
2. Due to the large support for the preliminary CBA, as well as the lack of substantial evidence presented in the CP for the incorporation of additional costs or benefits, it has mostly been retained in its original drafting, with the exception of marginal amendments to bring the final CBA in line with the revisions made to the draft RTS/ITS consulted on.
3. In the absence of meaningful input on the quantitative impact of the proposals, the CBA remains qualitative in nature, as ESMA was not able to quantify a monetary value for benefits or costs of the envisaged technical options from the input received during the consultation.

Technical options available to ESMA

4. The following options were identified and analysed by ESMA to address the policy objectives of the Level 2 tasks required under the EuGB Regulation.

5. In identifying the options set out below and in choosing the preferred one, ESMA was guided by the relevant provisions of the EuGB Regulation and its objectives of enhancing the effectiveness, transparency, comparability and credibility of the European Green Bonds market.

Policy Objective	<p>The EuGB Regulation covers rules on:</p> <p>The senior management and the members of the board of the applicant under Article 23 (2)(a);</p> <p>The analysts, employees and other persons directly involved in the assessment activities of the applicant under Article 23(2)(b);</p> <p>The sound and prudent management and management of conflicts of interest by the external reviewer under Article 27(1)(a)(c);</p> <p>The knowledge, experience and training of analysts and employees under Article 28;</p> <p>The outsourcing of assessment activities to third-party service providers under Article 33; and</p> <p>The content of the application for registration as an external reviewer under Article 23 (1).</p> <p>Under the Regulation, ESMA is requested to develop draft regulatory technical standards specifying the circumstances and criteria for the above, notably for:</p> <p>The sufficiency of the good repute, skill, professional qualifications and experience of senior management and members of the board of applicants, as well as the sufficiency of its number of analysts, employees and other persons directly involved in the assessment activities and their level of knowledge, experience and training;</p> <p>The establishment and oversight of the sound and prudent management and conflicts of interest management framework of the external reviewer;</p> <p>The assessment of the appropriateness of the knowledge, experience and training of analysts, employees and other natural persons involved in assessment activities; and</p> <p>The assessment of the ability and the capacity of third-party service providers to perform outsourced assessment activities reliably and</p>
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professionally and for ensuring that it does not materially impair the quality of external reviewer's internal control or ESMA's supervision; and

The standard forms, templates and procedures for the submission of registration information by applicants.

Baseline Scenario

The baseline scenario for this CBA would be the application of the requirements in the Level 1 Regulation without any further specification. This would leave discretion to ESMA and external reviewers to determine the necessary specificities, leading to a lack of harmonisation in the application of key provisions of the EuGB Regulation. For instance:

The content and form of registration applications could differ significantly, making it onerous and time-consuming for application completion and submission and for ESMA's application review, at risk of not complying with the legal deadlines set out in the EuGB Regulation;

Some applicants could adopt stricter rules than others in the fulfilment of the requirements imposed on senior management and board members and analytical resourcing, contributing to an unlevel playing field;

There could be insufficient clarity as to how senior management and the members of the board of an external reviewer should ensure its sound and prudent management and the identification, elimination, management or disclosure of conflicts of interest, potentially resulting in corporate governance and independence failings;

There could be insufficient clarity as to how external reviewers should ensure that their analysts, employees and other natural persons involved in assessment activities have the necessary knowledge, experience and training for the duties assigned, potentially affecting the quality of external reviews; or

There could be a rise in unsound third-party outsourcing arrangements, given the potential for poor selection and monitoring practices due to the insufficient guidance available to market participants.

Moreover, for ESMA, this baseline scenario would mean that a high level of resources could be required for supervisory activities. This is due to the level of bilateral engagement expected to

	communicate or clarify ESMA's expectations and to address market queries or remedy concerns on registration and supervision matters, in the absence of Level 2 acts.
Options	<p>ESMA has been entrusted, under the EuGB Regulation, with the development of draft regulatory and implementing technical standards for submission to the European Commission for consideration and approval.</p> <p>The RTS and ITS aim to promote the objectives of the Level 1 Regulation by clarifying the scope of application of certain of its provisions. This should contribute to the creation of a level playing field across the industry and reduce supervisory costs for ESMA. This should also reduce the scope for regulatory arbitrage, which could otherwise hamper the key objectives of the EuGB Regulation.</p> <p>Moreover, ESMA considers that the provisions included in the draft RTS and ITS do not create significant new costs for concerned market participants beyond the ones that naturally stem from Level 1 obligations.</p>
Preferred Option	<p>The development of RTS and ITS gives ESMA, in its role as gatekeeper of financial markets, an opportunity to further specify the formulation of the Level 1 provisions, enhancing clarity for market participants and avoiding undue burden on its registration and supervision tasks.</p> <p>Furthermore, ESMA was able to receive feedback from relevant stakeholders through its public consultation, contributing to the technical standards being sufficiently tailored to market reality. This option has been retained.</p>

Assessment of the impact for draft RTS on criteria to be assessed relating to senior management and members of the board, as well as analysts, employees and other persons directly involved in assessment activities of external reviewers

Options	Qualitative description
Benefits	ESMA envisages that developing an RTS will benefit all market participants. It is foreseen this will be achieved by providing greater clarity on the elements set out in Article 23(2)(a) and (b) of the EuGB Regulation.
Costs	ESMA took the view that the proposed approach was unlikely to lead to significant additional costs to the extent that it only provided clarifications on the Level 1 provisions and does not impose additional obligations beyond those already set by the EuGB Regulation. Rather, the Level 2 measures specify the criteria to assess vis-à-vis an external reviewer's senior management, board and analytical function.

	<p>As compared to the baseline scenario, it is also unlikely that at their own initiative and without further specification, entities would interpret in the same way the requirements imposed on senior management and the board and analytical staff. As such, this approach would hardly prove to be less costly for applicants and ESMA – forced to dedicate additional resources to increased engagement with external reviewers to clarify its supervisory expectations – than the approach taken in the present CP.</p>
Costs to regulator	<p>The proposed approach will lead to additional costs for ESMA in the form of supervisory efforts allocated to the assessment of the fitness and propriety of senior management and board members and the sufficiency of the resourcing, knowledge, experience and training of the analytical function of external reviewers.</p> <p>However, the benefits of such tasks, in terms of ensuring appropriate oversight and adequate staffing at the external reviewer, clearly outweigh the costs.</p> <p>Additionally, it is considered that the approach of the draft RTS will be compatible with a risk-based approach to supervision, in line with ESMA’s current supervisory model.</p>
Compliance costs	<p>The proposed approach may add certain compliance costs for external reviewers,</p> <p>However, the benefits of such duties, in terms of assessing the fitness and propriety and analytical resources of external reviewers and preventing investor protection and financial stability related issues, clearly outweigh the costs.</p>
ESG-related aspects	<p>Under the EuGB Regulation, the purpose of contracting ESMA-registered external reviewers is to receive an independent opinion on whether the issuer has aligned with the EU Taxonomy requirements. As such, all issues discussed in this CBA are of relevance to ESG-related aspects.</p>
Innovation-related aspects	<p>Innovation-related aspects are not of direct relevance to the specific nature of the proposed technical standards.</p>
Proportionality-related aspects	<p>The identified benefits outweigh the comparably limited costs, hence no proportionality-related aspects are expected to be impacted by this option.</p>

Assessment of the impact for draft RTS on criteria for assessing sound and prudent management of external reviewers

Options	Qualitative description
Benefits	<p>ESMA envisages that developing an RTS will benefit all market participants. It is foreseen this will be achieved by providing greater clarity on the elements set out in Article 27(1)(a)(c) of the EuGB Regulation.</p>

Costs	<p>ESMA took the view that the proposed approach was unlikely to lead to significant additional costs to the extent that it only provided clarifications on the Level 1 provisions and does not impose additional obligations beyond those already set by the EuGB Regulation. Rather, the Level 2 measures clarify how sound and prudent management and the conflicts of interest framework of external reviewers are ensured and overseen.</p> <p>As compared to the baseline scenario, it is also unlikely that at their own initiative and without further specification, external reviewers would interpret in the same way the requirements around sound and prudent management and the management of conflicts of interest, leading to inconsistencies across the industry from diverging market practices. As such, this approach would hardly prove to be less costly for market participants and ESMA – forced to dedicate additional supervisory resources to provide clarification and remediate concerns – than the approach taken in the present CP.</p>
Costs to regulator	<p>The proposed approach will lead to additional costs for ESMA in the form of supervisory efforts allocated to monitoring compliance with the RTS, notably the organisational and governance arrangements, internal control framework and conflicts of interest management framework of external reviewers.</p> <p>However, the benefits of such tasks, in terms of ensuring the sound and prudent management of external reviewers in line with ESMA’s supervisory mandate, clearly outweigh the costs.</p> <p>Additionally, it is considered that the approach of the draft RTS will be compatible with a risk-based approach to supervision, in line with ESMA’s current supervisory model.</p>
Compliance costs	<p>The proposed approach may add certain compliance costs for external reviewers, in particular relating to specific policies and procedures prescribed by ESMA that the entity may not have put in place.</p> <p>However, the benefits of such duties, in terms of ensuring the transparency and accountability of external reviewers, clearly outweigh the costs.</p>
ESG-related aspects	<p>Under the EuGB Regulation, the purpose of contracting ESMA-registered external reviewers is to receive an independent opinion on whether the issuer has aligned with the EU Taxonomy requirements. As such, all issues discussed in this CBA are of relevance to ESG-related aspects.</p>
Innovation-related aspects	<p>Innovation-related aspects are not of direct relevance to the specific nature of the proposed technical standards.</p>
Proportionality-related aspects	<p>ESMA foresees that larger, more established entities in the market for external reviews or analogous products (SPOs, certification schemes, etc), will have more established internal control and governance arrangements and policies and procedures in the area</p>

	<p>of conflicts of interest than micro-entities. As such, the draft RTS/ITS may require a greater effort to adapt and place a burden on the latter.</p> <p>However, conducting a public consultation will provide all entities, including issuers, investors and other financial market participants, with an opportunity to provide ESMA with input on the proportionality of its proposed measures. In line with its risk-based approach to supervision, ESMA seeks to commit its supervisory resources and the intensity of its supervisory action in line with the risk profile identified at supervised entity level.</p>
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Assessment of the impact for draft RTS on criteria applicable to outsourcing of assessment activities of external reviewers

Options	Qualitative description
Benefits	ESMA considers that proposed draft RTS will ensure that external reviewers are clear on the criteria that are necessary for assessing the ability and capacity of third party service providers to perform assessment activities and ensuring that neither their internal control or ESMA's ability to supervise are impaired..
Costs	ESMA considers that the proposed draft RTS will not impose significant additional costs over those already imposed by Article 33(1) wherein external reviewers have a responsibility to ensure that the entities to whom they outsource assessment activities meet certain requirements. The proposed draft RTS does not change or impact the responsibility.
Costs to regulator	The proposed draft RTS is not considered to propose any significant or additional costs to ESMA. It is considered that the approach of the draft RTS will be compatible with a risk-based approach to supervision, and as a result will be compatible with ESMA's current supervisory model.
Compliance costs	There will then be an ongoing and recurring annual cost relating to the assessment of the ability and capacity of third party providers to perform assessment activities reliably and professionally.
ESG-related aspects	Under the EuGB Regulation, the purpose of contracting ESMA-registered external reviewers is to receive an independent opinion on whether the issuer has aligned with the EU Taxonomy requirements. As such, all issues discussed in this CBA are of relevance to ESG-related aspects.
Innovation-related aspects	Innovation-related aspects are not of direct relevance to the specific nature of the proposed technical standards.
Proportionality-related aspects	The approach of the proposed draft RTS is to specify the criteria that are required by Article 33(7), when an external reviewer intends to outsource assessment activities to a third party service provider. If an external reviewer does not outsource assessment activities to a third party service provider then these criteria are not

	relevant. In this respect, the approach of the proposed draft RTS is inherently proportionate.
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Assessment of the impact for draft ITS on registration information for external reviewers

Options	Qualitative description
Benefits	The main benefit of the option proposed is the standardisation of information requirements by providing a harmonised set of forms and templates for the submission of an application for registration for all external reviewers for European Green Bonds.
Costs	<p>ESMA took the view that the proposed approach was unlikely to lead to significant additional costs to the extent that it provided clarifications on the Level 1 provisions and does not impose substantial additional obligations, , beyond those already set by the EuGB Regulation.</p> <p>As compared to the baseline scenario, it is also unlikely that at their own initiative and without further clarification, prospective applicants would submit to ESMA the required registration information in the same form and structure and with equal levels of granularity. Thus, it is difficult to envisage this approach proving to be less costly for applicants.</p>
Costs to regulator	Despite the inevitable costs related to the processing of additional flows of information, the proposed approach is highly beneficial for ESMA in its important role as gatekeeper of financial markets. In particular, with respect to the required supervisory resources for the handling of information contained in registration applications, given the expected harmonisation and digital user-friendliness across all submissions.
Compliance costs	While applicants may experience costs in populating the necessary fields, the absence of an ITS standardising forms and templates would lead to uncertainty in the preparation and structuring of an application. Thus, the benefits clearly outweigh the costs for prospective external reviewers.
ESG-related aspects	Under the EuGB Regulation, the purpose of contracting ESMA-registered external reviewers is to receive an independent opinion on whether the issuer has aligned with the EU Taxonomy requirements. As such, all issues discussed in this CBA are of relevance to ESG-related aspects.
Innovation-related aspects	Innovation-related aspects are not of direct relevance to the specific nature of the proposed technical standards.
Proportionality-related aspects	The identified benefits clearly outweigh the comparably limited costs, hence no proportionality-related aspects are expected to be impacted by this option.

3.4 Annex IV – Advice of the Proportionality and Coordination Committee

3.4.1 RTS on criteria to be assessed at registration relating to senior management and members of the board, as well as analysts, employees and other persons directly involved in assessment activities

The Green Bonds Regulation does not contain a definition of “Senior management”, but CRAR Article 3(n) states: ‘senior management’ means the person or persons who effectively direct the business of the credit rating agency and the member or members of its administrative or supervisory board.

The PCC finds it important that senior management is read as in plural as a collective group of persons as indeed foreseen in the proposed draft RTS Article 3(4). It will be important to allow for plurality in the management in practice. A varied composition of the board will cater for better boards of directors at external reviewers.

For professional qualifications the proposed draft RTS notes that, consideration shall be given to the level of education and training and whether it relates to financial or sustainability-related services or any other relevant area of knowledge for the business of external reviewers. The proposed draft RTS also indicates that ESMA shall take into consideration both the theoretical knowledge and skills attained through education and training, and the practical experience gained. The PCC highlights the importance that this is not seen as limited to a closed list of professional diplomas or exams when assessing who is sufficiently skilled but rather as one important parameter among others. The PCC believes that this is how that RTS should be read and applied in practice.

Relevant experience is already exemplified in the level 1 text (...have relevant experience in activities such as quality assurance, quality control, the performance of pre-issuance, post-issuance and impact report reviews, the provision of second party alignment opinions or financial services). The words “such as” makes it clear that the list included is not an exhaustive list. “Relevant experience” should be understood so that it does not exclude management from moving into the area of green bonds from other financial sectors. The PCC would like to highlight the importance of EU sustainable taxonomy expertise for such external reviewers.

Considering the very “broad” scope of possibilities regarding expertise necessary to verify EU Green Bonds (taking into account the six different types of environmental objectives and multiple sectors covered by the Taxonomy Regulation, as well as the necessary knowledge of financial and non-financial matters) it would be useful that the Final Report – but not necessarily the RTS – clarify, in regard to “professional qualifications” and “relevant experience”, that competence and experience do not need in all cases to be demonstrated in relation to all sectors and environmental objectives covered by the EU Taxonomy Regulation, but might be limited to specific areas of taxonomy expertise. The external reviewer may have limited the scope of its planned activities in its application to ESMA.

For the purposes of Article 3(3) of the proposed draft RTS experience in the “*Issuance of debt instruments in the capital markets and management of funds within issuing organisations*” as well as knowledge of the “technical characteristics and performance of” environmentally sustainable projects

should also be considered as relevant⁶, in order to facilitate the integration of other market agents in the senior management and boards of external reviewers.

Criteria to assess skill (Article 4 of the proposed draft RTS)

The applicant is asked to provide and assess how the skills of the management is sufficient. The PCC would recommend that ESMA over time develops further guidance on what should be considered 'sufficiently skilled'. It might – at least initially – be difficult for ESMA, in absence of sufficient supervisory experience, to assess if the assessment of the applicant is correct.

Number of analysts (Article 5 of the proposed draft RTS)

The number of analysts should be proportionate in relation to the business that the external reviewer will engage in. Article 5 of the proposed RTS included detailed requirements.⁷

When looking at the number of analysts that the external reviewer has hired, ESMA should require an assessment from the applicant, which clearly explains how many reviews each analyst will be expected to perform. The PCC believes, which is also partly reflected in the draft RTS, that supervisory experiences during the phase-in period – but also in the future activities once the EGB Regulation will be fully in place – will be important in order to develop a precise knowledge of how many analysts are needed, their knowledge and experience.

ESMA might consider developing an approximate standard ratio of a suitable number of analysts per number of issuances, taking into account the complexity of the business – also using the 18-month phase-in period – when supervisory experience will have been gained. The PCC would suggest developing an understanding on this that can be conveyed to firms when carrying out supervisory activities.

The PCC finds that Article 5 of the currently proposed draft RTS is too detailed and difficult to apply. In particular, the assessment required from the application to assess how many external reviews they expect to make in the next 12-month period seems too difficult to apply. The PCC would recommend as an alternative, to ask from the applicant how they plan for various scenarios, for example in terms of an important inflow of business and how they plan to ensure high quality in such situations.

Criteria to assess level of knowledge, experience and training of analysts, employees and other persons directly involved in assessment activities (Article 6(2) of the proposed RTS)

ESMA should not be over-restrictive and should not provide an exhaustive list of acceptable qualifications in order to ensure sufficient flexibility in the qualifications and other experiences required.

⁶ In line with the requirements currently in place for approved verifiers, under the Climate Bond Initiative – [Approved Verifier | Climate Bonds Initiative](#).

⁷ Article 5 of the proposed RTS asks for:

- a) the roles, related job descriptions and assigned headcount, including the ratio of permanent to temporary employees;
- b) the total number of analysts, employees and other persons directly involved in assessment activities, with a breakdown by seniority;
- c) the expected number of assessments to be allocated in the next 12 months per employee and the estimated duration of an external review of European Green Bonds;
- d) other tasks or expected allocation for analysts, employees and other persons directly involved in assessment activities; and
- e) assessment activities planned to be outsourced.

This is partly already considered in the proposed draft RTS, but it should be made clear in Article 6(2) that it does not contain a closed list, but just a list of examples, as made above under Article 3(3) of the same proposed draft RTS. It should be pointed out that Article 6(2) does not contain the term 'such as', making the list to be read as exhaustive, which should not be the case.

Training possibilities that external reviewers will provide for its staff, and as highlighted in Article 6(2) of the proposed draft RTS will be crucial. The PCC believes that this should also allow for a possibility to develop and complement experience, thereby providing a method for proportionality so that a slightly lesser level of experience in the Green Bonds area might be helped by an ambitious training programme with clear requirements on content and timing. Training should allow for analysts moving into the activity of EU Green Bonds from other financial sectors and specialities.

While the aim of the EGB Regulation is to create a new standard, the PCC nevertheless find it relevant that ESMA in its application of the EGB Regulation considers what is currently already in place in the markets. Already today providers in the industry for Green Bonds (even if not EU Green Bonds) provide standards that could be considered. The standards from the Climate Bonds Initiative and ICMA ought to be taken as baseline.

3.4.2 RTS on criteria to assess sound and prudent management and management of conflicts of interest

Conflicts of interests need to be properly identified and managed, eliminated, or managed and disclosed in a transparent manner. Therefore, all external reviewers alike need to ensure that they have solid conflict of interest arrangements in place.

The proposed draft RTS refers in Article 4 to a description from the external reviewer of the internal control mechanisms which shall be in place taking into account the nature, scale and complexity of the external reviewer. This reference means that the internal control framework shall be proportionate.

Article 5 of the proposed draft RTS states that the conflict-of-interest policy forms part of the internal control mechanism in Article 4, meaning that the proportionality requirement should be applied also in relation to the conflict-of-interest policy. This point could be made clearer.

3.4.3 RTS on criteria for assessing knowledge and experience of analysts

The comments made above in relation to the proposed draft RTS under Article 23(6) of EGB Regulation can largely be made also here. The PCC would again underline the importance of allowing experience not only from green bonds but also wider requirement stretching into other types of issuances of financial instruments. Training should therefore be used to gain experience. Therefore, a somewhat limited experience might be compensated by an ambitious training programme. The PCC welcomes the reference to training in the draft RTS.

The proposed draft RTS refers to the use of artificial intelligence (AI) in relation to the assessment activities performed by the external reviewers. AI is also referred to in the proposed draft RTS on outsourcing, therefore the PCC considers it important to stress that the use of AI should be considered as a specific outsourced service, where the external reviewer must be aware of the actual use of AI in its activities, the risks associated with it and the proper governance and control mechanisms attached. Furthermore, it is also vital that the external reviewer provides sufficient information to the supervisory

authority about the use of AI so that it will be in a position to check the use of these technologies. External reviewers might consider making their rules and/or policies on the use of AI publicly available.

3.4.4 RTS on criteria applicable to outsourcing of assessment activities

Outsourcing is a method to allow external reviewers of all types – not least smaller entities – to hire its competence, where needed. It is therefore a highly useful instrument to allow external reviewers to enter the market as they will not have to hire all staff in-house.

It becomes important in this light, to ensure quality in the delivery of the services provided by the firm engaged to perform the tasks on behalf of the external reviewer. In order for outsourcing to become a useful tool various requirements must be ensured. The outsourcing entity must under all circumstances keep the control of the activities, they must keep in-house knowledge of the tasks outsourced in order to be able to assess the quality of the work performed. The external reviewer must also be able to take back control, also at short notice, both from a legal and practical point of view, and temporarily handle the activities themselves in case it is necessary to change provider. Here it should be mentioned that reference to ‘exit strategy’ is only referred to regarding third country third-party service providers under Article 5(2)(c) of the proposed draft RTS. However this seems to be a valid requirement regarding all third-party service providers and not only those from third countries.

Certain activities must be kept in-house at all times. The quality assurance and the responsibility for the end product should stay at all times with the outsourcing entity.

There might, potentially be a shortage of specialised firms to which outsourcing can be made, as it might be difficult to find staff to hire with sufficient knowledge.

The proposed draft RTS makes specific reference to the use of AI under Article 3(1)(e). The PCC considers it important to stress that by using AI, external reviewers must be aware of the actual use of AI in their activities, the risks associated with it and the proper governance and control mechanisms attached. Furthermore, it is also vital that external reviewers provide sufficient information to the supervisory authority about the use of AI so that it will be able to check the use of these technologies. External reviewers might also consider making their rules and/or policies on the use of AI publicly available.

3.5 Annex V – Final draft technical standards

3.5.1 RTS on criteria relating to the good repute, skill, professional qualifications and experience of the senior management and the members of the board of an external reviewer, as well as the number of analysts, employees and other persons directly involved in its assessment activities and their level of knowledge, experience and training

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supplementing Regulation (EU) 2023/2631 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the good repute, skill, professional qualifications and experience of the senior management and the members of the board of an external reviewer, as well as the number of analysts, employees and other persons directly involved in its assessment activities and their level of knowledge, experience and training

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds⁸, and in particular Article 23(6), third subparagraph, and Article 28(3), third subparagraph, thereof,

Whereas:

- (1) The good repute of the members of senior management and the board of an external reviewer is of paramount importance, given their key role in ensuring that the external reviewer meets its regulatory obligations. An assessment of good repute should be based at least on information on the prior activities of those persons evidencing a lack of good repute, including information on relevant criminal convictions, past misconduct, gross negligence, mismanagement of conflicts of interest or impairments to independence and objectivity, on the honesty, integrity and reputation of members of senior management and the board of an external reviewer.

⁸ OJ L, 2023/2631, 30.11.2023.

- (2) The sufficiency of the skill, professional qualifications and experience of the members of senior management and the board is fundamental, given their accountability for the external reviewer's activities. An assessment of their sufficiency should have regard to the curriculum vitae of all members of senior management and the board, including up-to-date information on education, training and employment history. The assessment should also have regard to the overall composition and diversity of its senior management and board and their collective skills, professional qualifications and experience, as relevant to the activities of the external reviewer and the risks to which it is exposed.
- (3) To safeguard the continuity and regularity of external reviews, an external reviewer should ensure an appropriate number of analysts, employees and persons directly involved in assessment activities. In this regard, consideration should be given to information on the staffing arrangements of an external reviewer for analysts, employees and persons directly involved in assessment activities, such as the number of permanent and temporary contracts, the planned effort of assessment activities and the reasons the external reviewer considers the analytical resources to be sufficient.
- (4) To uphold the quality of external reviews, an external reviewer should ensure adequate levels of knowledge, experience and training among its analysts, employees and other persons directly involved in assessment activities. The assessment should have regard to at least the education, training and employment history of those persons. Furthermore, an external reviewer should put in place a training and development plan for all employees directly involved in assessment activities.
- (5) As the empowerments in Article 23(6), third subparagraph, and Article 28(3), third subparagraph, of Regulation (EU) 2023/2631 both provide for criteria in relation to knowledge, experience and training of analysts, employees and other persons directly involved in assessment activities, it is appropriate to include them in the same Regulation. The evaluation of the criteria is carried out by ESMA under point (b) of Article 23(1) and by external reviewers under Article 28(1).
- (6) This Regulation is based on the draft regulatory technical standards submitted to the Commission by ESMA in accordance with Article 10 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁹.
- (7) ESMA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council,

⁹ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

HAS ADOPTED THIS REGULATION:

Article 1

Criteria to determine sufficiently good repute

1. ESMA shall determine the good repute of the senior management and the members of the board of an external reviewer to be sufficient within the meaning of Article 23(2), point (a), point (i), of Regulation (EU) 2023/2631 where the prior activities of those persons demonstrate that they are able to carry out their functions with honesty and integrity.
2. For the purposes of the determination in paragraph 1, ESMA shall take into account at least the following information:
 - (a) a recent criminal-record file for each of the members of senior management and of the board from their countries of origin, unless the relevant national authorities do not issue such a file;
 - (b) a self-declaration from each of the members of senior management and of the board of whether the member:
 - i. where a criminal-record file is not available, has been convicted of any criminal offence;
 - ii. has been subject to an adverse decision in any proceedings of a disciplinary nature brought by a regulatory authority or government body;
 - iii. has been subject to an adverse judicial finding in civil proceedings before a court in connection with the provision of financial or sustainability-related services, or for impropriety or fraud in the management of a legal entity;
 - iv. has been part of the senior management or board of an undertaking which was subject to an adverse decision or penalty by a regulatory authority or whose registration or authorisation was withdrawn by a regulatory authority;
 - v. has been refused the right to carry out activities which require registration or authorisation by a regulatory authority;
 - vi. has been subject to a fitness and propriety assessment by a regulatory body that has resulted in a negative decision, or a positive assessment subject to specific conditions;
 - vii. has been part of the senior management or board of an undertaking which has gone into insolvency, liquidation or administration while the person was employed by the undertaking or within a year of the person ceasing to be employed by the undertaking;
 - viii. has been fined, suspended, disqualified, or been subject to any other sanction by a professional body related to financial or commercial activities;
 - ix. has been disqualified from acting as a director, disqualified from acting in any managerial capacity, dismissed from employment or other appointment in an undertaking as a consequence of misconduct or malpractice;

- x. whether each member of the senior management and board has or has had any relationships, positions or involvement that could, directly or indirectly, affect the interests of an external reviewer and the integrity of its assessment activities.

Article 2

Criteria to determine sufficient skill, professional qualifications and relevant experience

1. ESMA shall determine the skill, professional qualifications and relevant experience of senior management and members of the board of an external reviewer to be sufficient within the meaning of Article 23(2), point (a), points (ii) to (iv), of Regulation (EU) 2023/2631 where they are appropriate to the nature and scale of the external reviews to be carried out by the external reviewer and the tasks required of external reviewers pursuant to Regulation (EU) 2023/2631.
2. For the purposes of the determination referred to in paragraph 1, ESMA shall take the following information into account:
 - a) an up-to-date curriculum vitae of each member of the senior management and board of an external reviewer setting out details of information relevant to the tasks required of external reviewers pursuant to Regulation (EU) 2023/2631, including:
 - (i) details of education, including academic and professional certifications and other relevant training;
 - (ii) employment history, including the scope and duration of the functions performed, highlighting any activities relevant to the position occupied in the external reviewer;
 - b) the relevance of the knowledge attained through education and training to financial or sustainability-related services for the business of external reviewers;
 - c) the relevance of professional experience gained in activities such as quality assurance, quality control, the performance of pre, post-issuance and impact report reviews, the provision of second party alignment opinions or financial services;
 - d) the collective and up-to-date skills, professional qualifications and experience of the senior management and the members of the board relevant to the tasks required of external reviewers pursuant to Regulation (EU) 2023/2631 and related risks.

Article 3

Criteria to determine the sufficient number of analysts, employees and other persons directly involved in assessment activities

1. ESMA shall determine the number of analysts, employees and other persons directly involved in assessment activities of an external reviewer to be sufficient within the meaning of Article 23(2), point (b), of Regulation (EU) 2023/2631 where the number is appropriate to the nature and scale of the external reviews to be carried out by the external reviewer and the tasks required of external reviewers pursuant to Regulation (EU) 2023/2631.

2. For the purposes of the determination in paragraph 1, ESMA shall take the following information into account:
 - (a) the total numbers of analysts, employees and other persons directly involved in assessment activities, their seniority, their job descriptions, the permanent or temporary nature of their employment contracts and the reasons the numbers and roles are considered by the external reviewer to be appropriate;
 - (b) the expected number and duration of external reviews to be provided in the next 24 months and the reasons that number and duration are considered by the external reviewer to be appropriate.

Article 4

Criteria for ESMA to determine the sufficient levels of knowledge, experience and training

1. ESMA shall determine the knowledge, experience and training of the analysts, employees and other persons directly involved in assessment activities to be sufficient within the meaning of Article 23(2), paragraph (a), point (iv), where the knowledge, experience and training are appropriate to the nature and scale of the external reviews to be carried out by the external reviewer and the tasks required of external reviewers pursuant to Regulation (EU) 2023/2631.
2. For the purposes of paragraph 1, ESMA shall take into account at least the following information:
 - (a) the type of assessment activities that the persons directly involved in assessment activities are expected to provide in the next 24 months;
 - (b) the employment history of those persons, including the nature and length of services provided in previous posts and responsibilities held;
 - (c) the experience of those persons related to quality assurance, quality control, the performance of pre-issuance, post-issuance and impact report reviews, the provision of second party alignment opinions or financial services;
 - (d) the educational background of those persons and any relevant professional certifications or qualifications obtained;
 - (e) other relevant professional and academic achievements of those persons for the nature of their functions;
 - (f) the training and development plan for those persons;
 - (g) where applicable, the use of automation technology in the assessment activities;
 - (h) the most recent assessment of the external reviewer pursuant to Article 5 and the reasons for its conclusions.

Article 5

**Criteria for external reviewers to determine the necessary levels of knowledge,
experience and training**

1. External reviewers shall determine that they have the necessary knowledge, experience and training of the analysts, employees and other persons directly involved in assessment activities exists pursuant to Article 28(1) of Regulation (EU) 2023/2631 where the knowledge, experience and training are appropriate to the nature and scale of the external reviews to be carried out by the external reviewer and the tasks required of external reviewers pursuant to Regulation (EU) 2023/2631.
2. The evaluation referred to in paragraph 1 shall take into account at least the information referred to in Article 4(2), points (a) to (g). The evaluation shall be carried out prior to providing external review activities and thereafter at least once every 24 months or as soon as the external reviewer becomes aware of significant deviations in the level of knowledge, experience and training of the analysts, employees and other persons directly involved in assessment activities.

Article 6

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission
On behalf of the President*

3.5.2 RTS on criteria to assess sound and prudent management and management of conflicts of interest

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supplementing Regulation (EU) 2023/2631 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for assessing the sound and prudent management and the management of conflicts of interest of an external reviewer

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds¹⁰, and in particular Article 27(2), third subparagraph, thereof,

Whereas:

- (1) To ensure that decision-making structures provide for the sound and prudent management of the external reviewer, external reviewers should have corporate governance arrangements that specify the organisation, scope, purpose and functioning of their governance bodies, such as the board, supervisory body and relevant committees.
- (2) Maintaining a transparent and effective organisational structure is also a key component of sound and prudent management. An external reviewer should have clear reporting lines, responsibilities of roles and communication channels that encourage accountability and decision-making to ensure transparency and effectiveness of their organisational structure. For the same reason, external reviewers should also implement and properly document appropriate policies and procedures as regards their governance structures, internal controls, business continuity, information processing systems, recordkeeping, administration and accounting.
- (3) Given the importance of the internal control functions to the sound and prudent management of an external reviewer, external reviewers should put in place an internal control framework that ensures the persons responsible for performing that function are

¹⁰ OJ L, 2023/2631, 30.11.2023.

appropriately empowered and that there is a clear segregation from the business lines they are overseeing.

- (4) To ensure sound and prudent management of the compliance with their obligations under Regulation (EU) 2023/2361, external reviewers should ensure that the policies and procedures needed to comply with that Regulation are approved by their board.
- (5) The conflicts of interest management framework of an external reviewer should include a comprehensive conflicts of interest policy approved by the board and an inventory of conflicts of interest. The conflicts of interest policy should include risk management procedures and controls to identify, eliminate or manage and disclose in a transparent manner actual or potential conflicts of interest. The policy should also identify which conflicts of interest the external reviewer considers are to be managed or disclosed in a transparent manner and which conflicts of interest are to be eliminated. In addition, the policy should provide for appropriate oversight and management of situations where professional judgement or decision making may be compromised.
- (6) This Regulation is based on the draft regulatory technical standards submitted to the Commission by ESMA in accordance with Article 10 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council¹¹.
- (7) ESMA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council,

HAS ADOPTED THIS REGULATION:

Article 1

Criteria for assessing sound and prudent management

1. External reviewers shall ensure the following criteria are fulfilled when assessing their sound and prudent management:
 - (a) the corporate governance arrangements specify at least the organisation, scope, purpose and functioning of the governance bodies of the external reviewer, including clear reporting lines, responsibilities of roles and communication channels;
 - (b) there is an internal control framework;
 - (c) the organisational arrangements ensure continuity and regularity in the performance of assessment activities, safeguarding of the confidentiality and security of records of the

¹¹ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

- services provided, sound administrative and accounting procedures and adequate information processing systems;
- (d) the anonymity of whistleblowers is safeguarded and reprisals are prohibited;
 - (e) transactions with related parties, employee personal account dealing, outside business activities and the acceptance of gifts and hospitality are reviewed and approved consistently;
 - (f) the independence of the employees subject to variable compensation arrangements is ensured;
 - (g) the policies and procedures adopted by an external reviewer in compliance with this Regulation are approved by the board of the external reviewer.
2. External reviewers shall ensure that the internal control framework referred to in paragraph 1, point (b), fulfils the following criteria:
- (a) the internal control mechanisms are adapted to the nature, scale and complexity of the external reviewer;
 - (b) the persons responsible for internal controls are able to obtain the information necessary to perform their function and report their findings to the board of the external reviewer;
 - (c) the internal control functions are independent and clearly segregated from the business lines performing the assessment activities.

Article 2

Criteria for assessing the management of conflicts of interest

External reviewers shall ensure that the following criteria are fulfilled when assessing the management of conflicts of interest:

- (a) there is a conflicts of interest policy;
- (b) there is an appropriate and effective compliance process for monitoring the implementation of the policy, including board oversight;
- (c) there are procedures for training and raising awareness of the content of the policy to senior management, members of the board, analysts, employees and any other natural person whose services are placed at the disposal or under the control of the external reviewer, including before those persons first take up their duties.
- (d) an inventory of actual or potential conflicts of interest relevant to the external reviewer is kept, including proposed mitigation measures;
- (e) risk management procedures and preventative and detective controls with respect to the identification, elimination, management and disclosure of conflicts of interest are in place;
- (f) the conflicts of interest to be eliminated or managed and disclosed in a transparent manner are identified;

- (g) the independence of analysts, employees and other persons directly involved in assessment activities is ensured.

Article 3

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
On behalf of the President

3.5.3 RTS on criteria on applicable to outsourcing of assessment activities

COMMISSION DELEGATED REGULATION (EU) 2025/...

of **XXX**

supplementing Regulation (EU) 2023/2631 of the European Parliament and of the Council with regard to regulatory technical standards specifying criteria in relation to the performance of assessment activities of external reviewers by third-party service providers

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds¹², and in particular Article 33(7), third subparagraph, thereof,

Whereas:

- (1) External reviewers should assess the ability and capacity of third-party service providers to perform assessment activities reliably and professionally by considering whether the expertise and availability of the third-party service provider are appropriate to the outsourced activities. For this purpose, external reviewers should take into account key elements relating to the third-party service provider and the outsourcing arrangement such as its business model, the qualifications of its staff, the control framework, the use of automation and technology in the outsourced assessment activities and its regulatory compliance.
- (2) External reviewers should ensure that the outsourcing of assessment activities does not materially impair the quality of their internal control by evaluating the extent of their reliance on the third-party service provider and by undertaking monitoring and control activities that address the risks arising from the outsourcing. External reviewers should ensure that internal controls are applied at the level of the external reviewer and at the level of the third-party service provider to ensure adequate arrangements are in place in relation to the quality of service provided by the third-party service provider. It is also important that external reviewers ensure that ESMA's ability to supervise their compliance with Regulation (EU) 2023/2631 is not materially impaired. through

¹² OJ L, 2023/2631, 30.11.2023, ELI: <http://data.europa.eu/eli/reg/2023/2631/oj>.

adequate practices in relation to documentation and recordkeeping by third-party service providers. This is to ensure that an external reviewer and ESMA have access to all necessary information. External reviewers should also put in place appropriate safeguards to monitor the outsourcing, including where outsourcing takes place in third countries.

- (3) To ensure a sufficient degree of oversight over outsourced activities, external reviewers should carry out assessments to evaluate the criteria set out in this Regulation on a regular basis.
- (4) This Regulation is based on the draft regulatory technical standards submitted to the Commission by ESMA in accordance with Article 10 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council¹³.
- (5) ESMA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010,

HAS ADOPTED THIS REGULATION:

Article 1

Criteria for assessing the ability and capacity of third-party service providers to perform assessment activities

1. External reviewers shall ensure that the following criteria are fulfilled when assessing the ability and capacity of third-party service providers to perform assessment activities reliably and professionally:
 - (a) the third-party service provider has expertise in the subject matters of the outsourced activities;
 - (b) the third-party service provider is available to provide the outsourced activities for the duration of the planned outsourcing;
 - (c) the third-party service provider has in place an internal control framework to ensure the adequate performance of the outsourced activities.
2. The assessment referred to in paragraph 1 shall take into account at least the following information in relation to the third-party service provider:
 - (a) the business model, services offered, ownership, group structure and status as a regulated or supervised entity;
 - (b) the qualifications of the staff involved in the outsourced assessment activities;

¹³ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

- (c) the policies and procedures in place for the performance of the outsourced activities, including the use of accurate and reliable information and data;
- (d) the controls and monitoring activities in place to ensure the effective application of the policies and procedures for the performance of the outsourced activities;
- (e) where applicable, the use of automation technology in the assessment activities;
- (f) legal and regulatory requirements applicable to the activities of the third-party service provider.

Article 2

Criteria for ensuring that outsourcing assessment activities does not materially impair the quality of the internal control of the external reviewer

External reviewers shall ensure that the following criteria are fulfilled to ensure that outsourcing of assessment activities does not materially impair the quality of their internal control:

- (a) the expected number and type of assessment activities to be outsourced do not give rise to an over-reliance on the third-party service provider;
- (b) safeguards are in place to manage the risks involved in the outsourcing, including dependency risks for the provision of the outsourced assessment activities;
- (c) arrangements are in place for continuity of service, including contingency plans and periodic testing of back-up facilities;
- (d) arrangements are in place for security of data and systems, including any use of cloud technology;
- (e) safeguards are in place to ensure that the external reviewer is capable of monitoring and overseeing the outsourced assessment activities;
- (f) if the third-party service provider is contractually permitted to further outsource the performance of the assessment activities, those activities are carried out in accordance with paragraphs (a) to (f).

Article 3

Criteria for ensuring that outsourcing assessment activities does not materially impair ESMA's ability to supervise compliance of external reviewers

External reviewers shall ensure that the following criteria are fulfilled to ensure that outsourcing does not materially impair ESMA's ability to supervise their compliance with Regulation (EU) 2023/2631:

- (a) an appropriate level of documentation and recordkeeping of all the names and positions of the persons responsible for approving and monitoring the outsourcing is maintained;
- (b) the third-party service provider is capable of providing the external reviewer with all the necessary information concerning outsourced assessment activities required by the

external reviewer to demonstrate the external reviewer's compliance with the requirements of Regulation (EU) 2023/2631;

- (c) where assessment activities are outsourced to a third-country third-party service provider, the external reviewer and the third-party service provider have procedures to ensure the management of risks arising from the following:
- (i) diverging regulatory requirements or legal systems;
 - (ii) timely execution of exit strategies;
 - (iii) information and data security;
 - (iv) protection of confidential information;
- (v) prompt access for ESMA and the external reviewer to the third-party records, including where they are maintained in third-country jurisdictions.

Article 4

Evaluation of criteria

The external reviewer shall carry out an evaluation of the criteria in this Regulation prior to the commencement of the outsourced assessment activity and thereafter, at least once every 12 months or as soon as the external reviewer becomes aware of significant deviations in the ability of third-party service providers to perform the assessment activities reliably and professionally.

Article 5

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission
On behalf of the President*

3.5.4 ITS on forms, templates and procedures for the application for registration as an external reviewer

COMMISSION IMPLEMENTING REGULATION (EU) 2024/...

of **XXX**

laying down implementing technical standards for the application of Regulation (EU) 2023/2631 of the European Parliament and of the Council with regard to the standard forms, templates and procedures for the application for registration as an external reviewer for European Green Bonds

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds¹⁴, and in particular Article 23(7), fourth subparagraph, thereof,

Whereas:

- (6) It is necessary that the information provided in an application for registration as an external reviewer enables ESMA to assess the conditions referred to in Article 23(2) of Regulation (EU) 2023/2631. Those conditions include the criteria specified in Commission Delegated Regulations (EU) [XYZ]/2025 [RTS on good repute] and (EU) [XYZ]/2025 [RTS on sound and prudent management] as well as the other delegated acts to be adopted by the Commission in accordance with Regulation (EU) 2023/2631. Accordingly, this Regulation should ensure that an application for registration includes sufficient information on how an applicant meets those conditions.
- (7) To safeguard security and enhance data management and usability, digital means of registration have been taken into account in setting out the standard forms, templates and procedures to be used by an application for an application for registration as an external reviewer. Any information submitted to ESMA in an application should be machine-readable and provided in a durable medium.
- (8) In order to facilitate the identification of the information submitted by an applicant, documents included with an application should bear a unique reference number.

¹⁴ OJ L, 2023/2631, 30.11.2023.

- (9) For assurance and accountability purposes, an application submitted to ESMA should be accompanied by a letter signed by a member of the senior management of the applicant, attesting that the submitted information is accurate and complete to the best of that member's knowledge.
- (10) This Regulation is based on the draft implementing technical standards submitted to the Commission by ESMA.
- (11) ESMA has conducted open public consultations on the draft implementing technical standards on which this Regulation is based and analysed the potential related costs and benefits and requested the advice of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) 1095/2010 of the European Parliament and of the Council¹⁵.

HAS ADOPTED THIS REGULATION:

Article 1

Application for registration as an external reviewer for European Green Bonds

1. An applicant for registration as an external reviewer of European Green Bonds shall submit the information referred to in the Annexes to this Regulation in the format set out in those Annexes.
2. An applicant shall provide its application to ESMA in a machine-readable format which stores information in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.
3. An applicant shall give a unique reference number to each document it submits. It shall ensure that the information it submits clearly identifies to which specific requirement of this Regulation it refers and in which document that information is provided. The applicant shall submit the table set out in Annex I as part of its application to clearly identify the document in which information required under this Regulation is provided.
4. If a requirement of this Regulation does not apply to the application, the applicant shall state this in the table set out in Annex I and provide an explanation.
5. An applicant shall accompany its application with a letter signed by a member of the external reviewer's senior management, attesting that the submitted information is accurate and complete to the best of the member's knowledge, as of the date of that submission.

Article 2

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

¹⁵ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

This Regulation shall be binding in its entirety and directly applicable in all Member States.
Done at Brussels,

For the Commission
On behalf of the President

ANNEX I

DOCUMENT REFERENCES

Annex to this Regulation	Unique reference number	Title of the document	Chapter or section or page of the document where the information is provided or reason why the information is not provided

ANNEX II

GENERAL INFORMATION

Full name of the applicant	
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Address of registered office within the Union	<i>[Country, city, street address, postal code]</i>	
Website		
Legal Entity Identifier (LEI) (where available)		
Contact person(s)	Name	
	Title	
	Address	<i>[Country, city, street address, postal code]</i>
	Email address	
	Telephone number	
Legal form of the applicant		

ANNEX III

OWNERSHIP STRUCTURE

Owner	Percentage of capital	Nature of the holding	Percentage of the voting rights
<i>[Please specify whether legal or natural person]</i>		<i>[Direct or indirect]</i>	

ANNEX IV
MEMBERS OF SENIOR MANAGEMENT AND THE BOARD

Name	Board member	Member of senior management	Date of birth	Place of birth	Role	CV	Submitted documents	
							Criminal-record file referred to in Article 2, point (a), of Commission Delegated Regulation (EU) [XYZ]/2025 [RTS on good repute]	Declaration of fitness and propriety and conflicts of interest referred to in Article 2, point (b), of Commission Delegated Regulation (EU) [XYZ]/2025 [RTS on good repute]
<i>[First name] [Last name]</i>			<i>[DD/M M/YYYY Y]</i>	<i>[City, Country]</i>		<i>[Reference number]</i>	<i>[Reference number]</i>	<i>[Reference number]</i>

ANNEX V

ANALYTICAL RESOURCES

1. Information regarding analysts, employees and other persons directly involved in assessment activities

Name	Role	<i>Please select the appropriate column</i>		Years in role	Years in the industry	CV
		Temporary	Permanent			

The information on the number of employees shall be provided on a full-time equivalent (FTE) basis calculated as the total hours worked divided by the maximum number of hours subject to compensation within a working year as defined by the relevant national law.

2. Information regarding the assessment activities

Estimated duration of an external review	<i>[number of days]</i>
Expected number of assessments in the next 24 months	<i>[number]</i>

3. Information on the evaluation of the external reviewer

Reasons that the number of analysts, employees and other persons directly involved in assessment activities and their roles are considered by the external reviewer to be appropriate	
Reasons that the number and duration of external reviews are considered by the external reviewer to be appropriate	

ANNEX VI

POLICIES AND PROCEDURES

Point	Topic	Reference number
1	Training and development plan for analysts, employees and other persons directly involved in assessment activities	
2	Evaluation of the external reviewer that the knowledge, experience and training of analysts, employees and other persons directly involved in assessment activities are appropriate to the nature and scale of the external reviews to be carried out by the external reviewer and the tasks required of external reviewers pursuant to Regulation (EU) 2023/2631	

3	<p>Policies and procedures put in place to ensure:</p> <ul style="list-style-type: none"> a) the continuity and regularity in the performance of assessment activities; b) the safeguarding of the confidentiality and security of records and documents on the services provided; c) sound administrative and accounting procedures; d) the adequacy of information processing systems implemented to meet the obligations of an external reviewer. 	
4	<p>Policies and procedures outlining the internal control framework</p> <p><i>[In case of a large number of documents, the documents shall be grouped according to the relevant areas of the internal control framework.]</i></p>	
5	<p>Policies and procedures to ensure the internal control framework complies with the criteria referred to in Article 1(2) of Commission Delegated Regulation (EU) [XYZ]/2025 [RTS on sound and prudent management]</p>	
6	<p>Whistleblower policy ensuring that the anonymity of whistleblowers is safeguarded and reprisals are prohibited</p>	
7	<p>Remuneration policy ensuring the independence of the employees subject to variable compensation arrangements</p>	
8	<p>Procedures and methodologies implemented to issue reviews</p>	
9	<p>Terms of reference of the governance bodies, including the board and, where established, its committees</p>	

10	Last meeting minutes of the board	
11	Organisational chart, including the identification of reporting lines and job functions	
12	Conflicts of interest policy	
13	Inventory of actual or potential conflicts of interest and proposed mitigation measures	
14	Information on how potential conflicts of interest situations, including transactions with related parties, employee personal account dealing, outside business activities and the acceptance of gifts and hospitality are reviewed and approved consistently	
15	Documents and information related to any existing or planned outsourcing arrangements for activities of the external reviewer covered by Regulation (EU) 2023/2631, including information on entities assuming outsourcing functions, and the evaluation of how the external reviewer ensures compliance with Article 33(1) of that Regulation	

ANNEX VII

OTHER ACTIVITIES OF THE EXTERNAL REVIEWER

Activity	Description	Offered through subsidiaries
<i>[NACE code of the activity, where available]</i>		<i>[Yes/No: if Yes, please provide the name of the entity]</i>