

Securities and Markets Stakeholder Group

Own initiative report

SMSG own initiative report on simplification

Table of Contents

1	Executive Summary	1
2	Background	3
3	ESMA's approach to simplification	3
4	General observations on simplification	3
4.1	Principles	3
4.2	Tools	5
5	Areas under remit of the co-legislators	8
6	ESMA's guidelines and Q&As	9
7	Targeted remarks on simplification	10
7.1	Reporting	10
7.2	Omnibus package	11
7.3	SFDR	12

1 Executive Summary

This SMSG own initiative report intends to contribute to the current debate about simplification.

The report discusses the following main aspects: principles; tools for simplification; areas under remit of the co-legislators; ESMA's guidelines and Q&As; targeted remarks on simplification.

Principles. Clear definitions and principles are essential in guiding efforts towards simplification. The SMSG considers that there are opportunities to achieve results both through the approach to future regulation and through assessment of existing regulation. A meaningful simplification exercise will require a change in regulatory and corporate culture involving the institutions at all levels. While there may be instances where only advantages are present, it is essential to recognize potential trade-offs. Simplification should be a needs-driven process that allows nuance and calibration based on the context or the profile of the targeted entity, also

considering that certain requirements are linked to the integrity of the market or the protection of specific investor groups. Legislation regulating common areas or interrelated areas (e.g., Taxonomy, SFDR, CSRD) should be coherent. While certain changes may require an initial investment, they can result in significant benefits over time; the attractiveness of the changes also relies on the anticipation of a stable environment within the newly 'simplified' framework. Developing methods and tools for structural simplification is essential to avoid cycles of simplification followed by new regulations.

Tools. Prioritization of regulatory actions is key as the high number of parts in regulation significantly increases the risk of overly complicated and inconsistent requirements. The current system of impact assessments should be evaluated and reviewed, including simplification tests. Particular attention should be given to competitiveness within the impact assessments. Each regulatory requirement should be assessed for its rationale, its effectiveness, the target and the availability of alternative (simpler) ways to achieve the same goal. Sludge audits – that are intended to evaluate the costs in time, money, and effort that individuals or businesses face in complying with rules or accessing benefits – complement regulation simplification in a cohesive reform strategy: while regulation simplification targets structural and legal complexities, sludge audits focus on the user experience.

Areas under remit of the co-legislators. Simplification of legislative texts and of their implementation will be easier to achieve and more effective if the different levels of the legislative process strictly follow the natural hierarchy outlined in the Lamfalussy process. Simplification should start at Level 1, as Level 2 and Level 3 will follow the simplifications approved at Level 1. A more principles-based approach would also significantly contribute to advancing the simplification agenda. This should come with sufficient emphasis on supervision, including supervisory convergence activities and enforcement actions. ESMA, alongside other ESAs, should be consulted during the conceptual phase of new Level I regulation to anticipate potential issues that may arise at a later stage in the legislative process. The mandate given to ESMA should include EU competitiveness as a secondary objective, provided that this does not compromise investor protection.

ESMA's guidelines and Q&As. When drafting guidelines and Q&A for the implementation of Level 1 and Level 2, the following factors may be relevant: the prevailing market conditions and goals; the activity and scale of asset managers, investment firms or public companies; the strategic lines approved by the Commission or ESMA; guidelines should be focused on providing clarification rather than introducing mandatory additional specifications to the Level 1 or Level 2 texts; where feasible, instead of producing additional guidelines or Q&As, other supervisory convergence activities and enforcement actions should be considered.

Targeted remarks. The report also provides specific comments related to simplification in the areas of reporting, the Omnibus package and SFDR. As for reporting, the report discusses long-term strategy and short-term improvements. As for the Omnibus package, the report highlights the risk that changes proposed in the Omnibus package, if not coordinated with other

relevant regulations, will increase the gap between what companies are required to disclose and what intermediaries and other financial market participants such as banks, investment firms, and investment funds need to report to investors. As for the SFDR, the SMSG considers that the anticipated review of SFDR should aim to enhance coherence across the broader regulatory framework and ensure full alignment with the CSRD.

2 Background

1. The SMSG decided to contribute to the current debate on simplification and set up an ad hoc working group. This own initiative report presents the observations of the SMSG in this area.

3 ESMA's approach to simplification

2. Efficient simplification. “The ESMA [BoS] discussed in December 2024 how to best contribute to efficient simplification and burden reduction actions, while preserving the main objectives of financial stability, orderly markets and investor protection”¹.
3. Simplification, not deregulation. “At ESMA we aim to play our part in simplifying the regulatory framework and in reducing unnecessary reporting burdens where feasible. This work should not be about deregulation but about avoiding duplications and streamlining some of the reporting requirements for market participants”².

4 General observations on simplification

4.1 Principles

4. Clear definitions and principles are essential in guiding efforts towards simplification. The “cost of doing business” and the potential impact on capital markets should be taken into account together with investor protection considerations. Objectives (i.e., what we aim to achieve with simplification) and constraints (i.e., what we do not want to lose with simplification) of simplification should be clearly stated.
5. Scope and culture. The scope of the simplification exercise should ease the burden on citizens, as savers and individual investors, as well as on industry market participants. We consider that there are opportunities to achieve results both through the approach to future legislation/regulation and through assessment of existing and in-flight

¹ Excerpt from ESMA Press Release on Simplification and Burden Reduction 7th February 2025.

² Excerpt from ESMA Press Release on Simplification and Burden Reduction 7th February 2025.

legislation/regulation. A meaningful simplification exercise will require a change in regulatory and corporate culture involving the institutions at all levels.

6. Potential trade-offs. While there may be situations where only advantages are present, it is essential to recognize potential trade-offs. Evaluating the costs and benefits associated with various alternatives is important, especially when assessing the risks linked to changes in regulations.
7. Proportionality. Simplification should be a needs-driven process that allows nuance and calibration based on the context or the profile of the targeted entity, also considering that certain requirements are linked to the integrity of the market or the protection of specific investor groups, in which case effectiveness vs burden rather than size of the reporting entity should be taken into account. Proportionality should apply to the level of reporting requirements³, costs associated and level of responsibility⁴.
8. Coherence. Legislation regulating common areas or interrelated areas (e.g., Taxonomy, SFDR, CSRD) should be coherent. Impact assessments and other types of analysis should consider the coherence of the various proposals, including the sequencing and timing of Level 1 and Level 2/3, as well as the interaction between different regulations. They should also seek to quantify any synergies that could be achieved (e.g., simplification, lower costs, reduced burdens) and to identify inefficiencies (e.g., excessive burdens, overlaps, gaps, or inconsistencies)⁵.
9. Lightest possible burden. In order to achieve simplification for investors and market participants, regulation – at all levels of the legislative process – should be systematically designed to generate the minimum burden necessary while achieving the regulation's objectives.

For example, the KID for an EU domiciled fund includes 2.190 words whereas the equivalent KIID for the same fund includes 1.524 words and the US summary prospectus

³ Following the CSRD, listed and non-listed SMEs will have different obligations. Listed SMEs in regulated markets will be subject to mandatory ESG reporting, which they must apply from FY 2026 or 2028, depending on whether they request an extension. This provision risks imposing significant administrative burdens and compliance costs on top of the already high requirements SMEs face, potentially discouraging them from going public and increasing the likelihood of delistings. In general, it is important to support a level playing field among companies with comparable footprints (e.g. company size), regardless of their source of financing (public or private). The CSRD framework is widely regarded as overly complex, with an excessive number of required KPIs that go beyond the Directive's objectives, placing a significant compliance burden on companies, particularly SMEs. The Omnibus package on sustainability reporting and due diligence could address these issues through more proportionate requirements.

⁴ Effective voluntary Taxonomy reporting requires clear legal guidance on the treatment and reliability of reported data, including the use of emerging technologies like AI. It is also crucial to define accountability across the value chain to address potential risks such as greenwashing and ensure responsible data handling by all actors involved.

⁵ On impact assessments see also § 12 and § 14.

for intrinsically the same fund only includes 1.453 words. We suggest considering the US mutual fund summary prospectus framework to simplify and shorten the KID⁶.

Furthermore, streamlining cross-border investment income tax declarations within the single Market should be a major objective. Administrative tax burdens may discourage retail investors, particularly when combined with different tax regimes. This concern encompasses the information to be provided and forms to be used, especially in cases involving the recovery of funds impacted by double taxation⁷.

10. Stability and time perspective. While certain changes may require an initial investment, they can result in significant benefits over time. From this perspective, the potential value of the changes also relies on the anticipation of a stable environment within the newly 'simplified' framework, which is also beneficial from an investor's perspective. This suggests that a new regulatory regime should typically remain in place for a designated number of years, particularly when the modifications are extensive. Nevertheless, achieving quick wins is also beneficial.
11. Challenges. Recognizing effective areas and techniques for simplification necessitates time and thorough planning. Developing methods and tools for structural simplification is essential to avoid cycles of simplification followed by new regulations. A robust analysis should also be made to determine where challenges may exist (e.g., if changes are needed to regulations or to the way they are supervised or interpreted in different markets). Addressing the weaknesses of the EU legislative process (decisions made issue-by-issue in different sub-committees, multiple veto players, etc.) recognized in the Draghi report would also be beneficial for advancing the simplification agenda⁸.

4.2 Tools

12. Holistic approach and prioritization of regulatory actions. The high number of parts and even lines in regulation significantly increases the compliance burden for organizations and increases the risk of overly complicated and inconsistent requirements. In this context it is important to consider all rules that affect an area in a holistic manner, as changes in one regulatory framework may have a direct or indirect impact on another. Therefore, introducing systematic checks within the impact assessment process to evaluate the implications of a proposed new regulation on existing regulations may prove beneficial.

⁶ Source: page 8 at <https://betterfinance.eu/publication/siu-improve-funding-pension-gap-smsg/>.

⁷ For concrete examples, see <https://betterfinance.eu/publication/report-withholding-taxes-EU-dividends-shareholders-2023/>.

⁸ The future of European competitiveness, Part A: A competitiveness strategy for Europe, p. 63 ff.

13. Review of impact assessments. To evaluate the existing system of impact assessments, including simplification tests and ensuring thorough consultations with all relevant stakeholders, with adequate time for responses. Within the impact assessments, particular attention should be given to competitiveness, including comparisons with other jurisdictions and the implications of new regulations on small and medium-sized enterprises (SMEs), as well as to the impact on investors' burden⁹. A system where several "red cards" may lead to a political decision to pass a legislative proposal cannot be deemed fit for purpose.
14. Impact assessments during the legislative process. All Level 1 and Level 2 proposals should be subject to at least a thorough cost-benefit analysis. At Level 1, the co-legislators can make significant amendments which could change the impact initially assessed. If this is likely to be a significant change, there should be a process for assessing the impact (whether this is a formal impact assessment or some other type of evidence-gathering and analysis). At Level 2, many of the delegated and implementing acts are technical and have limited impacts, and therefore do not require a dedicated impact assessment. However, it can also be the case that there are significant impacts which were not considered when preparing the Level 2 (or 3) proposal. In such cases, there should also be a process for assessing the impact (whether this is a formal impact assessment or some other type of evidence-gathering and analysis).
15. EC toolbox. Overall, the MSG is strongly supportive of the new toolbox of measures proposed by the Commission¹⁰, in particular the measures relating to scrutiny of delegated and implementing acts and assessing the impact of significant amendments made by the co-legislators during the Level 1 process. We encourage ESMA to work closely with the Commission in implementing these tools to ensure a joined-up approach to simplification efforts of the EU financial services acquis as well as in the context of inflight and future legislation and Level 2/3 products.
16. Simplification test. Each regulatory requirement should be assessed for its rationale (the reason for its necessity and the anticipated benefit), its effectiveness (does the requirement achieve the rationale), the target (who is expected to comply, how the relevant actors can be supervised and if necessary sanctioned) and the availability of alternative (simpler) ways to achieve the same goal. Artificial intelligence could be beneficial in assessing both current and new requirements according to these considerations.

⁹ E.g., the relief of excess withholding taxes in a faster and safer way (see Directive (EU) 2025/50).

¹⁰ https://commission.europa.eu/law/law-making-process/better-regulation/simplification-and-implementation_en.

17. Sludge audits. The concept of "sludge" was originally popularized by Richard Thaler, who distinguishes between nudges (small behavioral interventions that help people make better choices) and sludge (barriers that make good choices harder) (Thaler, 2018)¹¹. In financial regulation, examples of sludges include, among others, overly complex disclosure requirements for small businesses or retail investors, duplicative reporting to multiple regulators. Sludge audits, initially introduced by Sunstein (2022)¹² are systematic assessments of administrative processes to identify unnecessary burdens. These audits evaluate the costs in time, money, and effort that individuals or businesses face in complying with rules or accessing benefits. Several organisations around the world are embracing sludge audits across different domains. Among others the OECD's sludge audit methodology is a structured behavioural assessment designed to identify, quantify, and reduce these frictions. It goes beyond traditional administrative burden reduction by focusing on psychological costs – such as confusion, stress, and decision fatigue – that people but also organization experience when interacting with public systems. In its 2024 report *Fixing Frictions: Sludge Audits Around the World*¹³, the OECD outlines nine Good Practice Principles for conducting effective sludge audits. These include evaluating the institutional context, using decision matrices to determine audit feasibility, and integrating user feedback. The report draws on ten case studies from the International Sludge Academy, a collaborative initiative involving 16 governments from 14 countries. The OECD's approach emphasizes that sludge audits are not one-size-fits-all. Instead, they must be tailored to the specific service, population, and context. In financial services, for example, a sludge audit was conducted by the FCA (2025)¹⁴ on firms approaches to consumers' support within the Consumer duty framework. Sludge audits and regulation simplification form a synergistic approach to reform. While regulation simplification addresses structural and legal complexities, sludge audits zoom in on the user experience, ensuring that even well-designed regulations do not become burdensome in practice.
18. Key issues matrix. Creating a matrix that delineates the applicable regulations (such as transparency requirements, sustainable finance frameworks, MICA, and DORA) alongside the specific types of issues to be addressed (including reporting obligations and gold-plating practices) can help identify systematically key areas of focus.

¹¹ Thaler R. H. (2018), Nudge, not sludge. *Science*. 3;361(6401):431. <https://doi.org/10.1126/science.aau9241>.

¹² Sunstein C.R. (2022), Sludge Audits. *Behavioural Public Policy*, 6(4):654-673. <https://doi.org/10.1017/bpp.2019.32>.

¹³ OECD (2024), "Fixing frictions: 'sludge audits' around the world: How governments are using behavioural science to reduce psychological burdens in public services", *OECD Public Governance Policy Papers*, No.48, OECD Publishing, Paris, <https://doi.org/10.1787/5e9bb35c-en>.

¹⁴ FCA (2025) Consumer Support Outcome: good practices and areas for improvement. <https://www.fca.org.uk/publications/good-and-poor-practice/consumer-support-outcome-good-practices-areas-improvement>.

19. Call for evidence. ESMA recently published a call for evidence on the retail investor journey, in the context of the SIU and with the objective, among others, to simplify the investor journey¹⁵. In general, calls for evidence addressed to market participants can serve as an effective tool to identify potential areas for simplification.

5 Areas under remit of the co-legislators

20. Hierarchy of the legislative process. Simplification of legislative texts and of their implementation will be easier to achieve and more effective if the different levels of the legislative process strictly follow the natural hierarchy outlined in the Lamfalussy process, with level 1 texts that set out principles, level 2 texts that define the modalities of their implementation and level 3 texts that provide clarifications and guidance, for example, as to the level of parameters to be taken into account.
21. More principles and supervisory convergence. It is important to ensure that Level 2 and Level 3 texts do not go beyond the mandates provided by Level 1. Similarly, it is important that Level 1 does not push political challenges to Level 2 for sake of timing issues or convenience. Whilst we consider that it makes sense to set out the essential principles of the policy framework in Level 1 and to propose the detailed calibrations in Level 2, which should be based on robust evidence data analysis, it is important to avoid overshooting requirements. These can occur when the ESAs request unnecessarily detailed requirements or a more prescriptive framework than provided in the mandate, for example through seeking to achieve a fully harmonised approach or to reflect local specificities. Instead, sufficient emphasis should be placed on supervision, including supervisory convergence activities and enforcement actions¹⁶. A more principles-based approach, where supervisory convergence plays a key role, would significantly contribute to advancing the simplification agenda. ESMA as well as national competent authorities must also determine where it is crucial to do exactly the same, and where it is sufficient to achieve a similar outcome.
22. Simplification at Level 1. ESMA plays a crucial role in the EU single rule book through Level 2 and Level 3. Level 2 and Level 3 will follow the simplifications approved at Level 1, provided that Level 1 is actually simplified. In this context it should be noted that ESMA has at times been given tasks that are - in whole or in part - political and should have been decided at Level 1. Furthermore, as regulatory instruments, we suggest prioritizing EU regulations over directives, as regulations can reduce the need for Level 3 texts whereas directive are prone to gold-plating.

¹⁵ <https://www.esma.europa.eu/press-news/esma-news/esma-asks-input-retail-investor-journey>.

¹⁶ Coordination among National Competent Authorities (NCAs) is particularly important in cases of cross-border relevance and overlapping supervisory competences.

23. Early-stage involvement of ESMA. ESMA, alongside other ESAs, should be consulted during the conceptual phase of new Level 1 regulation to anticipate potential issues that may arise at a later stage in the legislative process.
24. Forbearance tools. In certain areas, ESMA should be able to intervene to make adjustments as (evidence-based) market conditions change. In this way, the markets would not be dependent on opportunities to revise Level 1 texts (which can be a lengthy and uncertain process) to ensure that the regulatory framework is appropriately calibrated.
25. Other areas under remit of the co-legislators include the mandate given to ESMA (e.g., to add EU competitiveness as a secondary objective to the ESMA mandate¹⁷), the powers delegated to ESMA (e.g., direct supervision or moving towards a more centralized supervisory model for specific areas of the financial sector, provided that it is demonstrated that this would benefit market participants, including e.g. infrastructures, intermediaries, professional and retail investors, lead to simplification, and genuinely improve market functioning), the functioning of ESMA (e.g., the decision-making process).

6 ESMA's guidelines and Q&As

26. When drafting guidelines and Q&A for the implementation of Level 1 and Level 2, the following factors may be relevant:
- a. The prevailing market conditions and goals (e.g., the growth of European capital markets);
 - b. The activity and scale of asset managers, investment firms or public companies required to apply the standards (i.e., proportionality);
 - c. The strategic lines approved by the Commission or ESMA (e.g., the importance of protecting retail investors while enhancing their access to markets and products);
 - d. Guidelines should be focused on providing clarification rather than introducing mandatory additional specifications to the Level 1 or Level 2 texts. Additionally, it is

¹⁷ In the UK, for example, the Financial Services and Markets Act was amended to entrust the Financial Conduct Authority with competitiveness of the UK economy, including the financial services sector, as a secondary objective. Since the 2008 financial crisis, policymakers' actions have been mainly focused on financial stability and investor protection. This was necessary in the aftermath of the crisis. It should be also considered that investor protection can be achieved while also meeting other objectives. For example: European financial markets need to be attractive and easy to access for issuers and investors; companies and financial markets participants need to be competitive; EU retail investors need to take a long-term approach (i.e., more risks) as shareholders and investors in well-diversified portfolios.

also important to provide market participants with adequate time to comment on and, later on, implement the guidelines;

- e. Where feasible, instead of producing additional guidelines or Q&As which de facto add to the regulatory acquis, other supervisory convergence activities and enforcement actions should be considered instead. Collaboration between supervisors, including the establishment of “centers of excellence” at national, regional or EU level, may be a way forward where markets are different. Self-regulation in the form of standards by industry associations should also be considered as an alternative where appropriate conditions exist.

7 Targeted remarks on simplification

7.1 Reporting

- 27. Long-Term Strategy. Establish a clear, overarching, long-term data strategy for supervisors, grounded in straightforward principles such as:
 - a. a single data lake;
 - b. a single format for reporting data;
 - c. a single point of access both for market participants (feeding the data lake) and supervisors (using the data).
- 28. Implications and risks of a single data lake. It should be considered that a “single data lake” prompts consideration of the security implications and associated liability risks. Implications and risks depend on the volume of data, type of data, and access policy. Reporting contains sensitive business and commercial information, as well as personally identifiable information (PII), which needs to be safeguarded against leaks as well as unauthorised handling. Access should be strictly limited and granted on a ‘need-to-know’ basis, only for the intended recipients, and only used for the sole purpose for which it was legally mandated. It is important to ensure that the right mechanisms are in place to ensure secure data governance protocols, and reliable cybersecurity measures.
- 29. Short-Term Improvements. Striving for perfection, such as implementing single databases, should not impede progress. Short-term improvement opportunities could yield substantial and immediate advancements (e.g., eliminating duplication in MiFID reporting frameworks). Moreover, while a holistic review of the existing transaction reporting framework under MiFIR would be welcome, ESMA should not proceed with

introducing additional/new transaction reporting requirements in the short term which would be counter to simplification efforts.

30. Duplication of data and fields represents another source of burden. The obligation to report OTC and ETD derivatives under EMIR, MiFIR and SFTR should be aligned and eliminated wherever duplicative.
31. Effective Data Cooperation with NCAs. Cooperation with NCAs is crucial for leveraging all available data in investigations and analyses.
32. Differentiate reporting for statistical purposes from reporting for supervisory reasons. Supervisory reporting is generally used to monitor market participants' behaviour and establish regulatory thresholds; misreporting in this context carries severe consequences, including sanctions, for market participants. Data requests for statistical analysis (e.g., to explore market conditions, to classify business models) should take into account its different purpose.

7.2 Omnibus package

33. SMSG believes that the Omnibus agenda for ESG, GHG and transition plans reporting should focus on simplified and proportionate reporting standards and rules with less data points, rather than wide-ranging total exemptions from transparency requirements as the co-legislators are currently debating, even for listed companies, those with the adequate resources and/or a significant material ESG impact.
34. SMSG supports the ECB's call for a balanced approach where it highlighted the importance of harmonised, standardised, and reliable ESG data to attract capital to achieve the EU's green and transition policy goals, thus, its longer-term competitiveness. The ECB has otherwise cautioned that the absence of ESG disclosures, and notably, on GHG emissions and transition plans could lead to a mispricing of financial risks and create systemic risk including for investors and banks. SMSG is supportive of the requiring reporting for firms with 500–1,000 employees proposed by the ECB¹⁸.
35. Achieving better alignment among CSRD, EU taxonomy, and CSDDD, as well as other "sectoral" rules (e.g., SFDR, CRR/D) is essential for consistent sustainability reporting and effective burden reduction. Without coordination with other relevant regulations (e.g., SFDR), the changes proposed in the Omnibus package will increase the gap between what companies are required to disclose and what intermediaries and other financial market participants such as banks, investment firms, and investment funds

¹⁸ https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_10.en.pdf.

need to report to investors. Simplification requires streamlining all the different legislations regulating common areas.

36. Proposals by the co-legislators to further cut the CSRD's scope beyond the EC's Omnibus proposal of 1,000 employees and the proposed deletion of the CSDDD's transition plan requirement may hinder the ability of asset managers to meet their obligations under SFDR (even after its planned review, see below) by depriving them of the necessary data.
37. The absence of key data may otherwise cement reliance by market participants on third party data which will be costlier and less reliable due to the use on proxies and estimates. It is also possible that investees themselves may face increased costs where they would face individual data requests from investors without the harmonisation benefits of a usable standard.
38. The availability of key data is also important to prevent the risk of greenwashing in investment products, particularly those offered to retail investors.
39. Given the current uneven application (or even implementation) of the CSRD across Member States, ESMA might consider coordinated actions regarding how firms in scope should approach the reporting for the ongoing year. Such potential actions are another example of how ESMA can facilitate the simplification in practice, removing uncertainty and ensuring consistency. It is also important to ensure that this simplification package clarifies to what extent banks or investors will still be required to request information from corporates (no longer subject to CSRD in the future) in order to fulfil their own disclosure requirements, supervisory expectations and risk management needs, ultimately ensuring that there is computability between the co-legislators objectives and supervisory expectations. It is also important to ensure that facilitations foreseen especially for SMEs under the Omnibus package are not undermined by "indirect" obligations.¹⁹

7.3 SFDR

40. The current regulatory landscape suffers from inconsistencies across various legislative instruments. This fragmentation results in undue costs, excessive administrative burdens, legal uncertainty, and ultimately hinders the global competitiveness of EU. It also undermines the effective channelling of investments toward sustainable transition goals.

¹⁹ E. g., SMEs that are not in scope (or may use a reduced number of data points) under the new CSRD foreseen by the Omnibus package should not have to comply with the same rules via banks or other intermediaries.

41. The anticipated review of SFDR²⁰ in Q4 is important in this respect, as it establishes the sustainability reporting framework for investors and is closely linked to CSRD and the EU Taxonomy. The review should aim to enhance coherence across the broader regulatory framework and ensure full alignment with the CSRD.
42. The SFDR review should be consistent with ESMA's fund naming guidelines (published in May 2024) to avoid disruption and/or discouragement of the sustainable fund market. The definition of sustainable investments and the sustainability criteria underpinning a future categorisation system should not be restricted to the EU Taxonomy alignment alone. This risks significantly narrowing down the investable universe because of the recognised usability challenges of the EU Taxonomy.
43. Any simplification data requirements and reporting from the Omnibus should be reflected in the upcoming SFDR review in order not to leave asset managers with data gaps.

[signed]

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²⁰ The EC recently launched a call for evidence on SFDR (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14666-Revision-of-EU-rules-on-sustainable-finance-disclosure_en), expired on 30 May 2025.