Council of the European Union
General Secretariat

PUBLIC

Brussels, 12 March 2026

WK 3979/2026 INIT

LIMITE

EF
ECOFIN
ENV
CODEC

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

WORKING DOCUMENT

From: To:	General Secretariat of the Council Working Party on Financial Services and the Banking Union (Sustainable Finance) Financial Services Attachés
N° Cion doc.:	ST 15751 2025 INIT
Subject:	SFDR Review - CWP 17 March 2026 - Presidency non-paper

PUBLIC

17th of March 2026

Presidency discussion paper on SFDR

17 March 10:00 JL

PUBLIC

PRESIDENCY NON-PAPER FOR WORKING PARTY ON FINANCIAL SERVICES AND BANKING UNION (SFDR review)

March 17, 2026, 10:00-17:30

1. Introduction

On 20 November 2025, the European Commission presented a proposal for a targeted revision of the Sustainable Finance Disclosure Regulation (SFDR), with the objective of addressing shortcomings identified in the current framework, notably with regard to usability, clarity for investors and market participants, and the effectiveness of the framework in mitigating greenwashing risks. The proposal was formally presented on 9 December 2025 together with the accompanying evaluation and impact assessment.

Following the initial exchange of views during the kick-off meeting in December 2025 and the subsequent technical discussions held in the Council Working Party meetings on 20 January and 23 February 2026, the meeting on 17 March 2026 provides an opportunity to continue the technical examination of the proposal and to further deepen discussions on a number of key outstanding issues.

In particular, the discussion will focus on the following elements:

- Outstanding provisions not yet examined in detail - to Articles 14, 15, 17(2), 18 and 19;
- The positive investment criteria underpinning the three product categories, including further clarification of key concepts and the notion of "credible" transition approaches;
- The design of the ESG basics and sustainable categories, including possible further specification of certain criteria;
- Exclusions from the framework and the treatment of Principal Adverse Impacts (PAIs);
- Transversal elements of the proposal, including the "open list" approach, the 70% contribution threshold, taxonomy-related safe harbours, benchmark safe harbours, and the treatment of sovereign exposures;
- The treatment of financial products combining categorised products, including issues relating to multi-option products and discretionary portfolio management under Article 9a;
- The implementation timeline and transitional arrangements.

In this context, the Presidency invites the Commission to provide further explanations where appropriate and encourages Member States to share their views on the questions set out in this note, as well as to elaborate on their positions in written contributions following the meeting. The Presidency looks forward to a constructive exchange of views with a view to advancing the Council's examination of the proposal.

2. Articles not yet covered (namely amendments to Articles14 & 15 & 17(2) &18 &19)

PUBLIC

The three Council Working Parties held to date have covered, directly or indirectly, a first discussion of nearly the entire text of the Commission's proposal for a revised Sustainable Finance Disclosure Regulation (SFDR).

The key outstanding items concern Articles 14 (on designated competent authorities), 15 (on transparency by IORPs), 17(2) (on certain exemptions), 18 (on the ESAs report) and 19 (on review clauses), for which written feedback was requested in the questionnaire shared after the 23 February CWP.

Among Member States who replied, general support was expressed for the harmonisation clause in Article 14(3). One Member State proposed to remove Article 3 from the scope of this Article to allow continued application of national entity-level disclosure requirements. Another Member State requested confirmation that national labelling schemes under Article 17(2) will still be permitted. One Member State noted that the review clause in Article 19 should be 5 (not 3) years after entry into application, referring to Council conclusions on simplifying the Union's financial services regulation of 12 December 2025. Another Member State stated that updates under Article 12 should concern material matters, based on the most recent disclosure requirements available.

Articles covered: Articles 14, 15, 17(2), 18 and 19

Questions to Member States:

1. Do you support any/all of these suggestions?
2. Do you consider that any other Articles have not been covered and have comments or questions on those?

3. Positive criteria for the categories

This agenda item focus on specific elements under paragraphs 2 of Articles 7 to 9, which set out the investment approaches, for which several Member States requested further clarification in Level 1.

a. Transition category

Several Member States request that the qualifier 'credible' is further defined, regarding its use in several instances in the transition-category (Article 7(2)), e.g. regarding the requirement for transition plans by investees to be credible. Based on the discussion during the CWP meeting on 23 February 2026 and the subsequent comments from Member States, the introduction of proportionate process-based principles emerges as a preferred option to this effect. These

PUBLIC

process-based principles could apply to different products and regardless of the objective, including for products focused on other sustainability (e.g. social) which do not have politically or scientifically agreed targets. For products focused on climate change mitigation, Member States broadly support linking credibility to the EU Climate Law. Among the investment approaches for the transition category, Member States broadly support requiring ‘engagement’ (point (e)) to be carried out ‘in combination with’ another investment approach for credibility. Two Member States, however, support that ‘engagement’ should be an eligible investment approach on its own. Overall, Member States’ other comments do not suggest widespread support for further specifying other elements in Article 7 (aside from some horizontal elements under agenda item 4), but many signal openness to further specifying the principles and the credibility of investment approaches in Level 2 (across all categories).

Two options to reinforce “credibility” are therefore proposed, distinguishing between investment approaches that place expectations on investees on the one hand and those that imply steps by FMPs on the other.

OPTION 1:

- ‘Credible’ is retained for all investment approaches under points (c), (d), (e), (g) and (h) and maintains the obligation of alignment with the EU Climate Law in case of climate change mitigation claims.

- ‘Credible’ is further defined differently through process-based principles for:
    - expectations on investees/undertakings/economic activities under points (c) and (d).
    - expectations on FMPs under points (e), (g) and (h).

- The distinction is premised on what could reasonably be expected as proportionate requirements:
    - from investees including under the VSME recommendation[1] and the emerging revised ESRS[2], and without going too far in terms of criteria which could undermine their eligibility for products in the category.
    - from FMPs to ensure their due diligence under these approaches is based on appropriate steps to ensure ambition, transparency and accountability, and without going too far in terms of introducing requirements which could be at odds with the recently agreed Omnibus I[3] as regards due diligence by financial undertakings.

<u>Possible drafting:</u>

[1] Commission Recommendation (EU) 2025/1710 of 30 July 2025 on a voluntary sustainability reporting standard for small and medium-sized undertakings EUR-Lex - 32025H1710 - EN - EUR-Lex
[2] Draft Simplified ESRS | EFRAG
[3] Directive - EU - 2026/470 - EN - EUR-Lex

PUBLIC

2. Investments by financial products as referred to in paragraph 1, first subparagraph, point (a), shall include any of the following:

a) investments in portfolios replicating or managed in reference to an EU climate transition benchmark or EU Paris-aligned benchmark ('EU climate benchmarks');

b) investments in taxonomy-aligned economic activities as defined in Article 1, point (2), of Commission Delegated Regulation (EU) 2021/2178, including:
   (i) transitional economic activities as referred to in Article 10(2) of Regulation (EU) 2020/852;
   (ii) taxonomy-eligible economic activities becoming taxonomy-aligned in accordance with point (b) of the first sub-paragraph of Section 1.1.2.2. of Annex I of Delegated Regulation (EU) 2021/2178;

(c) investments in undertakings or economic activities with a credible transition plan as regards at least one sustainability factor at the level of the undertaking or at activity level respectively, proportionate to the size of the undertaking;

(d) investments in undertakings or economic activities with credible science-based targets that are supported by information ensuring integrity, transparency and accountability;

(e) investments accompanied with a credible sustainability-related engagement strategy, targeting specific changes with defined milestones and measured with reference to those targets and milestones, and integrating escalation actions in case the expected changes do not happen, in combination with any of those referred to in points (a) to (d) or (h);

(f) investments pursuant to Article 9(2) in combination with any of those referred to in points (a) to (e);

(g) investments with a credible transition target set at the level of the portfolio, such as reduction of portfolio emissions over time;

(h) other investments in undertakings, economic activities or other assets that credibly contribute to the transition provided proper justification is included in the disclosures required pursuant to paragraph 3.

Where the financial product aims at meeting a clear and measurable transition towards the climate change mitigation objective, the credible transition plans, science-based targets and sustainability-related engagement strategy referred to in the first subparagraph points (c) to (e), the credible transition target set at the level of the portfolio referred to in letter (g) and the credible contribution referred to in letter (h), shall be compatible with the transition to a sustainable economy and with the limiting

of global warming in line with the Paris Agreement and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119.

Financial products with investments referred to in the first subparagraph points (c) and (d) shall be supported by information on the following by undertakings or economic activities: their dedicated governance and resources, initial diagnosis, and strategy and actions to carry out the transition plan or achieve the science-based targets, including regarding implementation, monitoring and adjustment.

Financial products with investments referred to in the first subparagraph points (e), (g) and (h) shall be based on rigorous, formalised and documented methodologies and procedures put in place by the financial market participants.

PUBLIC

OPTION 2:

- 'Credible' is retained only for investment approaches referring to expectations on undertakings (points (c) and (d)) and further defined by the same process-based principles as under option 1 above;

- 'Credible' is removed for investment approaches referring to expectations for FMPs (points (e), (g) and (h)), and replaced by the same requirements as under option 1 above;

- The requirement to be aligned with the EU Climate Law is retained for the portfolio level target with regards to letter (g).

Possible drafting:

2. Investments by financial products as referred to in paragraph 1, first subparagraph, point (a), shall include any of the following:

a) investments in portfolios replicating or managed in reference to an EU climate transition benchmark or EU Paris-aligned benchmark ('EU climate benchmarks');

b) investments in taxonomy-aligned economic activities as defined in Article 1, point (2), of Commission Delegated Regulation (EU) 2021/2178, including:
   (i) transitional economic activities as referred to in Article 10(2) of Regulation (EU) 2020/852;
   (ii) taxonomy-eligible economic activities becoming taxonomy-aligned in accordance with point (b) of the first sub-paragraph of Section 1.1.2.2. of Annex I of Delegated Regulation (EU) 2021/2178.

PUBLIC

(c) investments in undertakings or economic activities with a credible transition plan as regards at least one sustainability factor at the level of the undertaking or at activity level respectively, proportionate to the size of the undertaking;

(d) investments in undertakings or economic activities with credible science-based targets that are supported by information ensuring integrity, transparency and accountability;

(e) investments accompanied with a ~~credible~~ sustainability-related engagement strategy, targeting specific changes with defined milestones and measured with reference to those targets and milestones, and integrating escalation actions in case the expected changes do not happen, in combination with any of those referred to in points (a) to (d) or (h);

(f) investments pursuant to Article 9(2) in combination with any of those referred to in points (a) to (e);

(g) investments with a ~~credible~~ transition target set at the level of the portfolio;

(h) other investments in undertakings, economic activities or other assets that ~~credible~~ contribute to the transition provided proper justification is included in the disclosures required pursuant to paragraph 3.

Where the financial product aims at meeting a clear and measurable transition towards the climate change mitigation objective, the credible transition plans **and** science-based targets referred to in the first subparagraph points (c) **and (d),** shall be compatible with the transition to a sustainable economy and with the limiting of global warming in line with the Paris Agreement and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119. **It shall also be supported by information on the following by undertakings or economic activities: their dedicated governance and resources, initial diagnosis, and strategy and actions to carry out the transition plan or achieve the science-based targets, including regarding implementation, monitoring and adjustment.**

Where the financial product sets a transition target as referred to in the first subparagraph point (g) in relation to the objective of climate change mitigation, such target shall be compatible with the transition to a sustainable economy and with the limiting of global warming in line with the Paris Agreement and the objective of achieving climate neutrality as established in Regulation (EU) 2021/119.

Where the financial product pursues a sustainability-related engagement strategy, transition target set at the level of the portfolio, or other contribution to the transition referred to in the first subparagraph points (e), (g) and (h), these shall be based on rigorous, formalised and documented methodologies and procedures put in place by the financial market participants.

PUBLIC

Questions to Member States:

3. Do you have a preference for option 1 or option 2?
4. Do you have any other drafting suggestions to specify ‘credible’?

b. ESG basics

While several Member States are satisfied with the details associated with the investment approaches under Article 8(2), many call for specifying further a few key terms that leave room to interpretation (‘outperform’, ‘average investment universe’, ‘proven positive track record’). The aim is to raise the level of ambition and prevent FMPs from being able to cherry-pick against a comparatively poor investment universe in order to qualify for this category. To this end, one Member State suggests a requirement for FMPs to perform a 20% reduction of the investment universe or reference benchmark in points (a) and (b), making some of the approaches cumulative, and requiring that products ‘outperform’ in relation to at least two sustainability indicators in point (b), instead of one. Another Member State suggests that the comparative investment universe or benchmark should already have a mandatory ESG character. A few Member States are critical of the term ‘ESG basics’, while one Member State suggests that ‘ESG’ could be added to all category names to underline the basic character of products under Article 8.

Questions to Member States:

5. Do you support adding a numerical threshold (20% or another figure) to remove worst performers in the investment universe or reference benchmark?
6. Do you support specifying that the comparative universe/benchmark should have an ESG character?
7. Do you support requiring outperformance to be in relation to two (or more) indicators in Article 8(2)(b)?
8. Do you support requiring that eligible investment approaches under Article 8(2) are cumulative, not alternative (i.e. change to ‘shall include a combination **of two or more** of the following’ in the introductory wording)?
9. Do you support deleting Article 8(2)(c) or alternatively merging it as a qualifier into point (e) (e.g. ‘other investments integrating sustainability factors beyond the consideration of sustainability risks **and that favour undertakings or economic activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors**, provided proper justification is included in the disclosures required pursuant to paragraph 3’)?

10. Do you support adding 'ESG' to all category-names?

c. Sustainable category

Most Member States support the investment approaches for the sustainable category. However, several Member States requested that the notion of 'comparable assets' in point (e) is further specified at Level 1 to avoid divergent interpretations and to ensure the international operability of the sustainable category. The Commission has explained that the idea under this point is to allow investments to qualify in accordance with e.g. taxonomies of third countries and leading sustainability-related market-based standards. As these cannot be (legally or practically) listed exhaustively in the Article, it is suggested instead to make the clarification in the relevant recital (recital 18).

PUBLIC

Possible drafting:

Recital 18

The sustainable category should consist of financial products that invest in companies, assets or activities that are sustainable or that pursue or positively contribute to environmental and / or social objectives. This category should capture financial products with a high level of ambition in that regard, selecting notably investments based on proven standards and tools, including centred on strategies replicating or managed in reference to an EU Paris-aligned benchmarks in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council, on investing in sustainable economic activities in accordance with Regulation (EU) 2020/852, on investing in instruments issued in accordance with Regulation (EU) 2023/2631 of the European Parliament and of the Council, and on **investing in comparable assets to these standards, such as sustainability-related benchmarks, taxonomies or bond standards developed by third countries or established market-led initiatives, subject to justification and disclosure of their high standard of sustainability. It should also capture** investments in relation to operations benefiting from a Union budgetary guarantee or financial instruments under Union programmes pursuing environmental or social objectives.

Questions to Member States:

11. Do you support this addition in recital 18 or have other drafting suggestions?

4. Exclusions and Principal Adverse Impacts

4.1 Exclusions

PUBLIC

Regarding the second component for categorised products – mandatory exclusions – the CWP discussions to date show a broad degree of support among Member States for the proposed approach of introducing such minimum exclusions per category.
It is recognised that some Member States propose not to go beyond the exclusions referred to in Article 12(1) PAB/CTB (Commission Delegated Regulation (EU) 2020/1818) and as reflected in current market practice under the ESMA fund name guidelines. For the Transition category, some Member States also note the perceived asymmetry between products pursuing a transition objective through the listed criteria (art. 7(2)(a)) regarding the exclusion of coal in this case, and those benefitting from the safe harbour provision. However, the Commission has explained that the issue should not materialise in practice, given the 30% decarbonisation requirement for CTB products, which data shows allow for better climate performance in terms of decarbonisation compared to a simple exclusion of coal[4]. Additionally, a few Member States propose to extend the fossil fuel expansion exclusion to the ESG Basics category, whilst others suggest to introduce additional targeted exclusions for the sustainable category.

4.1.1 Transition Category

A number of Member States seem to converge to:

i. adjust or remove the exclusions for the transition category regarding fossil fuel expansion (Article 7(1)(c)); and/or
ii. adjust or remove the coal exclusion (reference to point (d) of Article 12(1) PAB/CTB in Article 7(1)(b)).

In short, the concern in both cases is to avoid disincentivising investments into the transition of energy companies. However, concrete proposals have yet to be submitted on how to adjust the wording of these exclusions.

4.1.2 Sustainable Category

A number of Member States have suggested to:

i. broaden the exclusion criteria;
ii. remove the 'phase-out' component from point 9(1)(c)(ii) since phasing out activities should only be included in the Transition category;
iii. Remove article 9(1)(c) completely.

[4] Art 9 of Commission Delegated Regulation (EU) 2020/1818

PUBLIC

4.2 Principal Adverse Impacts

Some Member States propose to remove the requirement for products in the transition and sustainable categories to identify and disclose the relevant principal adverse impacts of their investments on sustainability factors altogether because this might add complexity without added value (point (d) of Article 7(1) and Article 9(1)). Others propose to require making a small number of principal adverse indicators and related mitigation actions mandatory but no specific suggestions have been made. Furthermore, it has been suggested to require PAI disclosures for Article 8 products as well.

The differing opinions and the requests for clarifications, demonstrate that this issue warrants further discussion regarding the overall flexibility of the framework.

Questions to Member States:

12. If you support adjusting Article 7(1)(c), what drafting suggestion would you propose and why? Alternatively, do you support the removal of this point?
13. If you support adjusting the exclusion regarding coal in Article 7(1)(b), what drafting suggestion would you propose and why? Alternatively, do you support the removal of this point?
14. If you support the addition of further exclusion criteria regarding the Sustainable category, please provide specific drafting suggestions. If you support removing or adjusting the phase-out component in Art 9(1)(c)(ii), please provide specific drafting suggestions.
15. Do you support the view of removing the requirement regarding principal adverse impacts in point (d) of Article 7(1) and 9(1) altogether? Alternatively, If you support that some principal adverse indicators and the related mitigating actions should be made mandatory, please specify which ones and provide specific drafting suggestions. Do you have any other drafting suggestions on these issues?

5. Transversal elements

a. Open list / 'Other Investments' element

The majority of Member States support the open list-approach in the Commission proposal regarding the categories (Articles 7(2)(h), 8(2)(e), 9(2)(g)), commenting among others that it allows for flexibility and innovation in sustainable investment strategies and recognises that not all contributing activities can be anticipated ex-ante. At the same time, Member States express concerns about increased greenwashing risks, such as misuse of the category labels, allowing

PUBLIC

less ambitious strategies to appear equivalent to stronger sustainability strategies, calling for stronger Level 1 requirements.

A minority of Member States express neutrality on the open list issue whereas one Member State expressed its opposition.

Some Member States elaborate further on their suggestions for enhanced level 1 requirements, calling primarily for clarification as regards the term 'proper justification' used in this context. Other suggestions include the establishment of minimum criteria or safeguards or, the narrowing or structuring the scope of the open elements such as, to limit the share of investments that can rely on the open element, to restrict it to certain asset classes such as real estate and private equity or, to introduce measurable indicators and monitoring elements and/or introduce equivalence in ambition and methodological robustness compared to listed approaches.

Bearing in mind the above, in an effort to strike a balance between Member States' expressed concerns on the open element and at the same time not to restrict the flexibility and 'room for innovation', which is meant to be introduced under such approach as a proposed way forward, it is suggested that 'proper justification' is further specified in the text. Specifically, it is suggested that the existing reference to paragraph 3 is further framed to cross-refer to disclosures on the key design features and methodology underpinning the products– i.e. strategy, composition and chosen sustainability related indicators. In addition, with the aim of enhancing harmonised levels of contribution rather than granularly specify the nature of the contribution for each category, it is suggested that the open element is redrafted to further clarify the robustness that should characterise the contribution, to ensure the same level of sustainability-related ambition, by making reference to the criteria used in this respect.

Possible drafting:

Article 7(2)(h)

(h) other investments in undertakings, economic activities or other assets**, where the criteria used** ~~that~~ credibly contribute to the transition **and** provided proper justification is included in the disclosures required pursuant to paragraph 3**, in particular as regards points (c) and (d) of that paragraph**.

Article 8(2)(e)

(e) other investments, **where the criteria used ensure** integrating sustainability factors beyond the consideration of sustainability risks, provided proper justification is included in the disclosures required pursuant to paragraph 3**, in particular as regards points (c) and (e) of that paragraph**.

Article 9(2)(g)

(g) other investments in undertakings, economic activities, or other assets**, where the criteria used credibly** ~~that~~ contribute to an environmental objective or a social objective, provided proper justification is included in the disclosures required pursuant to paragraph 3, **in particular as regards (c) and (e) of that paragraph.**

PUBLIC

Questions to Member States:

16. Do you agree with the proposed changes or do you have other drafting suggestions?

b. The 70% contribution threshold and remaining percentage

According to the Commission, the minimum portion of 70% of investments by financial products in each category, is introduced to help comparability and boost integrity. The Commission explains that the 70% threshold would mean an increase in ambition compared to the 50% minimum portion of 'sustainable investment' required for funds using a sustainability-related term in their names under the ESMA guidelines on funds' names. It is also considered to allow for continuity with the rule of having 80% of investments made in accordance with the ESG claim pursued with the fund name under those guidelines, considering that the conditions for the 70% threshold are stricter than the current 80% under the ESMA guidelines (i.e. new conditions for investments to be deemed as contributing to a sustainability or transition related objectives or as integrating sustainability-related considerations). It also allows for sufficient margin for hedging investments, and is aligned with other international investment labels, which would facilitate international convergence.

Member States commented on the minimum contribution threshold of 70% of the portfolio to be covered by the strategy used to attain the claimed ESG objective(s)/factor(s). Written feedback was positive, with all Member States agreeing with setting a minimum contribution threshold. A large majority support the 70% value while a few Member States express preference for a higher threshold (80%). A small number of Member States state that they generally agree with the 70% but express flexibility and are open to discuss further on the value.

Several Member States requested clarifications on the rules that apply to the remaining investment portion of 30% and consider that further guidance is needed. A few Member States believe that further detailed rules could go against the simplification objective. According to recital 14, the remaining 30% should be allowed to be freely allocated based on diversification, hedging or liquidity needs. As it is also stated in the recital, these remaining investments should not contradict the sustainability-related claims of the financial product'[5].

Bearing in mind the above elaboration and explanations in the proposal, the Presidency considers that both the 70% value and the remaining 30%, are adequate and that there is no need to adjust them bearing in mind also the expected introduction of better framed conditions for investment approaches under paragraph 2 of each product category.

Question to Member States:

[5] The UK rules also do not prescribe further what can be included in the remaining 30% but rather rely on similar concepts (whereby it is acknowledged that labelled products may invest other assets 'for liquidity, risk or diversification purposes' but these 'must not conflict with the sustainability objective').

17. Do you agree with the above analysis?

PUBLIC

c. Safe harbours under the Transition and Sustainable category

i. Taxonomy alignment thresholds and the remaining percentage

The introduction of the Taxonomy alignment criterion in the sustainable and transition categories, falls withing the wider aim of encouraging the use of well-established EU standards.

Based on the findings of the Platform on Sustainable Finance6, the 15% threshold provides sufficient incentive for products to aim for an ambitious portion of investment in Taxonomy-aligned economic activities while being aligned with the current market universe, since this threshold should be attainable by about half of the current investment funds disclosing under Article 9 of Regulation (EU) 2019/2088. Under the Commission proposal, the 15% threshold will be subject to review 36 months after the date of application of SFDR 2.0.

The majority of Member States support the introduction of the Taxonomy alignment criterion. Some Member States argue for a higher threshold value whereas some other Member States are sceptical on the appropriateness of the chosen threshold value level bearing in mind the simplification and reduction of disclosures under the Omnibus package and the fact that currently it is challenging for investments to claim taxonomy alignment. A few Member States argue that the safe harbour should only exist for the sustainable category.

Several Member States suggested to differentiate the metrics to be used under the sustainable category (revenue) and transition category (capex), arguing that it might be confusing for end-investors to have the safe harbour under both categories. To this end two Member States suggested it could be worthwhile to discuss such differentiation. One such Member State provided as justification that the CapEx is forward looking (incl. CapEx plans) and therefore it is suited for the transition category while turnover is a point-in-time KPI that allows to scrutinize the existing contribution to sustainability. Another Member State argued that while it recognised that CapEx is a more suitable metric for the transition category and the revenue metric better suited for the sustainable category, at the same time it considers CapEx as “too loose” for fulfilling the 15% threshold, as it allows too many investments into the Taxonomy Safe harbour. In the last CWP meeting, the Commission cautioned against designating which Taxonomy-KPI can be used in the sustainable and transition categories, as this could undermine the architecture of the Taxonomy[7].

As regards the remaining 85%, the majority of Member States requested clarifications as to how it can be invested stating that the lack of explicit rules for the remainder of the portfolio could be a potential source of inconsistency and "greenwashing" risk. Some Member States suggest that the percentage should take into account exclusions from the category, other Member States appeared open to the introduction of measures relevant to the do no significant harm while one Member State suggest the introduction of minimum safeguards linked to PAI indicators. Most

[6] Categorisation of products under the SFDR: Proposal of the Platform on Sustainable Finance, Annex A, section 2.2

[7] As an example, the Commission has mentioned that denying the use of Taxonomy-aligned capex for the sustainable category, and allowing it only for the transition category, e.g. for ‘transitional’ Taxonomy climate-activities, would undermine that such activities are ‘environmentally sustainable’ according to the Taxonomy.

PUBLIC

Member States however, also indicated that any further specifications relevant to the remaining percentage should be done with caution in order not to 'drown' the safe harbour.

On an overall takeaway:

- As regards to the 15% value, bearing in mind on one hand the Commission's explanations and on the other hand that no clear broadly supported alternatives for the 15% were expressed by Member States, as well as the fact that the Commission's proposal provides for a review of the figure (Article 19(c)), the Presidency considers that the 15% value is, at present, a reasonable way forward.

- As regards to the remaining 85% threshold, it seems there is broad request for further clarification to address excessive flexibility and discretion and hence the increased greenwashing risk, as well as ensure consistency with sustainability objectives.

The Presidency considers that the operative text in the Commission proposal sufficiently provides that the remaining investments need to comply with the criteria (b) to (d) of paragraph 1 of Article 7 and 9, as the taxonomy-related safe harbour only applies to the positive investments criterion under the criterion (a) of paragraph 1. Therefore, bearing in mind that several Member States do converge on calling for some further guidance on what can be included (as additional to the existing requirement for compliance with the exclusions by 100% of the product), it is proposed to introduce under recital 19, the same wording explanation included under recital 14, that '...investments based on diversification, hedging or liquidity needs (which) should not contradict the sustainability-related claims of the financial product'.

Possible drafting:

Recital 14 (reproduce for comparison)

To help comparability and boost integrity, a minimum portion of 70% of investments by financial products in each category should be made in accordance with the sustainability-related claim, i.e. the objective that is pursued or the sustainability-related considerations that are applied. Financial market participants should be allowed to freely allocate the remaining investments based on diversification, hedging or liquidity needs. These remaining investments should not contradict the sustainability-related claims of the financial product.

Recital 19

...In addition, products with a proportion of Taxonomy-aligned investment equal or higher than 15% should be considered products complying with the contribution criteria of the sustainable and transition category. The latter would still need to apply the exclusions mandated under the category they wish to comply with on the portion of the portfolio that is not aligned with the EU Taxonomy. **<u>These remaining investments could be freely allocated based on diversification,</u>**

hedging or liquidity needs but should not contradict the sustainability-related claims of the financial product. Based on the opinion of...

PUBLIC

Question to Member States:

18. Do you agree keeping the 15% threshold value, bearing in mind the relevant review clause?
19. Do you agree not to differentiate the use of KPIs between categories, bearing in mind the Commission's reasoning that this could undermine the architecture of the Taxonomy?
20. Do you agree with the above analysis of Member States' comments on the 85% threshold and the further guidance/drafting suggested by the Presidency to be provided in the recitals?

ii. Financial Products which replicate or are managed in reference to EU Paris-aligned/Climate-transition (PAB/CTB) benchmarks

According to the Commission's proposal, products replicating or managed in reference to an EU Paris-aligned benchmark should be considered as products qualifying under the sustainable and transition category. Similarly, products replicating or managed in reference to an EU Climate Transition benchmark should be considered as products qualifying under the transition category. To this end, the Commission introduced in the transition category that, where a financial product replicates or is managed in reference to an EU climate transition benchmark or an EU Paris-aligned benchmark, the conditions relevant to the 70% threshold and the investment strategies linked to it, the exclusions and the identification and disclosure of PAIs, under this category, shall be considered to be met. Similarly, where the financial product replicates or is managed in reference EU Paris-aligned benchmark, then, the conditions relevant to the 70% threshold and the investment strategies linked to it, the exclusions and the identification and disclosure of PAIs, under the Sustainable category, shall be considered to be met.

The majority of Member States support the introduction of the safe harbours, to encourage the use of EU standards, facilitate market entry for product developers and reduce legal uncertainty. Some Member States, however, question whether automatic qualification for PAB/CTB products is appropriate.

One Member State opposes the PAB/CTB safe harbour, expressing concerns such as fairness and transparency issues compared to products demonstrating sustainability through positive contribution criteria, the risk of unequal treatment between active and passive strategies and the fact that PAB/CTB benchmarks are already usable within the positive contribution framework, making the safe harbour redundant. Another Member State considers that PAB/CTB safe harbour may compromise due diligence standards if investments are not individually assessed beyond benchmark exclusions.

PUBLIC

Several Member States expressed concerns about insufficient sustainability safeguards with some arguing that that benchmark methodologies alone may not guarantee sufficient sustainability quality.

Several Member States also expressed the need for clarification on how the benchmark safe harbour interacts with other elements of the framework. To this end, one Member State notes that CTB requirements operate only at portfolio level, not at the investee company level posing the risk the of enabling the portfolio decarbonisation to be achieved through portfolio tilting rather than real-economy transition at the investee-company level. Another Member State, requests clarification on the interaction between the safe harbour and the 70% contribution threshold.

Overall Takeaways:

Member States largely agree that safe harbours can improve the usability and coherence of the EU sustainable finance framework, but for some Member States the PAB/CTB benchmark safe harbour is more controversial than the Taxonomy. The main concerns seem to refer to:

- portfolio-level vs company-level transition credibility;
- fairness between active and passive strategies;
- consistency with exclusions and DNSH safeguards.

On these points, the Commission has explained that portfolio-level strategies represent a popular approach among investors, that the text seeks to allow both active and passive portfolio strategies to qualify, and has explained that any discrepancy between the exclusions in the CTB safe harbour and Art 7(2)(a) is more on paper than in practice (see also section 4 on exclusions above).

Bearing in mind the above, in an effort to retain the safe harbour introduced by the Commission and supported by many Member States, the Presidency considers that the way forward should be to keep the CTB/PAB harbour 'intact' as regards with the exclusions and do no harm provisions, at least for the time being and until the relevant discussions under paragraphs 1(b) to (d) of articles 7 and 9 are concluded, and add in the proposal a reference to 'active strategies referencing the benchmarks' to ensure a level playing field. On this, one Member State suggests replacing the reference to "managed in reference to" with a requirement for actively managed products to also "comply with the requirements of laid down in Section 2 of Delegated Regulation (EU) 2020/1818, or with the requirements laid down in Section 3 of that Delegated Regulation".

Questions to Member States:

21. Do you agree with the proposed way forward by the Presidency, to keep the CTB/PAB harbour as is for the time being in terms of the exclusions and do no harm issues, and include a reference to active strategies in Articles 7 and 9 to ensure a level playing field?

d. Treatment of general-purpose issuances by public sector bodies

According to the recital (22) of the Commission's proposal, investments in financial instruments issued by sovereigns, sub-sovereigns and supra-nationals, where the use of proceeds is known,

PUBLIC

where those instruments support specific sustainability aims, and provided that those financial instruments do not directly or indirectly fund activities that are excluded from investments by financial products that are categorised as sustainability-related financial products, can be included in the numerator of all categorised financial products. General-purpose debt on the other hand issued by public sector bodies (including sovereigns) will not be counted towards the portion of investments contributing to the product's sustainability or transition objective. Such instruments may still be held in the portfolio outside that contribution share, given the difficulty of demonstrating a direct link between general sovereign financing and specific sustainable or transition activities. Such debt issuances can be included in the numerator under the ESG basics category. Further, the exclusions regarding investments which financial products that are categorised as sustainability-related financial products cannot make, apply only to companies. Such exclusions are not applicable to sovereigns, sub-sovereigns and supra-nationals and can thus feature in the denominator of sustainability-related financial products. According to the recital (22) of the Commission proposal, the above safeguards are considered a balanced approach which should allow sustainability-related financial products to continue to fund public projects and activities related to sustainability, while providing safeguards to potential greenwashing risks.

Several Member States stressed that general-purpose public debt plays an important role in the risk management and asset-liability management of insurance undertakings. They noted that excluding such debt from the numerator while keeping it in the denominator when calculating the 70% contribution threshold for the sustainable and transition categories could have a penalising effect on products with structural sovereign exposure and may be perceived as implying that such investments are considered non-sustainable. To address this concern, some Member States suggested treating general-purpose sovereign debt as 'neutral' for the purposes of calculating the contribution threshold (i.e. excluding it from both the numerator and the denominator). Others suggested exploring a specific treatment only for insurance-based investment products (IBIPs), while ensuring a level playing field across financial products.

Some Member States indicated the need to amend Recital 22 reference to '…are consistent with…' with reference to '…do not contradict…' to align with the provision regarding general purpose sovereign exposures in the remaining 30% of products under the sustainable and transition categories.

Bearing in mind the above, the Presidency considers the CWP discussions to date tend to confirm that most Member States support the Commission's proposal on the treatment of general purpose sovereign debt. While some Member States signal a preference to allow these exposures also in the numerators of products in the sustainable and transition categories, duly justified based on available diverse sustainability metrics, a few prefer to remove them from the numerator and denominator entirely. However, it does not seem that either of these changes align with the majority view at this stage.

PUBLIC

The CWP discussions on the other hand point to the need for two clarifications to be added in recital (22):

- investments in general purpose sovereign debt in the remaining 30% of products under the sustainable and transition categories should "not contradict" the sustainability-related claims of the financial product;
- The use-of-proceeds instruments permitted in the product numerators across the categories could refer to established market-led standards widely used by public sector issuers (consistent with agenda point 2-c above) ('comparable assets').

Suggested drafting on the above two points, is set in the box below.

Possible drafting

Recital 22

… In contrast, investments in financial instruments issued by sovereigns, sub-sovereigns and supra-nationals, where the use of proceeds is known **and**, where those instruments support specific sustainability aims, **including based on established market-led initiatives,** and provided that those financial instruments do not directly or indirectly fund activities that are excluded from investments by financial products that are categorised as sustainability-related financial products, can be included in the numerator of all categorised financial products. This balanced approach should allow sustainability-related financial products to continue to fund public projects and activities related to sustainability, while providing safeguards to potential greenwashing risks. Financial market participants should ensure that investments in public sector debt by categorised financial products ~~are consistent with~~ **do not contradict** the stated sustainability-related objective or strategy of those products to avoid greenwashing risks and be aligned with end-investors' expectations.

Articles covered: 5th paragraph of articles 7(1) and 9(1)

Questions to Member States:

22. Do delegations support the Commission's approach that financial instruments issued by public sector bodies may count towards the contribution threshold of the Transition and Sustainable categories only where the use of proceeds supports sustainability or transition objectives?
23. Do delegations support maintaining the Commission proposal for the treatment of general-purpose sovereign debt in sustainable and transition products, whereby such debt is excluded from the numerator of the contribution threshold and included in the denominator of the contribution threshold?
24. Do you agree with the proposed drafting in recital 22?

25. Do you have any legislative or additional proposals to this end?

PUBLIC

6. Article 9a

Based on the explanations provided by the Commission, the purpose of Article 9a is to set out the treatment of financial products investing in categorised products and other investments that meet the categorisation criteria. In case they meet the categorisation criteria they will themselves be considered categorised products under Article 9a(1). If not, they can signal under Article 9a(2) the degree to which they invest in categorised products and mention this in their marketing communications (Article 13(3)).

The CWP discussion of 23 February 2026 and written follow-up confirm that the majority of Member States welcome the purpose and main elements of Article 9a, but that more clarity is needed regarding: (i) Article 9a(1) not being a fourth, ‘mixed’ category; (ii) the level of applicability of the 70% threshold in Article 9a(1); (iii) the treatment of insurance products, pension schemes and multi-option products; (iv) the coverage of portfolios managed on a discretionary basis; and (v) the links between Article 9a and Article 13(3).

There were also calls to ensure financial market participants continue verifying compliance of financial products falling under the scope of Article 9a(1) with the relevant category requirements, to avoid situations where a residual exposure to categorised products would enable the inclusion of sustainability-related claims in marketing communications and to further discuss why non-categorised financial products not investing in categorised products cannot make marketing claims if they invest in other investments meeting.

Finally, some Member States provided drafting suggestions to address the 70% requirement and MOPs. One Member State suggested to change the scope of Article 9a to cover only non-categorised products exposed to categorised products and MOPs and cases of categorised financial products with investments in categorised products to be covered directly in Articles 7, 8 or 9.

On these elements, the Presidency makes the following proposals:

a. No fourth, mixed category

The cascade logic from recital 23 which determines the categorisation of a product investing in categorised products and other investments that meet the requirements of Articles 7, 8 or 9) should be introduced also into Article 9a(1).

PUBLIC

In addition, both recital 23 and Article 9a(1) should be redrafted to clarify that Article 9a(1) applies only to financial products investing or combining investments in categorised products with other investments meeting the categorisation criteria, (instead of the current wording that allows financial products to fall under Article 9a(1) by making other investments that meet the categorisation criteria; such financial products should fall directly under the scope of Articles 7 to 9).

Finally, Article 9a should clarify that financial market participants must ensure that the claims associated with financial products align with their categorisation criteria.

b. The 70% requirement in Article 9a(1)

Further specification should be added in recital 23 and Article 9a(1) that 70% has to be met for the portfolio as a whole, to avoid any loophole/dilution.

c. Link to Article 13(3)

Article 9a(2) should be redrafted to extend its scope to financial products making other investments that meet the categorisation criteria, either in combination with investments in categorised products or without (linked also to MOPs). Reference to “two or more” with respect to investments in categorised products should be removed to align with the wording of Article 9a(1) and thus avoid confusion and misinterpretation (plural implies investments in at least two).

Clarification should be introduced in Article 13(3) to confirm that it refers to Article 9a2 (Article 9a(1) referring to categorised products), and that claims under this provision should not convey that the products are categorised.

d. MOPs

Further clarification should be added in both recital 23 and Article 9a on how MOPs are included. Based on proposals in points (i) and (iii) above, MOPs should fall under the scope of Article 9a(1) in cases where the wrapper offers categorised products and other investments options that meet the categorisation criteria as investment options. If not, they should fall under Article 9a(2) which under the proposed drafting would cover also the possibility of non-categorised internal funds meeting the categorisation criteria. Clarifications should also be added in recital 23 that internal funds offered as investment options that are not considered financial products are covered by Article 9a. Investment options to be defined with reference to PRIIPs.

e. Portfolio management

PUBLIC

The possible inclusion of portfolios managed on a discretionary basis should be further clarified in recital 23 and Article 9a to cover the cases where portfolio managers are mandated by financial market participants to carry out investments that meet the requirements of Articles 7, 8 or 9.

Possible drafting

Recital 23

The creation of categories for sustainability-related financial products requires provisions that determine how **financial** products **such as funds of funds, pension or insurance-based investment products structured as multi-option products and pension schemes** that are exposed to categorised **financial** products should assess their eligibility to a category and if they do not qualify for a category, how such non-categorised financial products which invest in categorised financial products should disclose information about those investments. In order to assess the eligibility to a category, financial market participants should be able to rely on the information disclosed regarding categorised financial products and combine it with the information on their other investments **including investment options offered as part of multi-option products**. In cases where a financial market participant uses the services of an entity regulated to provide portfolio management services, the financial market participant should be able to rely on the information provided by this entity which can be mandated to invest in accordance with the criteria for categorised products by its client. **In this way, the eligibility of such products to a category or their disclosures regarding the extent to which their investments comply with the categorisation criteria of this Regulation is not restricted to investments in categorised financial products, but can also encompass other investments or portfolios managed in accordance with the criteria. For multi-option products, this can include investment options relating to internal, segregated or general account funds managed by insurance undertakings that are not financial products under this Regulation but can invest in accordance with the categorisation criteria. This also ensures consistency with the approach under Regulation (EU) No 1286/2014 on packaged retail and insurance-based investment products (PRIIPs) where underlying investment options may be investments in PRIIPs or other investments of a similar nature, or standardised portfolios of underlying investments**[8]. In case where investments of those products in categorised **financial** products **and other investments enable them to** reach the 70% threshold for their portfolio **(i.e. that the 70% threshold is met for the product investing in categorised products)**, and where compliance with other criteria, notably exclusion criteria, is also ensured **across the portfolio**, these products could be considered to qualify as categorised **financial** products themselves. **This means that multi-option products which only offer investment options that are categorised financial products and other investments that meet the criteria for categorised financial products under this**

[8] Article 10 of Commission Delegated Regulation (EU) 2017/653 supplementing Regulation (EU) No 1286/2014

PUBLIC

Regulation can be considered categorised financial products themselves. This assessment should build on information on the underlying categorised **financial** products **and investments** (e.g. either the minimum investment required for categorised **financial** products under this Regulation, or the actual investment if available) and information disclosed by portfolio managers. **Which of the three categories such a product would fall into is determined by the applicable choice of investments.** Provided the appropriate exclusions are met in each case, only **financial** products that meet the 70% threshold by investing solely in sustainable products **or other investments meeting the relevant criteria** could be considered sustainable, while those investing across categories **or other relevant investments** would fall either within the transition (if mixing sustainable or transition products) or ESG basics (if mixing products from any of the three) **categories**. For financial products that do not qualify for a category but invest in categorised financial products, in order to ensure comparability, disclosures should include how much these financial products have invested in financial products that are categorised as sustainability-related financial products, as well as in portfolios managed for clients on a discretionary basis in accordance with the criteria for categorised **financial** products, and how much in non-categorised **financial** products. **In the case of multi-option products which offer investment options that are categorised products or other investment options that meet the criteria for categorised products under this Regulation as well as non-categorised products and investments, these multi-option products should disclose the applicable choice offered by the product provider.** For this purpose, financial market participants should be able to rely on the information disclosed regarding categorised financial products as well as the information disclosed by the authorised entity in ~~change or~~ **charge of** providing the service of portfolio management. That should help financial market participants managing, manufacturing or making available such products inform their clients on the sustainability-related elements of these products in a more harmonised way, while allowing them to rely on the information provided for the underlying categorised **financial** products and without requiring them to separately verify this information. Those non-categorised **financial** products should however not be able to use sustainability-related terms in their names, that are reserved for categorised products, but should be able to include sustainability-related claims in their marketing communications, provided they are clear, fair and not misleading, ~~and~~ accurately reflect the information they disclose on the relative shares of investments in categorised **financial** products and in other assets**, and do not convey that they are categorised products themselves**.

Article 9a

Financial products that claim ~~that they combine financial products that are categorised as~~ **to invest in** sustainability-related financial products **or make other sustainability-related investments**

PUBLIC

1.Financial products ~~that~~ **which** claim that they **invest in or** combine ~~financial products that are categorised as~~ sustainability-related financial products shall be deemed to be **sustainability-related financial products** ~~compliant with the requirements of Articles 7, 8 or 9~~ if**:**

(a) they meet the 70% threshold of investments referred to in paragraph 1 point (a) of those Articles by way of investments in ~~categorised~~ **sustainability-related financial** products **and** other investments that meet the requirements of Articles 7, 8 or 9**;** and

(b) they comply with the exclusions in Articles 7(1), 8(1) or 9(1) -

for their entire portfolio.

For the purposes of the first subparagraph, other investments that meet the requirements of Articles 7, 8 or 9 may include investment options offered as part of a PRIIP as referred to in Article 10 of Commission Delegated Regulation (EU) 2017/653.

The categorisation of financial products referred to in the first subparagraph under either Article 7, 8 or 9 shall be determined by the applicable choice of investments as follows:

(a) financial products investing solely in financial products categorised in accordance with Article 9 or making investments referred to in Article 9(2) shall be considered sustainability-related financial products under Article 9(1);

(b) financial products investing solely in financial products categorised in accordance with Articles 7 or 9 or making investments referred to in Article 7(2) shall be considered sustainability-related financial products under Article 7(1);

(c) financial products investing in financial products categorised in accordance with either Articles 7, 8 or 9 or making investments referred to in Article 8(2) shall be considered sustainability-related financial products under Article 8(1).

Financial market participants shall ensure that the claims associated with financial products referred to in the first subparagraph align with their categorisation according to this paragraph.

For the purposes of assessing eligibility for a category as referred to in Articles 7 to 9, financial market participants may rely on the information disclosed in relation to their investments in, or exposure to, financial products categorised in accordance with those Articles.

2.For non-categorised financial products ~~that~~ **which** claim that they invest in~~, are exposed to or are constituted of two or more underlying~~ **sustainability-related** financial products ~~as referred to in Articles 7, 8 and 9~~ **or other investments that meet the requirements of Articles 7(2), 8(2) or 9(2)**, the information to be disclosed pursuant to Article 6(3) shall include:

PUBLIC

(a)the composition of the **non-categorised** financial product in terms of the relative share of the underlying **sustainability-related** financial products ~~referred to in Articles 7, 8 and 9~~ **and other investments that meet the requirements of Articles 7, 8 or 9**;

(b)the share of the **non-categorised** financial product to which point (a) does not apply;

(c)the objective, strategy and applicability of any exclusions applicable to the share of the product referred to in point (b) of this subparagraph.

For the purposes of the first subparagraph, other investments that meet the requirements of Articles 7, 8 or 9 may include investment options offered as part of a PRIIP as referred to in Article 10 of Commission Delegated Regulation (EU) 2017/653.

For the purposes of the first subparagraph, financial market participants may rely on the information referred to in Article 7(3), Article 8(3) and Article 9(3).

3. ~~Where~~ **For the purposes of this Article, where** financial market participants are provided with portfolio management services by entities authorised therefor in accordance with either Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU or Directive (EU) 2016/2341 **and mandated by them to carry out investments that meet the requirements of Articles 7, 8 or 9**, they may rely on the information provided by those entities.

Article 13(3)

3. Financial market participants may not include sustainability-related claims in the names and in the marketing communications of financial products referred to in Article 6(a).

By way of derogation from paragraph 2 and the first sub-paragraph, ~~Financial~~ **financial** market participants may include sustainability-related claims in the marketing communications of financial products referred to in Article 9a**(2)** provided those claims are clear, fair and not misleading, and consistent with the information disclosed in accordance with Article 9a(~~1~~**2**), points (a) to (c) **and do not convey that they are sustainability-related financial products**.

Questions to Member States:

26. Do you agree with the changes proposed by the Presidency in the box above?
27. Do you see merit in extending the scope of Article 9a(1) to MOPs offering only internal funds not falling under the definition of financial products?
28. Do you see merit in limiting the scope of Article 9a(2) to financial products with meaningful investments in either categorised products or other investments meeting the categorisation criteria?
29. Do you have other drafting suggestions?

PUBLIC

7. Timeline

The majority of Member States support extending the date of application to 24 months after entry into force and applying deleted obligations on entity-level disclosures and financial advisers, as of entry into force, for immediate relief/effect. Suggested drafting on these points is provided in the box below.

Moreover, while most Member States support allowing all financial products to benefit from a possible transitional phase-in of a 12-month period as proposed for some products under Article 19a, views are diverging on grandfathering. While some Member States express support, some other Member States are against grandfathering as they consider it will create a parallel application of regimes. A number of Member States consider that further clarifications are needed, namely that it should be clarified in Article 19a if the restrictions in Article 6a and 13 would be phased-in and what templates would apply during the transition to grandfathered products given the SFDR Level 2 would be deleted as of the date of application. One Member State suggests a narrow, temporary grandfathering for "particularly affected categories" of products classified under Articles 8 and 9 of the current SFDR "*for the remaining time of their natural fundraising period as resulting from the product's governing documentation prior to the entry into force of SFDR 2.0 with the exclusion of future 'successor' products, which would need to comply with the new rules*".

These issues raise questions whether delaying the bulk of the rules across all products, or permitting extensive grandfathering, would not give rise to unintended incentives during the transitional period in a way which could be confusing to investors (e.g. different FMPs launching products under unclear sets of rules during the transition, or cherry-picking elements between the rules with regard to the existing products).

Possible drafting

Article 4

Entry into force and application

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

2. It shall apply from [**24** months after entry into force].

3. By way of derogation from paragraph 2 of this Article, points (a) to (f) in Article 1(2), with the exception of the reference to point 17 in point (e) of that paragraph, Article 1(3), Article 1(5) shall apply from [the date of entry into force].

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

Done at Brussels,

Questions to Member States:

30. Do you agree with the changes proposed above?