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Climate-related Disclosures

Of particular interest to: asset managers, FCA-regulated pension providers and life insurers

In brief

The FCA has published **two** separate consultation papers concerning climate related disclosures. **CP21/18** is addressed to listed issuers whilst **CP21/17** is addressed to asset managers, FCA-regulated pension providers and life insurers. This Alert concerns the latter consultation paper.

Summary

CP21/17 sets out a climate-related financial disclosure regime for the above types of firm, including asset managers. For the purposes of this consultation 'asset managers' will include:

- Firms undertaking portfolio management
- AIFMs (both full scope and small)
- UK UCITS Management Companies of UK UCITS
- UK UCITS that do not have a separate Management Company

However a firm will be **exempt** from the disclosure requirements if and for as long as the assets under administration or management in relation to its in-scope business amount to less than **£5bn** calculated as a 3-year rolling average, on an annual assessment.

The proposals follow on from the Government's 'roadmap' on climate-related disclosures that was published last November, which in turn was aligned with the Financial Stability Board's 'Task Force on Climate-related Financial Disclosures' (**TCFD**).

The (annual) disclosures will be at both the level of the **entity** as a whole and with separate **product** or **portfolio** disclosures. Although the EU Taxonomy Regulation and the EU Sustainable Finance Disclosure Regulation (SFDR) do not directly apply to UK firms, the FCA appreciates that some UK firms may have to take these into consideration where they provide services to EU clients. Such firms will therefore be pleased to learn that where there may be an overlap with disclosures under both SFDR and the TCFD recommendations the FCA will aim to ensure consistency between the two.

The disclosure obligations will be in two phases with the first phase (for larger firms) setting a disclosure publication deadline of **30 June 2023** and the second phase publication deadline of **30 June 2024** (and on that date annually thereafter).

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proposed that these disclosures will instead be made available 'on request' with the first such disclosure being made no earlier than **1 July 2023**.

The requirements will be largely featured within a new sourcebook in the FCA Handbook (ESG) although there will also be amendments to COLL.

The proposed rules, including those within the new ESG sourcebook, can be found in Appendix 1 of CP21/17. The content disclosure is addressed in ESG 2 (ESG 2.2 re Entity-level disclosure and ESG2.3 re product-level disclosure).

Both consultations close on 10 September 2021 and a policy statement incorporating final rules is expected before the end of this year.

Useful Links

[CP21/17](#)

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