

The European Union: detailed rules and simplification

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The European Union has chosen the path of detailed regulation. The Sustainable Finance Disclosure Regulation, applicable since March 2021, classifies products according to their sustainability characteristics and imposes disclosure requirements. The Taxonomy Regulation defines environmentally sustainable economic activities, while the Corporate Sustainability Reporting Directive extends reporting obligations to a large number of companies.¹ This framework was judged too burdensome by the Commission itself, which in February 2025 proposed a simplification package reducing the scope and content of the reporting obligations.²

For the Geneva financial centre, the European framework matters in two respects. Geneva managers who distribute funds in the Union or manage assets for European clients must comply with the European disclosure rules, whatever their nationality. European clients and distributors, moreover, demand the European classifications, which have become a common language of the market. Switzerland, for its part, has suspended its own revisions pending the European choices, which avoids creating divergent requirements but leaves institutions in uncertainty. The coming decade will probably see convergence on lighter reporting obligations, which the major Geneva houses are already applying in anticipation.

1 Notes

1. Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, applicable since 10 March 2021 (Autorité des marchés financiers, amf-france.org); Regulation (EU) 2020/852 of 18 June 2020 (Taxonomy); Directive (EU) 2022/2464 of 14 December 2022 on corporate sustainability reporting (EUR-Lex). ↩

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2. “Omnibus I” package presented by the European Commission on 26 February 2025: scope of the Corporate Sustainability Reporting Directive reduced to companies with more than 1,000 employees, two-year postponement of the second and third waves, postponement and easing of the due diligence duty; Mayer Brown, “European Commission Presents ‘Omnibus’ Simplification Package”, [mayerbrown.com](https://www.mayerbrown.com/en/insights/european-commission-presents-omnibus-simplification-package), February 2025. ↩

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