



## Luxembourg Newsflash - 5 August 2022

# Follow-up on the integration of sustainability considerations into product governance requirements

As a follow-up to Commission Delegated Directive (EU) 2021/1269 of 21 April 2021 regarding the integration of sustainability factors into product governance obligations ("CR 2021/1269"), discussed in our newsflash of 8 July 2022, the Grand Ducal Regulation of 27 July 2022 (the "GD Regulation") was published on 4 August 2022 in the Official Journal of the Grand Duchy of Luxembourg.

### Background and aim of the GD regulation

As a reminder, CR 2021/1269 requires Member States:

- to adopt and publish, by 21 August 2022 at the latest, the provisions necessary to comply with its requirements;
- to apply those provisions as of 22 November 2022.

The GD Regulation implements these requirements by amending the Grand Ducal Regulation of 30 May 2018 on the protection of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (the "**MiFID Regulation**").

In accordance with CR 2021/1269, the changes implemented via the GD Regulation enter into force on 22 November 2022.

### Key changes

The MiFID Regulation, as amended by the GD Regulation, reflects the provisions of CR 2021/1269 in specifying that:

- credit institutions and investment firms that create and issue financial instruments (*i.e.* "manufacturers") must integrate sustainability factors and objectives into the definition of their target markets, specify the sustainability-related objectives that a financial instrument is compatible with, and ensure that a financial instrument's sustainability factors are compatible with the sustainability-related objectives of the target market;
- credit institutions and investment firms that offer, recommend or sell investment products and services (*i.e.* "distributors") must ensure that these are compatible with the sustainability-related objectives of the target market and remain consistent with those objectives.

Stay tuned, and contact our experts for further assistance!

Read Commission Delegated Directive (EU) 2021/1269 of 21 April 2021 amending Delegated Regulation (EU) 2017/593 as regards the integration of sustainability factors into product governance obligations [here\\_](#)

You can access the ESMA Consultation on the review of the Guidelines on MiFID II product governance requirements [here\\_](#)

Read the CSSF press release of 2 August 2022 [here\\_](#)

Read our newsflash on integrating sustainability into the MiFID II framework [here\\_](#)

Read our newsflash on the CSSF press release of 2 August 2022 on the integration of sustainability considerations under MiFID II [here\\_](#)

You can access our timeline on key ESG milestones in the banking and insurance sectors [here\\_](#)

Read the GD Regulation [here\\_](#)

## your contacts



**GLENN MEYER**

Partner  
Banking & Financial Services

[Learn more\\_](#)



**EMMANUELLE MOUSEL**

Partner  
Banking & Financial Services

[Learn more\\_](#)



**MARC MOUTON**

Partner  
Banking & Financial Services

[Learn more\\_](#)



**PHILIPPE DUPONT**

Partner  
Banking & Financial Services

[Learn more\\_](#)



**CLARA BOURGI**

Senior Associate  
Banking & Financial Services

[Learn more\\_](#)



**Arendt & Medernach SA**  
Registered with the Luxembourg Bar  
RCS Luxembourg B 186371

[arendt.com](https://www.arendt.com)

41A avenue JF Kennedy  
L-2082 Luxembourg  
T +352 40 78 78 1

This publication is intended to provide information on recent developments and does not cover every aspect of the topics with which it deals. It was not designed to provide legal or other advice and it does not substitute for the consultation with legal counsel before any actual undertakings.



I am informed that I can object to the processing of my personal data for marketing purposes at any time either by e-mail addressed to [unsubscribe@arendt.com](mailto:unsubscribe@arendt.com) or by clicking [here](#).

[Update e-mails preferences](#) | [Forward this e-mail](#)