

EUROPEAN ECONOMIC AREA

STANDING COMMITTEE OF THE EFTA STATES

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SUBCOMMITTEE II ON THE FREE MOVEMENT OF CAPITAL AND SERVICES

EEA EFTA Comment

on the Commission Proposal for a Regulation of the European Parliament and the Council on European green bonds - [COM\(2021\) 391](#)

1. EXECUTIVE SUMMARY

- *The EEA EFTA States support the Commission's proposed implementation of a **standard** that contributes to the environmental integrity of the green bond market and raises its environmental ambitions.*
- *While supporting the registration and supervision of external reviewers for green bonds, the EEA EFTA States emphasise that such supervision would benefit from the **local expertise of national supervisors**. The EEA EFTA States recommend that **the responsibility for direct supervision of external reviewers should be vested in national supervisors**, while the European Securities and Markets Authority (ESMA) would maintain its current role of general coordination.*
- *The EEA EFTA States stress that the foreseen application date of the proposed Regulation of twenty days after its publication in the Official Journal of the EU is too short to allow for timely incorporation of the act into the EEA Agreement. To enable the simultaneous application of the Regulation across the highly integrated green bond market of the EEA, **the application date of the Regulation should be no sooner than 18 months after its publication in the Official Journal**, as stated in the position of the Council of the EU in its general approach adopted in April 2022.*

2. GENERAL REMARKS

1. The EEA Agreement secures the full participation of the EEA EFTA States (Iceland, Liechtenstein, and Norway) in the Internal Market for financial services. Continued

incorporation of relevant EU legislation into the Agreement ensures legal homogeneity and a level playing field throughout the EEA.

2. Advancements in sustainable finance and the transition to a green economy are among the top priorities of the EEA EFTA States. Therefore, they actively provide input to policy discussions through participation in the Member States Expert Group on Sustainable Finance and through public consultations.
3. The EEA EFTA States welcome the Commission proposal for a Regulation on European green bonds (“the green bonds proposal”) which will implement a standard to help scale up and contribute to the environmental integrity of the green bond market. They note that the proposal is part of the broader Commission agenda on sustainable finance and lays the foundation for a common framework of rules regarding the designation “European green bond” for bonds that pursue environmentally sustainable objectives within the meaning of Regulation (EU) No 2020/852 of the European Parliament and of the Council¹ (“the Taxonomy Regulation”).
4. The EEA market for green bonds has been growing rapidly in recent years, especially in the Nordic region. The Commission’s proposal foresees that the issuing and marketing of green bonds shall be subject to third party verification by external reviewers. The EEA EFTA States strongly support the approach taken by the Commission and note that third party verification is already established practice in the Nordic market where 99% of the volume of issued green bonds have been subject to such verification by external reviewers.² Two of the leading reviewers for green bonds are based in Norway.

3. SPECIFIC REMARKS

5. Articles 14-17 and 46-59 of the green bonds proposal foresee that external reviewers for green bonds operating in the Internal Market will be subject to registration and direct supervision. The Commission proposes that ESMA should have a general competence for the registration and be tasked with the direct supervision of such registered entities.
6. The EEA EFTA States welcome a harmonised European approach to supervision and, to that end, follow closely the supervisory coordination role ESMA performs according to Article 31 of Regulation (EU) No 2010/1095 of the European Parliament and of the Council³ (“the ESMA Regulation”). However, they believe that the registration and supervision of external reviewers for green bonds would benefit from the local expertise of the national supervisory authorities. Therefore, the EEA EFTA States recommend that the registration and direct supervision proposed for ESMA in Articles 14-17 and 46-59 be performed by the national supervisory authorities, subject to the current supervisory coordination role of ESMA.

¹ OJ L 198, 22.6.2020, p. 13.

² Source: <https://www.climatebonds.net/2021/04/nordic-sustainable-debt-state-market-2020-special-regional-report>

³ OJ L 331, 15.12.2010, p. 84

7. Furthermore, the EEA EFTA States are concerned that, according to Article 64 of the green bonds Proposal, the Regulation is intended to apply in the EU from the twentieth day following that of its publication in the *Official Journal of the European Union*. The direct and immediate applicability of the Regulation in the EU is counteracted by the transitional period foreseen under Article 62 for external reviewers operating in the EU.
8. EU Regulations do not have direct application in the EEA EFTA States but are subject to incorporation into the EEA Agreement and national transposition. The incorporation procedures of the EEA Agreement can only commence from the date of publication of the Regulation in the *Official Journal*.
9. The application of the Regulation in the EU twenty days after publication in the *Official Journal* would therefore render it impossible to achieve simultaneous application of the Regulation across the EEA. Such an early application would lead to disruptions in the ability of already established external reviewers in the EEA EFTA States to provide verification services to issuers of green bonds in the EU as they are not eligible for the transitional period until the Regulation has been incorporated into the EEA Agreement.
10. Accordingly, the EEA EFTA States support the position taken by the Council of the EU in its general approach adopted in April 2022 that the Regulation should apply 18 months after its entry into force. Such an extension fulfils the Regulation's purpose of a harmonised and integrated Internal Market for green bonds and secures legal homogeneity for market participants in the European Economic Area.