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ESMA Guidelines on ESG or sustainability-related fund names

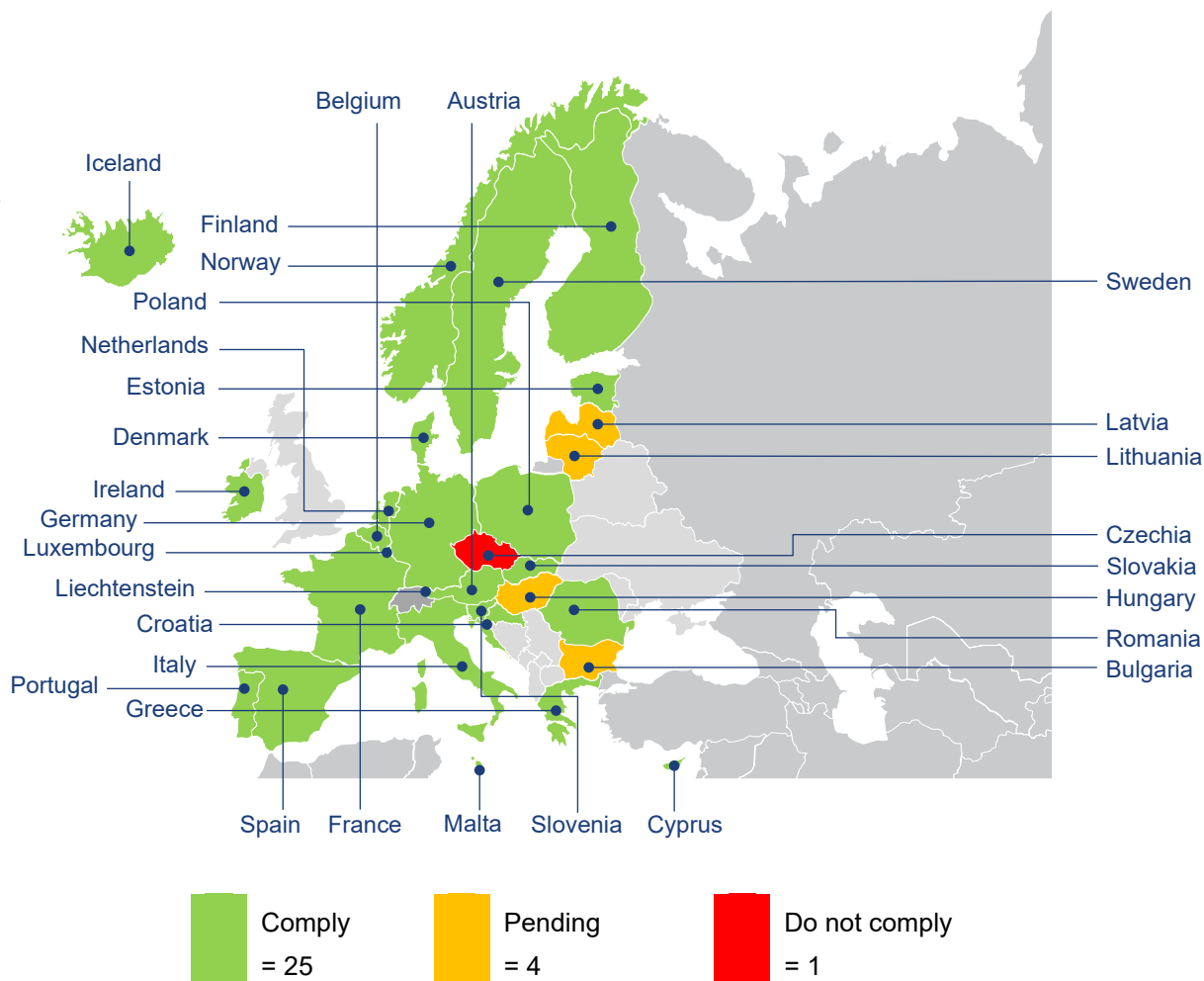
National Regulator Compliance Guide

25 March 2025



Key Facts:

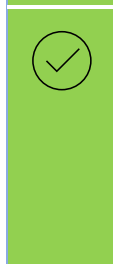
- As reported in our [ESG Notes](#), on 14 May 2024 the European securities regulator ESMA published its long-awaited "Guidelines on funds' names using ESG or sustainability-related terms" (ESMA Guidelines). EU fund managers and managers of funds marketed into the EU will need to comply with minimum sustainability requirements when using such terms.
- Following their translation and publication in all EU official languages on 21 August 2024, the ESMA Guidelines apply from 21 November 2024 for new funds and 21 May 2025 for existing funds.
- The national regulators (NCAs) must follow the so-called "comply-or-explain" procedure, meaning that they had to notify ESMA until 21 October 2024 whether they (i) comply, (ii) do not comply, but intend to comply, or (iii) do not comply and do not intend to comply with the ESMA Guidelines.
- The table below provides an overview of the NCAs' comply or explain statements (Statements) on the ESMA Guidelines. Even though some Statements are still pending, it seems that most NCAs will comply with the ESMA Guidelines. However, a number of NCAs have identified unresolved aspects or questions on which they have requested further clarification from ESMA.
- On 13 December 2024, ESMA has published [Q&As](#) with further guidance addressing some of the issues raised by the NCAs (see questions ID 2368-2374 in the [ESMA Q&A IT tool](#)). For more details see our updated Client Briefing in the [ESG Notes](#).
- On 19 March 2025, ESMA has published a [compliance table](#) (ESMA Compliance Table). According to the ESMA Compliance Table some NCAs have not yet published their Statements but have declared that they intend to comply with the ESMA Guidelines at a later date. ESMA has clarified that from the application date of 21 May 2025 it will consider these NCAs to be non-compliant until they publish their Statements. In our table we have considered them as pending.



The contents of this document are current at the date of publication set out in this document.

The information provided in this document is for reference purposes only. Specific legal advice about your specific circumstances should always be sought separately before taking any action (including local counsel advice for the specific jurisdiction). For further detailed information, please reach out to your usual contacts at the firm or any of the members of the team mentioned on the last page.

Please note that this table represents the status of 25 March 2025 and only considers statements by NCAs published by that date.

EU Member State	Date	Link to Statement	Further specifications by the NCA
 Austria	2 October 2024	Available here	- The Austrian NCA (Finanzmarktaufsicht, FMA) has announced that it will conduct targeted supervisory activities for checking disclosures as well as compliance with the disclosed investment strategy. - For this purpose, FMA is using a greenwashing analysis framework for retail funds, which also makes use of automated text analysis and artificial intelligence.
 Belgium	12 November 2024	Available here (available only in Dutch and French)	- In its Statement, the Belgian NCA (Financial Services and Markets Authority, FSMA) has emphasised that the lists of terms triggering the requirements set out in the ESMA Guidelines are not exhaustive. - FSMA has announced that it will also include non-Belgian fund managers in its monitoring of compliance with the ESMA Guidelines where such managers manage a retail AIF domiciled in Belgium (in addition to the supervision by the home state regulator of the respective non-Belgian EU fund manager).
 Bulgaria	29 October 2024	Available here (available only in Bulgarian)	- The Bulgarian NCA (Financial Supervision Commission, FSC) has published a note (available only in Bulgarian) on its website stating that it intends to comply with the ESMA Guidelines by 1 April 2026 at the latest. - If the FSC upholds this date, fund managers of Bulgarian domiciled funds would be granted significantly more time to ensure compliance with the ESMA Guidelines.
 Croatia	19 December 2024	Available here	No further specifications published in the context of the Statement.

EU Member State	Date	Link to Statement	Further specifications by the NCA
 Cyprus	21 January 2025	Available here	No further specifications published in the context of the Statement.
 Czech Republic	24 October 2024	Available here (available only in Czech)	- In its Statement, the Czech NCA (Ceska Narodni Banka, CNB) pointed out that it does not see a sufficient legal basis under Czech national law to apply the numerical threshold set out in the ESMA Guidelines (80% of investments used to meet E/S characteristics or sustainable investment objectives under SFDR). - The CNB intends to apply the following "safe harbour principle": Where a fund with an ESG or a sustainability-related name complies with the relevant criteria set out in the ESMA Guidelines, the CNB will consider the fund's name to be fair, clear and not misleading. The CNB may also accept a lower minimum threshold of E/S aligned investments than required by the ESMA Guidelines if this is in line with national law.
 Denmark	22 August 2024	Available here (available only in Danish)	- Although not listed as examples in the ESMA Guidelines, the Danish NCA (Finanstilsynet, FSA) considers the word "responsible" as well as the abbreviations "ESG" and "SRI" to fall into the environmental and/or impact category (both categories require the application of the Paris-aligned Benchmark exclusions and a minimum threshold of 80 % of investments meeting E/S characteristics or sustainable investments under SFDR). - According to FSA, it depends on the name of the fund what constitutes a "meaningful" proportion of sustainable investments for funds using sustainability-related terms in their names (e.g. the word "sustainable" can, without further limitations by words such as "partially", create the expectation that the fund consists exclusively of sustainable investments). In its recent guidance ESMA has suggested using a threshold of at least 50% (see question ID 2374 in the ESMA Q&A IT tool).

EU Member State	Date	Link to Statement	Further specifications by the NCA
 Estonia	6 January 2025	Available here (available only in Estonian)	No further specifications published in the context of the Statement.
 Finland	1 October 2024	Available here	- In its Statement, the Finnish NCA (Finanssivalvonta, FIN-FSA) has emphasised that the lists of terms triggering the requirements set out in the ESMA Guidelines are not exhaustive. - According to the Fin-FSA Statement, terms should always be assessed as to whether a term may correspond to the environmental, social and governance (ESG) or sustainability-related terms according to the ESMA Guidelines.
 France	16 December 2024	Available here	To reflect the application of the ESMA Guidelines in its supervisory practice, the French NCA (Autorité des Marchés Financiers, AMF) has amended its Position-Recommendation 2020-03 on mandatory disclosures for funds considering non-financial criteria as follows: - The previous criteria for fund names developed by AMF have been adjusted to the criteria set out in the ESMA Guidelines. - The scope of the adjusted criteria for fund names has been aligned with the scope of the ESMA Guidelines meaning that the adjusted criteria apply to all funds registered for marketing in France (the previous criteria developed by AMF did not apply to funds that were marketed only to professional investors). - Further amendments clarify the interaction between the adjusted criteria on fund names and existing requirements set out by AMF for retail funds using sustainability-related terms in their marketing materials.
 Germany	1 October 2024	Available here (available only in German)	In a press release dated 25 July 2024 (available only in German), the German NCA (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) has identified the following unresolved aspects regarding the interpretation of the ESMA Guidelines:

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			• Interpretation of the requirement to "invest meaningfully" in sustainable investments for funds using sustainability-related terms in their names; • Eligibility of green bonds (as a non-technical term) issued by companies which fall under the minimum exclusions set out in the ESMA Guidelines (since these exclusions are company-related, they would exclude investments in all kinds of bonds issued by the excluded companies, even if these bonds are used to fund sustainable projects/activities); • Specification which requirements apply to the "clear and measurable transition path" which investments of funds with transition-related names must follow. According to BaFin, these unresolved aspects will be discussed in future ESMA working groups in order to reach an EU-wide consensus. Two of these three aspects have been addressed by ESMA in its recent guidance (see questions ID 2368-2374 in the ESMA Q&A IT tool). In December 2024, BaFin has informed German industry associations about its interpretation of several questions raised by the industry covering the issues below: • <u>Application of minimum exclusions to target funds in fund of funds structures</u> For target funds held in fund of funds structures where the target fund is not subject to the ESMA Guidelines, but the fund of funds is, BaFin differentiates between open-ended and closed-ended target funds. In order to be an eligible investment for the fund of funds, open-ended target funds need to apply the majority of the applicable minimum exclusions in their investment process. This should also be reflected in the fund documents, without necessarily requiring explicit exclusion provisions as part of the investment strategy. The manager of the fund of funds must monitor that the portfolio of the target fund does not contain any investments which are not in line with the full set of minimum exclusions applicable to the fund of funds. If a non-compliant investment has been identified, the fund of funds must redeem/sell its units/shares in the target fund. Since it is not possible to redeem units in closed-ended target funds, BaFin takes a stricter view and requires that the



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			documentation of these funds must contain all minimum exclusions applicable to the fund of funds. • <u>Application of minimum exclusions to investments in derivatives</u> According to BaFin's interpretation of the ESMA Guidelines, derivatives used for hedging or efficient portfolio management purposes do not have to comply with the minimum exclusions applicable to the respective fund. If, however, the fund uses derivatives for investment purposes, such derivatives must comply with the minimum exclusions. • <u>Application of ESMA Guidelines to funds that are not actively marketed</u> BaFin has confirmed that funds which are closed to new investments and are no longer actively marketed are still subject to the ESMA Guidelines and must ensure compliance by 21 May 2025. • <u>No fast track procedure planned by BaFin</u> Unlike the Irish NCA and the Luxembourg NCA (see below), BaFin will not provide a fast track procedure for applications relating to the implementation of the ESMA Guidelines (required for retail funds). Instead, BaFin has emphasised that it expects fund managers to file such applications timely to ensure that the proposed changes become effective by 21 May 2025. According to the press release of 25 July 2024 "timely" means at least 8 weeks before that date for applications limited to changes ensuring compliance with the ESMA Guidelines.	
	Greece	21 October 2024	Available here	No further specifications published in the context of the Statement.
	Hungary		No public Statement available	According to the ESMA Compliance Table, the Hungarian NCA (Magyar Nemzeti Bank, MNB) intends to comply by 21 October 2025 by either publishing an MNB recommendation or amending Government Decree No. 78/2014. (III. 14.) on the investment and borrowing policies of collective investment trusts.

EU Member State	Date	Link to Statement	Further specifications by the NCA
 Ireland	21 October 2024	Available here	The Irish NCA (Central Bank of Ireland, CBI) has established a streamlined filing process (Fast Track) for changes made solely for the purpose of bringing the fund into compliance with the ESMA Guidelines. • The Fast Track is applicable to name changes and to minor changes to disclosures in the prospectus, supplement and/or SFDR annex that are required to comply with the ESMA Guidelines. • The Fast Track is not available for material changes to either of the investment objective, investment policy, strategy or risk profile of the fund. • Filings must be made within the transition period applying to existing funds which runs from 21 November 2024 to 21 May 2025 (filings made after 21 May 2025 will be reviewed as part of the normal review process). • As part of the Fast Track procedure, fund managers must attest compliance with the ESMA Guidelines (for further information on the documents that need to be submitted as part of the Fast Track procedure see the Q&A (available via the link above) published by the Irish Central Bank). • The Irish Central Bank will carry out a sample review of the filings made under the Fast Track procedure.
 Italy	29 October 2024	Available here (English version published in newsletter no. 37 (4 November 2024), available here)	No further specifications published in the context of the Statement.

EU Member State	Date	Link to Statement	Further specifications by the NCA
 Latvia		No public Statement available	According to the ESMA Compliance Table, the Latvian NCA (Financial and Capital Market Commission, FCMC) intends to comply with the ESMA Guidelines by 31 March 2025 by issuing Latvijas Banka Regulations on the application of the ESMA Guidelines.
 Lithuania	5 December 2024	Available here (only in Lithuanian)	According to the ESMA Compliance Table, the Lithuanian NCA (Bank of Lithuania, BoL) intends to comply with the ESMA Guidelines by 21 May 2025 after the finalisation of the regulations setting out the processes for assessing compliance with the ESMA Guidelines. The assessment will be carried out in two phases: • Desk-based reviews (case by case analysis of data provided by fund managers; and • Automated analysis of data provided by fund managers using an IT tool (estimated as of 1 January 2027).
 Luxembourg	21 October 2024	Available here	The Luxembourg NCA (Commission de Surveillance du Secteur Financier, CSSF) has established a priority processing procedure (PPP) for changes made to fund prospectuses/issuing documents to ensure compliance with the ESMA Guidelines. • The amendments must be limited to either a name change of at least one sub-fund or minor adjustments to the fund's/sub-fund's ESG engagement/SFDR pre-contractual disclosure. • CSSF has published a Fund naming confirmation letter which fund managers have to file with CSSF together with the amended fund prospectus/issuing document as part of the PPP. In its communiqué supplementing the Statement, CSSF has published additional supervisory expectations: • Market participants, regardless of whether they are disclosing under Article 6, 8 or 9 of the SFDR, should carry out a self-assessment of the applicability

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			of the ESMA Guidelines to the products they manage and to ensure compliance of fund names with the ESMA Guidelines. - Fund names should adequately reflect the importance and scope of application of these characteristics for the fund. - Precontractual documentation should contain adequate disclosure of elements supporting the use of ESG or sustainability-related terms in fund names. - Since the list of ESG and sustainability-related terms mentioned in the ESMA Guidelines is not exhaustive, market participants should review the names of all the financial products they manage and assess, on a case-by-case basis, whether the ESMA Guidelines apply to those products. - CSSF expects market participants to closely monitor and take due consideration of any further developments on this topic at European level.
	Malta	18 June 2024	Available here In its circular dated 18 June 2024, the Maltese NCA (MFSA) has stated that it intends to implement the ESMA Guidelines in its regulatory framework "in due course" and that it will publish a further update on this. However, the announced update is still pending. In the interim, MFSA expects fund managers to assess whether the funds under management are compliant with the ESMA Guidelines. MFSA may request this assessment as part of its supervisory interactions.
	Netherlands	31 October 2024	Available here No further specifications published in the context of the Statement.
	Poland	September 2024	No public Statement available According to ESMA's Compliance Table, the Polish NCA (Komisja Nadzoru Finansowego, KNF) complies with the ESMA Guidelines and has informed the relevant supervised entities about its compliance in two letters dated 10 and 23 September 2024.



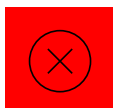
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 Portugal	21 August 2024	Available here (available only in Portuguese)	No further specifications published in the context of the Statement.
 Romania	No date mentioned	Available here (available only in Romanian)	No further specifications published in the context of the Statement.
 Slovakia	21 August 2024	Available here	No further specifications published in the context of the Statement.
 Slovenia	10 October 2024	Available here (available only in Slovenian)	No further specifications published in the context of the Statement.
 Spain	22 October 2024	Available here	The Spanish NCA (Comisión Nacional del Mercado de Valores, CNMV) considers further specifications at European level to be necessary, particularly regarding the following two aspects: • What constitutes a "meaningful" proportion of sustainable investments for funds using sustainability-related terms in their names; and • Application of the exclusion criteria to green bonds (regardless of the classification of the issuer's business activities). In its guidance published on 13 December 2024, ESMA has addressed these two aspects (see questions ID 2368-2374 in the ESMA Q&A IT tool).
 Sweden	23 October 2024	Available here (available only in Swedish)	No further specifications published in the context of the Statement.



EEA EFTA States		Date	Link to Statement	Further specifications by the NCA
	Iceland	6 December 2024	Available here (available only in Icelandic)	No further specifications published in the context of the Statement.
	Liechtenstein	16 September 2024	Available here	No further specifications published in the context of the Statement.
	Norway	29 October 2024	Available here (available only in Norwegian)	No further specifications published in the context of the Statement.



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