



ESMA GUIDELINES ON FUNDS' NAMES USING ESG OR SUSTAINABILITY-RELATED TERMS

22 October 2024

The Spanish National Securities Market Commission (CNMV) has notified ESMA its intention to comply with the [Guidelines on funds' names using ESG or sustainability-related terms](#).

Therefore, from now on the CNMV shall take these guidelines into account in its authorisation, registration, and supervisory procedures, bearing in mind that the guidelines develop the obligations set in Spanish Law 35/2003 on CIS, and the Regulation 1082/2012 on CIS.

The objective of said guidelines is to specify the circumstances under which funds' names that use terms related to ESG or to sustainability are unfair, unclear or misleading. To this end, common standards are established for fund managers promoting Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIF) which include in their name terms related to transition, impact, ESG or sustainability, thereby increasing harmonisation at European level and investor protection. In particular, these instructions refer to the obligation of fund managers to act honestly and fairly in execution of their professional activity, as well as to the requirement that all information included in commercial communications must be fair, clear and not misleading.

These guidelines will be applicable to all funds' documentation as well as marketing communications addressed to investors or potential investors of UCITS and AIF, even when classified as European Venture Capital Funds (EuVECA), European Social Entrepreneurship Funds (EuSEF), European Long-Term Investment Funds (ELTIF) and Money Market Funds (MMF).

These guidelines shall be applicable from 21 November 2024. Any new fund created after said date must apply the guidelines immediately. Managers of existing funds will have a deadline of six months from the mentioned application date, this is, until 21 May 2025.

The guidelines have been issued under the provision of Article 16 of Regulation No. 1095/2010 of the European Parliament and of the Council, of 24 November 2010, regulating the creation of ESMA, which establishes that the competent authorities and financial market participants will do everything possible to adhere to said guidelines. Moreover, ESMA Regulation also establishes an obligation for competent authorities to confirm, within two months from publication, whether they comply or not with ESMA guidelines.

The practical application of these guidelines will require the specification or clarification at European level of certain issues, particularly, in which cases an investment is to be considered “meaningful”, as well as the application of the exclusion criteria to green bonds (regardless of the classification of the issuer’s economic activity). Both issues, of significant relevance, are currently being addressed by ESMA, and the CNMV is actively participating in the debate so that such issues can be clarified as soon as possible.