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Application Date for ESMA's Guidelines on Funds' Names Using ESG or Sustainability-Related Terms Established

21 August 2024

Earlier today, the European Securities and Markets Authority ("**ESMA**") published the awaited translations in all official EU languages of its ***Guidelines on funds' names using ESG or sustainability-related terms*** (the "**Guidelines**").

Application Date

Now that the translations have been published, it is established that the Guidelines will apply on **21 November 2024** (the "**Application Date**"), **three months** after the publication date.

For funds in existence prior to the Application Date, a **transitional period** of **six months** will apply, ending on **21 May 2025.** New funds established on or after the Application Date must adhere to the Guidelines immediately.

National competent authorities, including the Central Bank of Ireland, have until **21 October 2024** to notify ESMA 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 Guidelines.

Background

The final text of the Guidelines was published by ESMA on 14 May 2024 as discussed in our previous Insights Blog. No further changes have been made to the Guidelines.

The Guidelines aim to set common standards for fund managers when promoting UCITS and AIFs using a *transition-*, *impact-*, *ESG-* or *sustainability*-related term in their name.

ESMA states that the name of a fund is an important marketing tool for the fund. A fund's name is often the first piece of fund information investors see and, while investors should look closely at a fund's underlying disclosures, ESMA's view is that a fund's name can have a significant impact on an investor's investment decision.

The Guidelines are intended to provide asset managers with "***clear and measurable criteria***" to assess their ability to use certain terms in fund names and to ensure that investors are protected against exaggerated sustainability claims.

Next Steps

ESMA expects fund managers to make **"*every effort*" to comply** with the Guidelines. In addition, competent authorities are expected to ensure, through their supervision, that firms comply with the Guidelines.

Fund managers should consider whether any funds under management are within the scope of the Guidelines and, if so, whether these funds meet the criteria set out in the Guidelines.