

CSSF Implements ESMA Guidelines on Funds' Names Using ESG or Sustainability-Related Terms

31 October 2024

On 21 October 2024, the *Commission de Surveillance du Secteur Financier* (the "CSSF") issued [Circular CSSF 24/863](#) confirming that it will apply in the Luxembourg regulatory framework the [ESMA Guidelines on funds' names using ESG or sustainability-related terms](#) (the "Guidelines"; please find a link to our update on the Guidelines [here](#)). This confirmation follows the Guidelines' request addressed to national competent authorities to notify ESMA by 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 Guidelines.

In the accompanying [CSSF communiqué](#), the CSSF provided some additional guidance as to how it intends to apply the Guidelines.

CSSF Expectations. Irrespective of funds disclosing under Article 6, 8 or 9 of the Sustainable Finance Disclosure Regulations (SFDR), the CSSF makes it clear that it expects fund managers to assess whether the requirements of the Guidelines apply to the funds they manage. In this context, the CSSF reminds fund managers that the list of ESG and sustainability-related terms mentioned in the Guidelines is not exhaustive, and managers must review and assess fund names on a case-by-case basis, considering the overall principle included in the Guidelines that fund names should not be misleading.

The CSSF also emphasises the responsibility of fund managers to monitor and consider any further developments on this topic at the European level.

Priority Processing Procedure. The CSSF will provide a priority processing procedure (PPP) to Luxembourg managers of existing regulated funds (for example, UCITS or SIFs) that need to update their prospectus or issuing document to comply with the Guidelines by 21 May 2025. In order to benefit from the priority processing, the updates must be limited to either a name change or minor adjustments to the fund's description of its ESG engagement or SFDR pre-contractual disclosure. With respect to minor adjustments, fund managers need to confirm, in a [fund-naming confirmation letter](#)

(which will need to be provided by fund managers that file for priority processing) that such changes:

- will not change the fund's investment objective and policy;
- do not require an immediate portfolio re-balancing;
- have no negative impact on the investor's expectation as regards to return and/or ESG engagement; and
- have no impact on the risk profile of the fund or costs for the investor.

The Guidelines require funds using sustainability-related terms to commit to invest a “meaningful” proportion of the fund in sustainable investments. The CSSF requires fund managers to include a description of their assessment and rationale used for the determination of a “meaningful” proportion of sustainable investments of the fund in the confirmation letter but does not specify what “meaningful” means.

Application Date. The Guidelines will start to apply three months after the publication of the translations in all official EU languages, i.e., on 21 November 2024 (the “Application Date”). The transitional period for funds that existed before the Application Date will be six months after the Application Date, i.e., 21 May 2025. Any new funds created on or after the Application Date should apply the Guidelines immediately.

Please do not hesitate to let us know if you have any questions.



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