

THE CNMV PUBLISHES CRITERIA ON THE APPLICATION OF NEW EUROPEAN REGULATIONS ON SUSTAINABILITY IN FINANCIAL SERVICES

1 June 2021

- The criteria have been drawn up taking into account the novelty of the regulations, which still have aspects pending development or clarification by the European Commission.
- They may be subjected to review or expansion as further information becomes available.
- Funds may only use ESG (Environmental, Social and Governance) terms in their commercial name if at least 50% of their investments comply with the environmental or social characteristics which they promote.

The Spanish National Securities Market Commission (CNMV) has today published some [interpretative criteria](#) on which its authorising and supervisory actions will be based in the application of the European regulations on sustainability (environmental, social and governance criteria, known as ESG), which are contained in Regulation 2019/2088 on sustainability-related disclosures in the financial services.

The document has been drawn up in a Q&A format addressing doubts about the aforementioned issues raised by key industry associations. The novelty of the Regulation, as well as the fact that most of its content is pending development or clarification by the European Commission (EC) has also been borne in mind. Therefore, the criteria contained in the document may be reviewed or expanded in the future as further information becomes available or when guidelines are issued at European level (EC or the European Securities and Markets Authority (ESMA)).

The document supplements [the CNMV Public Statement of 18 February](#) on the entry into force of the Regulation on sustainability-related disclosures and is included in the 2021 CNMV Activity Plan.



Commercial use of ESG terms

Among the criteria published, the CNMV clarifies that CISs which, henceforth, wish to be classified as an ESG financial product, may only include references to ESG elements in their commercial name if the percentage of investments promoting environmental and social characteristics exceeds 50% of the portfolio. In the case of commercial communications, in general, of such products (outside the scope of their name), reference to ESG terms may be made, providing that the advertising message is aligned with the information contained in the prospectus.

Likewise, the document includes criteria on the minimum information that must be included in the prospectus of the CIS promoting environmental or social characteristics or which have sustainable investment objectives (CISs under Article 8 or Article 9 of Regulation 2019/2088, respectively). It also contains various considerations on principal adverse impacts (PAIs) and their material impact on investments.