

# SUSTAINABLE WATCH

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EFAMA publishes a **press release** on ESMA's guidelines on the nomenclature of funds using ESG or sustainability-related terms and its impact on the growth of the corporate green bond sector

Main goal: identification of several inconsistencies between ESMA's guidelines on the nomenclature of funds using ESG or sustainability-related terms and other legislation on sustainable finance, particularly the recent regulation on green bonds.

The press release highlights a number of aspects that lead to a **regulatory inconsistency**. This inconsistency stems from the fact that the current focus of the regulation is on the project to be financed. In contrast, the aforementioned guidelines exclude issuing companies based on their activity and not just the project in question. These inconsistencies raise several concerns in that, according to EFAMA, they could lead to a **disincentive to invest** in green bonds.

