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**TO** : **Cyprus Investment Fund Managers ('CIFMs'):**

- i. Cyprus UCITS Management Companies and Self-Managed Cyprus UCITS ('CUCITS MCs')**
- ii. Cyprus Alternative Investment Fund Managers and Self-Managed Cyprus AIFs ('CAIFMs')**
- iii. Sub-Threshold Cyprus Alternative Investment Fund Managers and Self-Managed Cyprus AIFs ('sub- threshold CAIFMs')<sup>1</sup>**

**FROM** : **Cyprus Securities and Exchange Commission**

**DATE** : **21 January 2025**

**CIRCULAR No** : **C678**

**SUBJECT** : **Guidelines on funds' names using ESG or sustainability-related terms (ESMA 34-1592494965-657)**

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1. The Cyprus Securities and Exchange Commission ('**CySEC**') wishes, with this circular, to inform the CIFMs that the European Securities and Markets Authority ('**ESMA**') has published the Guidelines on funds' names using ESG or sustainability related terms (ESMA34-1592494965-657) (the "Guidelines") on August 21, 2024, translated in all official languages of the EU.
2. The Guidelines apply to UCITS management companies, including any UCITS which has not designated a UCITS management company, Alternative Investment Fund Managers (AIFMs) including internally managed AIFs, managers of European Venture Capital funds (EuVECA), managers of European Social Entrepreneurship Funds (EuSEF), managers of European Long-Term Investment Funds (ELTIF) and managers of Money Market Mutual Funds (MMFs), as well as National Competent Authorities (NCAs). In addition, following a decision by CySEC's Board of Directors, dated 12.01.2025, the Guidelines also apply to Cyprus sub-threshold AIFMs.
3. The Guidelines apply in relation to Article 14(1)(a) of Directive 2009/65/EC (transposed in Article 123(a) in the Cyprus UCITS Law 78(I)/2012), Article 12(1)(a) of Directive 2011/61/EU (transposed in Article 13(1)(a) in the Cyprus AIFM Law 56(I)/2013) and Article 4(1) of Regulation (EU) 2019/1156 on facilitating cross-border distribution of Collective Investment Undertakings (CIUs). In particular, they apply in

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<sup>1</sup>Sub-threshold AIFMs includes AIFMs and Internally Managed AIFs of the Republic, whose assets under management fall below the thresholds of section 4(2)(a) or 4(2)(b) of Law 56(I)/2013, as amended and have not chosen to opt in as per the provisions of section 4(6) of Law 56(I)/2013.

relation to the obligation to act honestly and fairly in conducting their business as well as the obligation that all information included in marketing communications is fair, clear and not misleading. Accordingly, the decision of CySEC's BoD on the applicability of these Guidelines to Cyprus sub-threshold AIFMs (refer to previous paragraph), relates to the obligation in Article 83 of the AIF Law 124(I)/2018, that all marketing communications of an AIF to the investors shall be precise, clear and not misleading.

4. The purpose of the Guidelines is to specify the circumstances where the fund names using ESG or sustainability-related terms are unfair, unclear or misleading.
5. The name of a fund is a means of communicating information about the fund to investors and is also 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 go beyond the name itself and look closely at a fund's underlying disclosures, a fund's name can have a significant impact on their investment decisions.
6. The Guidelines give guidance to fund managers by imposing specific criteria which must be met by the funds using ESG or sustainability related terms in their names. The criteria relate to the use of terms **such as**, transition, social, governance, environmental, impact, sustainability.
7. The Guidelines apply as of **21 November 2024** (three months from the date of publication of the guidelines on ESMA's website in all EU official languages). Managers of any new funds created after the date of application of the Guidelines, should apply these Guidelines immediately, in respect of those funds. Managers of funds existing before the date of application of the Guidelines, should comply with the Guidelines in respect of those funds, at the latest six months after the date of application of the Guidelines (hence the **21<sup>st</sup> of May 2025**).
8. On 13 December 2024, ESMA published three **Q&As** providing further guidance on specific aspects on the practical application of the Guidelines, namely (i) the application of the [exclusion criteria on green bonds](#), (ii) the convergence on ["investing meaningfully in sustainable investments"](#) and (iii) the [definition of the term "controversial weapons"](#) when complying with the exclusion criteria.
9. CySEC adopts these Guidelines and the relevant Q&As by incorporating them into its supervisory practices and regulatory approach.
10. Regulated Entities must take the necessary action in order to ensure their compliance with the Guidelines.

Sincerely,

Panikkos Vakkou  
Vice Chairman  
Cyprus Securities and Exchange Commission