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European Securities and Markets Authority
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By electronic submission

European Securities and Markets Authority Consultation Paper on Guidelines on funds' names using ESG or sustainability-related terms (ESMA34-472-373) ("Proposed Guidelines")

MSCI[1] welcomes the opportunity to comment on the Proposed Guidelines. The Proposed Guidelines offer a constructive and balanced approach to providing increased investor protection and improved transparency to funds using "ESG" or sustainability-related terms in fund names. Below we set out our main observations on the Proposed Guidelines and in the attached Annex we offer more detailed comments.

The 50% threshold for use of sustainability-related terms may severely restrict the qualifying investment universe

The Proposed Guidelines rely on the definition of "sustainable investment" under Article 2(17) of Sustainable Finance Disclosure Regulation to determine whether a fund can use sustainability-related terms in its name. However, there is significant uncertainty regarding the meaning of "sustainable investment", and to the extent the term is not further defined, funds are likely to apply a cautious approach to its interpretation. The European Commission noted in its Strategy for Financing the Transition to a Sustainable Economy that "[w]ell-integrated and efficient capital markets should act as a catalyst for effective mobilisation and allocation of capital towards sustainable investments."[2] Using a set of MSCI metrics,[3] we found that only 14% of MSCI Europe IMI constituents (by weight) qualify as a "sustainable investment", including only 1 qualifying corporate of the current top 10 constituents by market cap in MSCI Europe IMI (per country) in France, 1 in Spain and none in Italy.[4] This highlights the significant problem that fund managers would face in building, or maintaining, a fund as a "sustainable" fund, thereby reducing the ability of the capital markets to contribute to the transition.

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1 MSCI is a leading provider of indexes; analytics; and environmental, social, and governance ('ESG') data and ratings to the global investment community. MSCI ESG Ratings, research and data are produced by MSCI ESG Research LLC. MSCI Limited is an authorised benchmark administrator in the UK. This submission incorporates views from both MSCI ESG Research LLC and MSCI Limited.

2 *See* European Commission: Strategy for Financing the Transition to a Sustainable Economy (6 July 2021) *available at* https://eur-lex.europa.eu/resource.html?uri=cellar:9f5e7e95-df06-11eb-895a-01aa75ed71a1.0001.02/DOC_1&format=PDF.

3 MSCI metrics for good governance, "Do No Significant Harm" and positive contribution.

4 As of 8 February 2023.

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The Proposed Guidelines should include specific provisions for "transition" or transition-related names

The 80% threshold is generally suitable for funds that use ESG-related terms in their name. However, the Proposed Guidelines should also include specific provisions that allow for "transition" or "transition-related" ESG and sustainability names for funds that may not satisfy the 80% threshold, but allocate investments based on commitments and actions to meet transition and science-based targets. The Commission has recognised that a "supportive framework is needed to address the challenge of financing interim steps in the urgent transition of activities towards the EU's climate neutrality and environmental objectives".[5] Without a transition category, funding from the capital markets will not flow in an optimal manner to these transitioning companies and fail the objective of the Commission to support financing the transition to sustainability and phased transition efforts.[6] Consistent with the Commission's objectives, we recommend the Proposed Guidelines establish a framework for the use of transition-related names rather than a quantitative threshold. The framework would include alignment of portfolio decarbonisation targets with a net zero transition pathway accompanied by metrics to communicate target progress and achievement.

The Proposed Guidelines establish a framework that will enable a wide spectrum of sustainable finance investment strategies, including index-linked investing

We support the application of the Proposed Guidelines to index-linked funds and would discourage the introduction of active stewardship rules or other requirements that are more closely linked to active management. Requirements that are overly prescriptive or call for active stewardship at the product level, including direct engagement and measures of impact, would likely exclude index-linked funds. More broadly, these requirements will increase the cost of investing for retail investors and severely restrict the range of funds available for investors.

Finally, we would also encourage ongoing assessments of the thresholds to ensure that the Proposed Guidelines continue to enable a wide spectrum of sustainable finance investment strategies as the ESG and sustainable investment landscape continues to evolve.

MSCI would like to thank ESMA for its consideration of our submission. Should you have any questions, please do not hesitate to contact me through neil.acres@msci.com.

Yours faithfully,

/s
Neil Acres
Managing Director
Global Head of Government and Regulatory Affairs

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5 *See* European Commission: Strategy for Financing the Transition to a Sustainable Economy (6 July 2021) *available at* https://eur-lex.europa.eu/resource.html?uri=cellar:9f5e7e95-df06-11eb-895a-01aa75ed71a1.0001.02/DOC_1&format=PDF.

6 *See* EU Sustainable Finance Strategy ("New Actions") (6 July 2021) available at https://finance.ec.europa.eu/system/files/2021-07/210706-sustainable-finance-strategy-factsheet_en.pdf.

Annex

Q1. Do you agree with the need to introduce quantitative thresholds to assess funds' names?

MSCI recognises the value of introducing a quantitative threshold to assess fund names that include "ESG" or sustainability-related terms. The Proposed Guidelines offer a constructive and balanced approach to providing increased investor protection and improved transparency without creating obstacles for investors seeking sustainable investment opportunities. We also observe, however, that the Proposed Guidelines incorporate terms and definitions that may introduce challenges.

While we support quantitative thresholds as effective mechanisms to provide clear criteria for classifying funds, we also note that their fixed nature does not come without drawbacks. For example, thresholds may have an uneven impact as disclosure and data availability vary across regions, particularly in emerging markets, and asset classes. The uniform application of a fixed threshold may operate to exclude asset classes and regional investment that may otherwise align with ESG and sustainable investment objectives. Further, as the ESG and sustainable investment landscape continues to evolve, the thresholds set for minimum standards today may not be fit for purpose indefinitely. Therefore, we recommend ongoing assessments of whether the thresholds are unintentionally and categorically excluding certain types of ESG or sustainable investment opportunities.

At the same time, it is also critical that the terminology and underlying metrics that underpin thresholds are clear, consistent, and predictable. Without this, interpretations of the thresholds may vary widely and thereby reduce the ability for investors to differentiate between types of funds. In particular, there is currently a range of interpretations of "sustainable investment" under Article 2(17) of the Sustainable Finance Disclosure Regulation ("SFDR").[7] To the extent there is continued uncertainty regarding the meaning of "sustainable investment", funds may be unable to meet the additional (minimum) 50% threshold required to use sustainability-related terms in their names.

As ESMA is aware, the European Supervisory Authorities ("ESAs") have requested further guidance from the European Commission (the "Commission") on the meaning of "sustainable investment".[8] If the Commission's guidance narrows the definition of "sustainable investment", the 50% quantitative threshold may prove even more difficult to achieve. For example, if the Commission decides that investments attributable to an issuer with a certain share of economic activities classified as sustainable according to Article 2(17) of the SFDR should be measured "in part", a minimum 50% threshold for sustainable investments would be significantly more difficult to meet. As a result, funds with a high share of investee companies with meaningful revenue from sustainable activities (e.g., above 20% of overall turnover) and respecting "Do No

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7 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, *available at* https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019R2088-20200712.

8 List of additional SFDR queries requiring the interpretation of Union law: Queries related to interpretation of SFRD (JC 2022 47) (9 September 2022), *available at* https://www.esma.europa.eu/sites/default/files/library/jc_2022_47_-_union_law_interpretation_questions_under_sfdr.pdf.

Significant Harm" and good governance criteria may choose not to adopt names that incorporate "sustainability" in favour of choosing names with ESG or impact-related terms to avoid the risk of unintentionally breaching the spirit of the final guidelines.

If the Commission broadens the definition of "sustainable investment", the 50% threshold may need to be adjusted to provide a more meaningful distinction between funds that are named with ESG-related terms and those named with sustainability-related terms.

Q2. Do you agree with the proposed threshold of 80% of the minimum proportion of investments for the use of any ESG-, or impact-related words in the name of a fund? If not, please explain why and provide an alternative proposal.

We support the proposed threshold of 80% of the minimum proportion of investments for the use of any ESG-, or impact-related words in the name of a fund.[9] This is based on the understanding that the 80% minimum proportion rule is applied on the basis of how a financial market participant ("FMP") disclosed its promotion of E/S characteristics or E/S objective of the fund,[10] which includes exclusion strategies that are currently recognised by the SFDR.[11] We, however, recognise that there may be confusion in the market as to the meaning of the rule, and whether the 80% rule is meant to reflect a minimum improvement based on acceptable standards, as is required by the Autorité des marchés financiers ("AMF").[12] In this latter case, some exclusion strategies may not pass the test. We suggest that this point be clarified when the final guidelines are adopted.

Q3. Do you agree to include an additional threshold of at least 50% of minimum proportion of sustainable investments for the use of the word "sustainable" or any other sustainability-related term in the name of the fund? If not, please explain why and provide an alternative proposal.

We appreciate that the Proposed Guidelines are not intended to interfere with SFDR,[13] yet uncertainty regarding the interpretation of the SFDR's definition of "sustainable investment" as outlined in response to Question 1 is likely to impact the consistent application of the final guidelines and may severely restrict the qualifying investment universe.

As already observed with the implementation of SFDR and its disclosure requirements, products that initially included Article 9 disclosures (i.e., pursuing sustainable investment objectives) have subsequently been reclassified to products with Article 8 disclosures. MSCI found that in

9 Please see comments below in response to Question 11 regarding transition funds.

10 Section 4.2 of the Consultation Paper ("Proportion of investments for funds' names using ESG or sustainability-related terms") at pg. 8

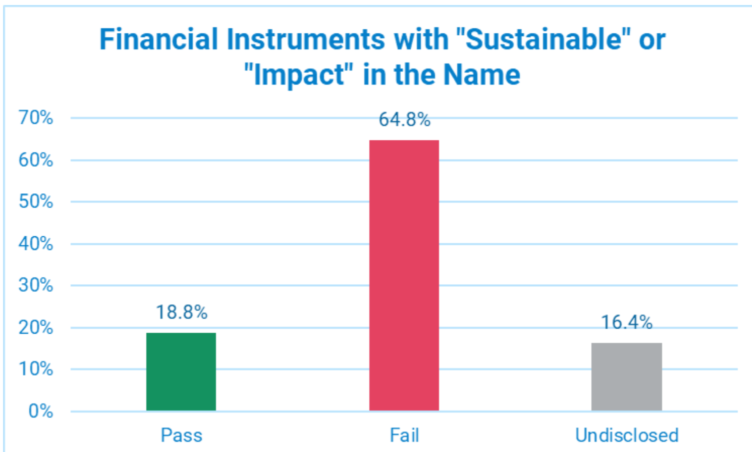
11 Recital 16 of the European Commission Delegated Regulation (EU) 2022/1288 (6 April 2022), *available* at https://eur-lex.europa.eu/eli/reg_del/2022/1288/oj.

12 *Position paper from the AMF: Proposal for minimum environmental standards for financial products belonging to the Art.9 and 8 categories of SFDR*, (13 February 2023), *available at* https://www.amf-france.org/sites/institutionnel/files/private/2023-02/AMF%20SFDR%20minimum%20standards%20EN.pdf.

13 Section 3 of the Consultation Paper ("Scope of Guidelines") at pg. 7.

Q4 2022, assets under management in funds with Article 9 disclosures declined by almost half (EUR 186 bn), with over 400 funds (ETFs and active mutual funds) being recategorised to products with Article 8 disclosures.[14] Unless definitions are clarified and widely understood, funds are unlikely to use "sustainable" or any sustainability-related term in their names even if the fund is otherwise sufficiently aligned with sustainable investment objectives.

The proposed threshold for the use of sustainability-related terms in a fund name would exclude the majority of funds currently disclosing under Article 8 and Article 9. Based on our analysis of EET reported data[15] as of January 2023, we found 6,314 financial instruments (or 7%) out of 88,998 with "sustainable" or "impact" in the name. Of these 6,314 instruments, only 1,188 (or 18.8%) would meet the 50% threshold in the Proposed Guidelines.



Source: MSCI Research, as of January 2023. No. of Funds=6,314. Financial Instruments in scope have "sustainable" and/or "impact" in the name.

In sum, the uncertainty regarding what constitutes "sustainable investment" under SFDR coupled with the additional 50% threshold may result in fewer investment opportunities for those seeking to deploy capital toward sustainability objectives.

Q4. Do you think that there are alternative ways to construct the threshold mechanism? If yes, please explain your alternative proposal.

As noted, MSCI broadly supports the proposed threshold mechanism but with a review of the threshold levels over a period of time. We would further propose the introduction of a new category for transition funds. Please see below response to Question 11. See also response to Question 1 regarding the applicability of fixed thresholds across diverse asset classes and regional exposures.

14 This included many funds tracking Paris Aligned and Climate transition benchmarks, alongside those with a sustainable impact focus.

15 Underlying data source: FE fundinfo. Data refers to financial instruments that are not filtered by parent fund, hence include all share classes and currency listings.

Q5. Do you think that there are other ways than the proposed thresholds to achieve the supervisory aim of ensuring that ESG or sustainability-related names of funds are aligned with their investment characteristics and objectives? If yes, please explain your alternative proposal.

As discussed in further detail in response to Question 11, we recommend that the Proposed Guidelines specifically enable transition funds to use ESG-related terms in their names. There will soon be sufficiently granular, consistent, and comparable data on corporate climate targets and transition plans to inform such investment decisions. This is also in the spirit of the EU's ambition to mobilise capital for a green transition with a view to make Europe the first climate-neutral continent.[16]

We also note that the Proposed Guidelines contemplate "a temporary deviation" from a threshold that is not due to a "deliberate choice of the asset manager" and that would be treated "as a passive breach and corrected in the best interest of the unitholders".[17] We agree that the Proposed Guidelines and national supervisors should take into account market fluctuations and other factors which may trigger a fund to fall below its designated threshold for a period of time.

Q6. Do you agree with the need for minimum safeguards for investment funds with an ESG- or sustainability-related term in their name? Should such safeguards be based on the exclusion criteria such as Commission Delegated Regulation (EU) 2020/1818 Article 12(1)-(2)? If not, explain why and provide an alternative proposal.

We support minimum safeguards for investment funds with an "ESG" or sustainability-related term in their names, as it ensures an added level of assurance for investors. However, we also recognise that while some activities defined under the minimum safeguards are better-defined, such as controversial weapons or tobacco, there remains a lack of consensus for concepts such as "Do No Significant Harm". Given the lack of consensus, embedding more expansive criteria in the Proposed Guidelines will likely introduce uncertainty and inconsistent application of the criteria. Until there is further clarity, we recommend applying an exclusion criteria comprised of well-defined categories that reflect investors' views of minimum standards,[18] including: (i) companies with ties to controversial weapons; (ii) companies deriving 5% or more revenue from the cultivation and production of tobacco; (iii) companies deriving 5% or more revenue from thermal coal mining; (iv) companies deriving 5% or more revenue from

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16 A European Green Deal: Striving to be the first climate-neutral continent, *available at* https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en; *see also* Communication on The European Green Deal (11 December 2019), *available at* https://commission.europa.eu/document/daef3e5c-a456-4fbb-a067-8f1cbe8d9c78_en.

17 Proposed Guideline 21 ("Supervisory Expectations").

18 Consultation on potential enhancements to the MSCI ESG Indexes (February 2020), *available at* https://www.msci.com/documents/1296102/12275477/Consultation_on_Potential_Enhancements_to_the_MSCI_ESG_Indexes.pdf/01269bc5-e047-6bd4-b144-fd108fb718d2; *see also* MSCI Announces Conclusions of Consultation of Potential Enhancements to MSCI ESG Indexes (31 March 2020), *available at* https://app2.msci.com/webapp/index_ann/DocGet?pub_key=UrEO0zBU75A%3D&lang=en&format=html.

unconventional oil and gas extraction; and (v) companies that are found to be in violation of the United Nations Global Compact ("UNGC") principles or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises.

We also recommend that the exclusion criteria be subject to continuous review to ensure it keeps pace with evolving standards, practices, and definitions.

Q7. Do you think that, for the purpose of these Guidelines, derivatives should be subject to specific provisions for calculating thresholds?

Derivatives are a means of obtaining synthetic exposure to the price performance of securities, without owning them. Derivatives can include equity or fixed income or a blend of both. For purposes of these guidelines, thresholds could be applied to long equity derivative funds, but not fixed income or blended funds that contain fixed income exposures. An investor with derivatives-based exposure to a company, is exposed to the same financially material sustainability risks whereas fixed-income exposure is to cash, bonds, or treasury notes. It is unclear how the ESG and sustainable investment-related thresholds could be applied to cash, bonds, treasury notes, and short positions.

a) Would you suggest the use of the notional value or the market value for the purpose of the calculation of the minimum proportion of investment?

No comment.

b) Are there any other measures you would recommend for derivatives for the calculation of the minimum proportion of investments?

No comment.

Q8. Do you agree that funds designating an index as a reference benchmark should also consider the same requirements for funds' names as any other fund? If not, explain why and provide an alternative proposal.

MSCI does not object to the Proposed Guidelines that funds that designate an index as a reference benchmark should consider the same requirements for funds' names as any other fund. We would note, however, that the challenges identified with respect to the definition of "sustainable investment" and the application of the additional 50% threshold will also impact funds that designate an index as a reference benchmark. Please see our response to Question 1 for further discussion. Please also refer to our response to Question 11 regarding the application of thresholds to transition funds which may also designate an index as a reference benchmark.

Q9. Would you make a distinction between physical and synthetic replication, for example in relation to the collateral held, of an index?

No comment.

Q10. Do you agree of having specific provisions for "impact" or impact-related names in these Guidelines?

The Proposed Guidelines indicate that a fund that uses "impact" or "impact investing" or any other impact-related term in their name should meet the proposed thresholds and additionally "make investments with the intention to generate positive and measurable social or environmental impact alongside a financial return."[19] The Proposed Guidelines do not include a definition or an approach on how to quantify or define "intention" for purposes of meeting the additional requirement. Without further clarity, the Proposed Guidelines are subject to varying interpretation and inconsistent application. If the Proposed Guidelines are applied inconsistently, it is unclear how the additional requirements will enhance transparency or provide additional investor protection. Therefore, in the absence of further clarity regarding how to define and measure impact, we would recommend eliminating the additional specific provisions for "impact" or "impact-related" names in the Proposed Guidelines.

Q11. Should there be specific provisions for "transition" or transition-related names in these Guidelines? If yes, what should they be?

Yes. We recommend that the Proposed Guidelines include a specific set of provisions for "transition" or transition-related names. Without these provisions, the Proposed Guidelines may not accommodate transition funds despite their ESG characteristics and sustainable investment objectives. The Commission has recognised that a "supportive framework is needed to address the challenge of financing interim steps in the urgent transition of activities towards the EU's climate neutrality and environmental objectives".[20] Without a transition category, funding from the capital markets will not flow in an optimal manner to these transitioning companies and fail the objective of the Commission to support financing the transition to sustainability and phased transition efforts.[21]

To support continued investment in transition funds, we recommend the Proposed Guidelines establish a framework for the use of transition-related names rather than a quantitative threshold. The framework would include alignment of portfolio decarbonization targets with a net zero transition pathway as set out by leading non-regulatory initiatives (e.g., Glasgow Financial Alliance for Net Zero ("GFANZ"); Science Based Targets initiative ("SBTi")). GFANZ defines a net-zero transition plan as a set of goals, actions, and accountability mechanisms to align an organization's business activities with a pathway to net-zero GHG emissions that delivers real-economy emissions reduction in line with achieving global net zero. In accordance with GFANZ, a transition plan should be consistent with achieving net zero by 2050, at the latest, in line with commitments and global efforts to limit warming to 1.5 degrees Celsius, above pre-

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19 Proposed Guideline 21(b).

20 European Commission: Strategy for Financing the Transition to a Sustainable Economy (6 July 2021), *available at* https://eur-lex.europa.eu/resource.html?uri=cellar:9f5e7e95-df06-11eb-895a-01aa75ed71a1.0001.02/DOC_1&format=PDF.

21 EU Sustainable Finance Strategy ("New Actions") (6 July 2021) *available at* https://finance.ec.europa.eu/system/files/2021-07/210706-sustainable-finance-strategy-factsheet_en.pdf.

industrial levels, with low or no overshoot.[22] To measure performance, the framework could leverage forward looking indicators to communicate target progress and achievement. For example, portfolio alignment metrics such as Implied Temperature Rise ("ITR")[23] provide a forward-looking perspective of the alignment of companies, portfolios, and funds with global temperature goals.[24]

With respect to the applicable exclusion criteria for this category, we recommend applying criteria that serves its purpose without restricting the availability of transition funds. The proposal to apply the EU Paris-aligned Benchmarks ("PAB") exclusion criteria[25] would disqualify transition funds from using any ESG-related terms in their names and would likely reduce the number of funds available to investors seeking these funds. The application of the PAB exclusion criteria could have the potential to disqualify significant portions of the energy sector. As an alternative, the transition category could be subject to minimum social safeguards as required for EU taxonomy alignment[26] or good governance criteria as required by the SFDR.[27]

Q12. The proposals in this consultation paper relate to investment funds' names in light of specific sectoral concerns. However, considering the SFDR disclosures apply also to other sectors, do you think that these proposals may have implications for other sectors and, if so, would you see merit in having similar guidance for other financial products?

No comment.

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[22] According to the quarterly MSCI Net-Zero Tracker, listed companies are on track to warm the planet at 2.9° Celsius by the end of the century, but 16% align with keeping global warming at or below 1.5°C. MSCI Net-Zero Tracker (October 2022), *available at* https://www.msci.com/documents/1296102/26195050/MSCI-Net-ZeroTracker-October.pdf/e8d27269-56d0-cc92-2cf7-c98e8da601ad?t=1667223795610.

[23] MSCI Implied Temperature Rise, *available at* https://www.msci.com/our-solutions/climate-investing/implied-temperature-rise.

[24] GFANZ describes the benefits of using and reporting KPIs based on ITR metrics in its recent report. Measuring Portfolio Alignment, GFANZ, November 2022, *available at* https://assets.bbhub.io/company/sites/63/2022/09/Measuring-Portfolio-Alignment-Enhancement-Convergence-and-Adoption-November-2022.pdf.

[25] Commission Delegated Regulation (EU) 2020/1818 Article 12(1)-(2)¸ *available at* https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R1818.

[26] Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/20 88*, available at* https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852.

[27] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector¸ *available at* https://eur-lex.europa.eu/eli/reg/2019/2088/oj.

Q13. Do you agree with having a transitional period of 6 months from the date of the application of the Guidelines for existing funds? If not, please explain why and provide an alternative proposal.

The proposed transitional period of 6 months from the date of application of the Guidelines for existing funds is insufficient. We would recommend 12 months from the date of the application of the Guidelines to provide adequate time for fund managers, index providers, and other stakeholders to assess products and make any necessary adjustments. In particular, we note that fund managers may decide to make changes to their index-tracked products to align with the Proposed Guidelines. This, in turn, may require changes to the relevant index methodology and which would also be subject to index rebalancing which occurs at set intervals (e.g., quarterly; semi-annual). A 12- month transition period would provide adequate time for this process to take place and would prevent market disruption.

Q14. Should the naming-related provisions be extended to closed-ended funds which have terminated their subscription period before the application date of the Guidelines? If not, please explain your answer.

No comment.

Q15. What is the anticipated impact from the introduction of the proposed Guidelines?

MSCI broadly supports the Proposed Guidelines as an effective framework to provide enhanced investor protection and transparency while also enabling investors to access a range of sustainable investment opportunities. As discussed earlier, the impact of the guidelines, however, will depend on further clarity around the term “sustainable investment” and whether the final guidelines include a modified approach for transition funds.

Q16. What additional costs and benefits would compliance with the proposed Guidelines bring to the stakeholder(s) you represent? Please provide quantitative figures, where available.

As discussed in response to Questions 1 and 4, the ESG and sustainable finance ecosystem, including the regulatory landscape, continues to evolve. The Consultation Paper, however, indicates that “the costs of compliance with the Guidelines may be incurred only on a one-off basis after the application of these Guidelines and only after existing funds”.[28] Over time, key constructs including the EU Taxonomy will continue to develop while the meaning of key terms, including “sustainable investment”, may also change. Compliance with the Proposed Guidelines will require ongoing assessments of these developments and adjustments to respond to these changes in the broader ESG and sustainable finance ecosystem.

We also note that the Proposed Guidelines are among several regulatory proposals regarding fund names that are currently underway, including those in the United Kingdom (“UK”) and the United States (“US”).[29] While the underlying objectives of these initiatives align with the

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[28] Section 5.1 of the Consultation Paper (“Annex I: Cost-benefit analysis”) at pg. 15.

[29] In the UK, the Financial Conduct Authority (“FCA”) is proposing to introduce restrictions on how certain sustainability-related terms – such as “ESG”, “green” or “sustainable” – can be used in product names and marketing for products which do not qualify for the sustainable investment labels.

objectives of the Proposed Guidelines, the details of these initiatives vary in meaningful ways. A fund might satisfy quantitative thresholds and be permitted to incorporate "ESG" or a sustainability-related term in its name in one jurisdiction, but not be permitted to use the same term in its name in another jurisdiction. We recommend that the cost-benefit analysis of the Proposed Guidelines consider the added compliance costs associated with navigating and implementing potentially conflicting or inconsistent requirements across jurisdictions.

CP22/20: Sustainability Disclosure Requirements ("SDR") and investment labels, *available at* https://www.fca.org.uk/publications/consultation-papers/cp22-20-sustainability-disclosure-requirements-sdr-investment-labels. In the US, the Securities and Exchange Commission ("SEC") is proposing an amendment to rule 35d-18 under the Investment Company Act of 1940 (also known as the "Names Rule") to expand its scope to apply to any fund name with terms that suggest, among others, investment decisions incorporating one or more ESG factors. Investment Company Names, SEC Proposed Rule (File Number S7-16-22), *available at* https://www.federalregister.gov/documents/2022/06/17/2022-11742/investment-company-names.