

Europe: Final SDR Rules Published by FCA – Time to Label Your Funds (maybe)

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The FCA has published its final rules on the **UK's Sustainability Disclosure Requirements (SDR) regime**. The key features include:

- ~~RELEVANT INFORMATION FOR THE FINAL REGULATIONS FOR THE SDR~~

What are the labels? The “Sustainability Focus”, “Sustainability Improvers”, and “Sustainability Impact” labels proposed in the FCA’s **consultation** have been adopted. In addition, the FCA is introducing a “Sustainability Mixed Goals” label for products adopting a blended strategy.

Are products that do not opt for a label prohibited from using ESG-related terms in their names? Not necessarily. In a change to the proposed rules, in-scope firms may use sustainability-related terms in the name of an in-scope product if they meet certain conditions and avoid the terms ‘sustainable’, ‘sustainability’ and ‘impact’.

What about non-UK products? These are not directly in-scope. HM Treasury is to consult on the possible application of SDR to non-UK

funds as part of the Overseas Funds Regime (OFR). Consequently non-UK funds may not use the SDR sustainability labels. However, the anti-greenwashing rule will apply to UK firms in relation to non-UK products, and there will be a mandatory disclosure for non-UK funds “recognised” for distribution to retail clients in the UK if they use a sustainability-related term.

Is there more to come? YES! As well as the OEB, the ECA is **consulting** on guidance supporting the anti-greenwashing rule.

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