

The UK's FCA Offers a Temporary Extension on Sustainability Disclosure Requirements

September 12, 2024



By **Alix Prentice**
Partner | Financial Regulation

The UK's Financial Conduct Authority ("FCA") Sustainability Disclosure Requirements and investment labels regime ("SDR") was originally scheduled to come into force from 2 December 2024. In order to allow firms to deal with the required changes, the FCA is now offering limited temporary flexibility for firms to comply with the 'naming and marketing' aspects of the rules until 2 April 2025.

The 'naming and marketing rules' are set out in [part 4.3 of the FCA's ESG Sourcebook](#). This section of the Sourcebook also sets out the FCA's anti-greenwashing rule, which has been in force since 31 May 2024, and which permits investment funds to use investment labels on their offerings under certain circumstances. The naming and marketing rules apply to the use of sustainability-related terms in relation to a '*sustainability product*' that references environmental or social characteristics. Managers undertaking business that is designated as in-scope for the purposes of sustainability disclosure rules and who elect to use certain terms (including, among others, 'climate', 'green', 'impact' and 'social') must comply with rules designed to make sure that the product has a name, description and disclosures that ensure that the suitability description is accurate and gives a full explanation of the relevant characteristics.

Firms wishing to take advantage of the extension of time will need to have submitted an application for approval of amended disclosures (see part 5.3.2R of the ESG Sourcebook) by 1 October 2024, currently be using one or more of the terms 'sustainable', 'sustainability' or 'impact' (or a variation of the same) and intend to either use a sustainability label or change the name of the fund. Firms are also reminded that they are required to comply with the existing anti-greenwashing rules.