

# Regulatory update

**n. 535/ 2024**

Banks, Investment Firms, Asset  
Managers and non-bank financial  
institutions

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## I. European regulation

- ✓ **ESG:** ESMA published harmonized criteria for use of ESG and sustainability terms in fund names
- ✓ **CRR:** EBA launches a consultation on new guidelines regarding acquisition, development and construction exposures to residential property
- ✓ **CRR:** EBA launches a consultation on draft RTS regarding the legal equivalent mechanism for unfinished property

## II. Italian regulation

- ✓ **Circular 285:** Bank of Italy launches a consultation on amendments to Circular 285 concerning the treatment of interest rate risk in the banking book

Insurance companies

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## III. European regulation

- ✓ **Solvency II:** European commission updates information on the calculation of technical provisions and own funds

## I. European regulation

- ✓ ESG: ESMA PUBLISHED HARMONIZED CRITERIA FOR USE OF ESG AND SUSTAINABILITY TERMS IN FUND NAMES

On 14 May 2024, following the public statement of 14 December 2023, ESMA published its [final report](#) containing the new Guidelines on the denomination of funds using ESG or sustainability-related terms.

The Guidelines require that in order to use ESG or sustainability terms in fund names, managers must ensure that at least 80% of investments meet environmental, social or sustainable investment objectives. In particular, the Guidelines aim to avoid the use of unsubstantiated or exaggerated sustainability claims in fund names and to ensure that managers have consistent and measurable criteria to properly assess their ability to use ESG or sustainability-related terms in fund names.

The Guidelines will enter into force three months after their publication on the ESMA website and translation into all EU languages.

The Guidelines will apply (i) immediately in reference to funds launched after the date of entry into force of the Guidelines, and (ii) six months after the date of entry into force of the Guidelines in reference to funds existing before such date.

- ✓ CRR: EBA LAUNCHES A CONSULTATION ON NEW GUIDELINES REGARDING ACQUISITION, DEVELOPMENT AND CONSTRUCTION EXPOSURES TO RESIDENTIAL PROPERTY

On 14 May 2024, EBA launched a [public consultation](#) on its draft Guidelines under Article 126a of Regulation (EU) 575/2013, as amended by the CRR3 review project (CRR) regarding acquisition, development and construction (ADC) exposures to residential property.

The Guidelines specify the credit risk-mitigating conditions that allow institutions to assign a risk weight of 100% instead of 150% for ADC exposures to residential property. Furthermore, the Guidelines also address the specificities of institutions' lending to public housing or not-for profit entities.

The consultation runs until 19 August 2024.

- ✓ CRR: EBA LAUNCHES A CONSULTATION ON DRAFT RTS REGARDING THE LEGAL EQUIVALENT MECHANISM FOR UNFINISHED PROPERTY

On 14 May 2024, EBA launched a [public consultation](#) on its draft regulatory technical standards (RTS) under Article 124(12) of EU Regulation 575/2013,

as amended by the CRR3 review project (CRR) regarding the legal equivalent mechanism for unfinished property.

The draft RTS specify the conditions that a legal equivalent mechanism should meet in order to recognise a property under construction in the own fund requirements calculation under the standardised approach of credit risk.

The consultation runs until 13 August 2024.

## II. Italian regulation

✓ CIRCULAR 285: BANK OF ITALY LAUNCHES A CONSULTATION ON AMENDMENTS TO CIRCULAR 285 CONCERNING THE TREATMENT OF INTEREST RATE RISK IN THE BANKING BOOK

On 14 May 2024, the Bank of Italy launched a [consultation](#) on amendments to Circular 285/2013 (Circular 285) concerning the treatment of interest rate risk in the banking book.

In particular, the proposed amendments relate to the methodologies for measuring the interest rate risk of assets not belonging to the trading book (IRRBB), in terms of change in economic value and net interest income (Part One, Title III, Chapter 1, Annexes C and C-bis of Circular 285).

The consultation runs until 5 June 2024.

## *Insurance companies*

### **III. European regulation**

- ✓ SOLVENCY II: EUROPEAN COMMISSION UPDATES INFORMATION ON THE CALCULATION OF TECHNICAL PROVISIONS AND OWN FUNDS

On 14 May 2024, Commission Implementing [Regulation \(EU\) 2024/1289](#) containing technical information for the calculation of technical provisions and basic own funds for reporting dates from 31 March 2024 to 29 June 2024, pursuant to Directive 2009/138/EC (Solvency II) was published in the Official Journal of the European Union.

The Regulation enters into force on 15 May 2024, and will apply from 31 March 2024.