

## FCA anti-greenwashing rule: finalised guidance

On 23 April, the UK FCA published [finalised guidance \(FG24/3\)](#) on its anti-greenwashing rule (AGR). This followed November 2023 adoption of the AGR in the FCA Handbook's [ESG 4.3.1](#) (discussed in [policy statement PS23/16](#)), and the FCA's subsequent [guidance consultation \(GC23/3\)](#) and related ICMA [response](#) reported in the [Second Quarter 2024 edition](#) of this Quarterly Report (at page 28).

Following FG24/3, together with a very helpful discussion with FCA staff that ICMA relayed to members, it is now understood that the AGR is not intended to change or override *when* "fair, clear and not misleading" (FC&NM) requirements apply in the context of ESG claims regarding products and services (cf FG24/3 #2.4). The AGR and accompanying guidance is intended to complement and be consistent with existing rules and expectations.

More specifically, following FG24/3 and that discussion, ICMA's understanding is that underwriters are not subject to the FC&NM requirements in the AGR with regard to financial promotions and other communications, including third party prospectuses (on the basis that the existing exemptions in the FCA's Handbook continue to apply, so including notably those in the Handbook's [COBS 4.2](#) – cf FG24/3 #1.14/2.10/2.11). It is also understood that: (i) communications can refer to information in a prospectus without duplicating the content of the prospectus in the communication or specific sign-posting to sections of the prospectus (again cf FG24/3 #1.14/2.10/2.11 – bearing in mind existing requirements regarding the sufficiency of prospectus content); (ii) less information may be appropriate for professional investors than retail investors (cf FG24/3 #2.23 – bearing in mind that firms should consider what is appropriate for the audience and that many bond issues are not intended for retail investors); and (iii) evidence for a claim only needs to be reviewed whilst the claim is being communicated and a financial promotion is live (cf FG24/3 #2.20/2.31 – bearing in mind that new bond offerings generally occur over short timelines).

Whilst the FCA has not specifically referenced the ICMA Principles or other frameworks in FG24/3, the FCA has added a good practice example (example 7) that "market standards for best practice" and/or a framework can be referenced. The FCA has also acknowledged that the ICMA Principles are widely used ESG industry guidance.

This effectively addressed the substantive concerns ICMA had outlined in its consultation response and the AGR came into effect on 31 May.



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