
Press release

AFME welcomes EU Parliament's compromise on EU Green Bonds Standard

16 May 2022

Commenting on the agreement in the European Parliament today on the proposed EU Green Bond Standard (GBS), **Oliver Moullin, Managing Director for Sustainable Finance at the Association for Financial Markets in Europe (AFME)**, said:

"Today's agreement is a welcome step forward towards establishing an important element of the EU sustainable finance framework. On behalf of our members, AFME contributed with practical industry input for the GBS to support and strengthen the EU green bonds market."

"Consistently with the objective to establish a "gold standard" in the market, AFME welcomes that the compromise maintains the voluntary nature of the standard, complementing existing market labels and allowing issuers to offer green bonds in line with other international standards to support the continued growth and efficiency of the green bond market."

"Looking ahead to the interinstitutional (trilogue) negotiations, in order to support the continued growth of ESG bond markets - which is particularly important in current market conditions - the co-legislators should focus on the following as they finalise the standard:

- *Maintaining the focus of creating a voluntary standard for green bonds and not extending requirements to other types of instruments such as other bonds marketed as sustainable;*
- *Maintaining the link with the EU Taxonomy Regulation and avoiding duplicative requirements for transition plans; and*
- *Ensuring that the standard supports the development of green securitisation."*

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Background

The [latest AFME ESG Finance Report for Q1 2022](#) indicates that market conditions have been unfavourable for primary issuance in the first quarter. The global interest rate environment, market volatility, and the ongoing geopolitical tensions have contributed to challenging market conditions. In this context, it is even more important that the EU GBS remains a voluntary standard, complementing existing market labels and allowing issuers to offer green bonds in line with other international standards to support the continued growth and efficiency of the green bond market

As trilogues begin, AFME hopes that the co-legislators will avoid creating different rules for sovereign and private issuers, as well divergence from other pieces of EU sustainable finance legislation, including the disclosures requirements under the SFDR and the transition plan reporting under the CSRD. In our previous publications, we noted the importance for Green Bonds to maintain their designation for the entire term to maturity regardless of updated Taxonomy criteria, a necessary condition for issuers and investors to rely on this instrument. AFME also provided recommendations to ensure that the EU GBS supports the growth of EU securitisation markets and applies effectively to securitisation structures.

For further information, please see AFME's previous publications on the EU Green Bond Standard:

- [AFME views on the EU Green Bond Standard \(GBS\) proposal in the context of the European Parliament and Council negotiations](#)
- [AFME welcomes EBA report suggesting EU Green Bond Standard framework adjustments for securitisation](#)
- [Latest AFME ESG data report for Q1 2022](#)

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter @AFME_EU