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## Press release

### AFME recommends co-legislators focus on original objectives of EU Green Bond Standard

27 June 2022

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In light of the ongoing interinstitutional negotiations (trilogues) on the EU Green Bond Standard (EU GBS) proposal, the Association for Financial Markets in Europe (AFME) has today published a paper highlighting 6 priorities to fulfil the objectives of the EU GBS framework and to support the establishment of an effective and successful market for EU Green Bonds.

**Oliver Moullin, Managing Director for Sustainable Finance at AFME**, said: *"The EU GBS has the potential to play an important role in stimulating the issuance of green bonds in the EU amid challenging market conditions. Delivering on the proposal should therefore be a priority for the upcoming Presidency of the Council. We recommend that co-legislators keep the discussions focused on delivering a product-based, voluntary gold-standard for green bonds that is attractive to both issuers and investors."*

The French Presidency of the European Council commenced the final phase of negotiations in June and talks will continue over the second half of the year under the auspices of the Czech presidency. Among the key issues for discussion are the scope of the regulation and additional entity-level requirements. This comes after the Parliament proposed introducing requirements for all issuers of sustainable bonds in the EU and to add entity-level disclosure requirements.

Moullin continued: *"The Parliament's report substantially extends the coverage of the label, which would capture all bonds marketed in the EU as environmentally sustainable. This new approach is a meaningful shift from the original objectives of the proposal. We are concerned that it would adversely impact the EU green and sustainable bonds market and therefore undermine the progress in developing sustainable finance in the EU. We therefore strongly recommend that co-legislators maintain a product-based approach to deliver on the EU GBS objectives."*

To support the ongoing negotiations, AFME's paper highlights the following six priorities:

1. Focus on criteria to use the EU Green Bond designation without threatening the continued growth of the market for sustainable bonds.
2. Maintain the Standard's voluntary nature and its strong link with the EU Taxonomy Regulation.
3. Develop a product-based framework, avoiding complex disclosure requirements at the issuer level.
4. Ensure that eligible bonds maintain their designation until maturity, after changes to the Taxonomy criteria.
5. Ensure the standard works for securitisation and supports the development of green securitisations.
6. Ensure sufficient time for each periodic review of the legislation, and maintain its voluntary nature.

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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](http://www.afme.eu).

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