

1 April 2026



Dear Stakeholders,

**Re: Consultation Paper Stakeholder Feedback: Sustainability-Related Investment Disclosures**

In September 2025, the Bermuda Monetary Authority (Authority or BMA) issued the Consultation Paper (CP) titled [\*Framework Enhancements: Introducing Sustainability Disclosures and Prohibition on the Use of Misleading Fund Names\*](#). This consultation exercise sought stakeholder views on introducing sustainability disclosures to the investment funds regulatory framework and prohibiting the use of fund names that may be considered misleading to investors.

The Authority wishes to thank stakeholders for their engagement in this consultation exercise. The BMA remains committed to ongoing engagement as it works to ensure that the investment funds framework continues to protect investors and remains aligned with international standards.

The Authority has carefully reviewed the feedback and proposals made by respondents. This letter summarises the key issues identified and outlines the BMA's response and next steps.

**INDUSTRY FEEDBACK**

General feedback indicated support for promoting transparency regarding the sustainability-related claims made by investment funds. Respondents recommended flexible and principles-based regulatory enhancements and cautioned against introducing requirements that significantly differ from or duplicate reporting standards in other jurisdictions.

In response to the consultation, respondents raised the following concerns.

**I. Sustainability-Related Terms and Definitions**

Respondents expressed concerns about the proposed definition of 'sustainable investing'. Specifically, it was noted that the proposed definition could inadvertently capture funds that may consider environmental, social and governance factors as part of their investment process or as a matter of course, but not in pursuance of any specified or disclosed sustainability objective or investment strategy.

In addition to comments on the definition of sustainable investing, respondents highlighted the importance of harmonising the proposed sustainability terminology, including 'sustainability-related claims' and 'sustainability-focus' to align with international regulatory frameworks. They noted that harmonising sustainability terminology would enhance clarity and avoid duplicative compliance obligations across jurisdictions.

**The BMA's Response:**

To promote clarity and mitigate the risk of unintended consequences, the Authority has undertaken a review of the draft definition of 'sustainable investing' to address the reported concerns so that the scope of the enhanced disclosure requirements is clear.

Further, the Authority reviewed the language used in the proposed disclosure requirements and will introduce principles-based, outcomes-focused requirements to ensure that investors have access to sustainability-related information that is fair, clear, not misleading and proportional to the level of materiality of the fund's sustainability objectives and investment strategy. Specifically, it is proposed that a definition of 'sustainable factors' be introduced to complement the refined definition of sustainable investing and to clarify disclosure requirements.

**II. Enhanced Disclosures: Fund Offering Document**

Respondents emphasised the importance of adopting a flexible and proportionate approach to disclosure requirements, noting that this would better reflect the diverse strategies employed by market participants. In this regard, the following concerns were highlighted:

*Risk disclosures*

It was recommended that risk disclosure requirements focus on those risks that are material to the fund's sustainability objective or investment strategy, as opposed to introducing a broad risk disclosure requirement.

*Treatment of Feeder Funds*

Respondents sought clarification regarding the disclosure expectations applicable to feeder funds, particularly where a master fund is domiciled overseas and subject to another sustainability reporting regime(s). This concern was noted as particularly relevant in cases where a local feeder fund invests substantially in an overseas master fund that is required to make ESG-related/sustainability-related disclosures in the overseas jurisdiction.

**The BMA's Response:**

The Authority agrees with the feedback received and will adopt an outcomes-focused approach to disclosure requirements. This approach seeks to ensure that investors receive fair, clear and meaningful information. The requirements will apply to funds for which sustainability considerations are material to the overall investment strategy and fund objective.

Bermuda feeder funds will remain within the scope of the proposed disclosure requirements. Where such funds already comply with ESG-related/sustainability-related disclosure regimes, such as the European Union's Sustainable Finance Disclosure Regulations, it is expected that such compliance may be relied upon to demonstrate compliance with the Bermuda framework. In such cases, the Bermuda feeder fund should ensure that the sustainability-related information disclosed in its offering document is fair, clear, and accurate.

**Next steps**

The Authority has carefully considered all feedback received and has made appropriate amendments to support clear, principle-based regulatory requirements. The Appendix to this letter sets out the updates currently under review. It is anticipated that once these amendments are incorporated into the applicable legislation, registrants will have 6 months to comply.

Stakeholders who require further clarification or additional information regarding the proposed changes are encouraged to contact the Authority at [policy@bma.bm](mailto:policy@bma.bm).

Sincerely,

The Bermuda Monetary Authority

## **Appendix: Proposed updates following the September 2025 consultation exercise**

### **I. Proposed Definitions**

The September 2025 consultation included the following definitions:

- a) Sustainability: operating in a way that meets economic, social or environmental needs, while reducing potential adverse environmental or social impacts.
- b) Sustainable Investing: the practice of making investment decisions based on environmental, social or governance (ESG) factors, with the aim to contribute positively to environmental or social outcomes.

Following the review of the consultation feedback, the following updates are under review:

- a) The definition of ‘sustainability’ has been removed.
- b) Definitions associated with ‘sustainable investing’ and “sustainable factors’ are currently under review to address stakeholder concerns that the definitions could potentially bring funds that do not have a sustainability objective into scope.

### **II. Proposed Provisions on ‘Fund Name’**

There are no changes to the prohibition on misleading fund names as consulted. The Authority expects that authorised and registered funds will ensure that their names do not misrepresent the fund’s investment activities or investment objective to investors.

### **III. Proposed Investment Fund Offering Document: Disclosure Requirements**

Following a review of the feedback provided, the Authority has removed specific disclosure requirements previously considered prescriptive in nature and replaced them with outcomes-focused requirements instead. As such, where an authorised or registered fund claims or represents itself as having a sustainable investment objective or strategy, it is expected that the disclosures in the offering document are fair, clear and sufficient to enable an investor to understand:

- (a) The nature and extent to which sustainability factors form part of the fund’s investment objective or investment strategy;
- (b) The manner in which sustainability factors are considered in the investment decision-making process;
- (c) Any material risks or limitations associated with the use of or reliance on sustainability factors, including, where applicable, limitations relating to data availability, methodologies and assumptions; and
- (d) Where sustainability-related factors or targets (including benchmarks, indicators or metrics) are referenced, the basis on which they are selected and applied.

The scope and level of detail of the disclosures required are expected to be proportionate to the extent to which sustainability factors are central to the fund’s investment objective or strategy.