

MEMO# 32962

December 4, 2020

Asia ESG: ICI Global Submits Response to HK SFC Soft Consultation on Minimum Requirements for ESG Funds

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December 4, 2020 TO: ESG Task Force

ICI Global Regulated Funds Committee

ICI Global Regulated Funds Committee - Asia RE: Asia ESG: ICI Global Submits Response to HK SFC Soft Consultation on Minimum Requirements for ESG Funds

We submitted the attached informal response via email to the Hong Kong Securities and Futures Commission's (SFC) soft consultation on proposed minimum requirements for ESG funds. Also attached are the SFC's draft circular that would update the April 2019 circular on green or ESG funds and our summary of the draft circular.[\[1\]](#)

SFC staff initially presented the proposal to a group of industry participants on 19 November that included ICI Global and other trade associations, as well as representatives from several asset management firms. The SFC has permitted us to share the draft circular with the understanding that it will not be circulated more broadly beyond relevant member committees, and we ask that you keep it confidential.

Our response reflects member views of general agreement with the SFC's approach set forth in the draft circular, although we seek clarification with respect to (1) treatment of ESG exclusionary strategies and (2) the proposed "warning statement." We also express appreciation for the SFC's recognition of the need to avoid conflict with requirements in other jurisdictions, and we emphasize the importance of this for firms with global footprints that will need to comply with multiple sets of requirements, especially given the intensive and ongoing work to implement new EU ESG fund disclosure requirements.

The SFC intends to host another soft consultation session with the industry group to gather additional feedback. The SFC expects to publish the revised circular in Q1 2021 and will provide a transition period for fund managers to comply with the revised circular.

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[Attachment No. 1](#)

[Attachment No. 2](#)

[Attachment No. 3](#)

endnotes

[1] See *Circular to management companies of SFC-authorized unit trusts and mutual funds - Green or ESG funds*, HK Securities and Futures Commission (11 Apr 2019), available at <https://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=19EC18>. See also ICI memorandum no. 31740, available at https://www.ici.org/my_ici/memorandum/memo31740.

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