

MEMO# 32395

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IOSCO Publishes Report on Sustainable Finance and the Role of Securities Regulators

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April 16, 2020 TO: ICI Members

ICI Global Members

ESG Task Force

ICI Global Regulated Funds Committee

SEC Rules Committee SUBJECTS: Compliance

Disclosure

Distribution

International/Global

Investment Advisers

MiFID, EMIR, AIFMD, UCITS V RE: IOSCO Publishes Report on Sustainable Finance and the Role of Securities Regulators

The International Organization of Securities Commissions (IOSCO) published a report from its Sustainable Finance Network (SFN) earlier this week on *Sustainable Finance and the Role of Securities Regulators and IOSCO*.[\[1\]](#) The report seeks to help market participants address issues related to sustainability and climate change.

Background

In October 2018, IOSCO established the SFN to provide a forum for members to exchange experiences and gain a better understanding of, and have structured discussions on, various sustainability issues.

To inform its work, the SFN undertook two workstreams. First, it conducted a mapping exercise of initiatives taken or planned by securities regulators and market participants. Second, it took stock of various international initiatives taken by other regional or international organizations. The work was informed by: (i) a survey[\[2\]](#) conducted in 2019 seeking input from securities regulators and market participants; (ii) a detailed desktop review of existing standards, third-party frameworks, and initiatives; and (iii) engagement with different stakeholders with the view to enhance its understanding of the current state of sustainable finance initiatives. This included an international stakeholders meeting that ICI Global attended, held in Stockholm in June 2019.

Report Findings

The SFN's report summarizes the results of its work and highlights three recurring themes:

1. Multiple and diverse sustainability frameworks and standards;
2. Lack of common definitions of sustainable activities; and
3. Greenwashing and other investor protection challenges.

The SFN believes these issues may be further exacerbated by the fact that many issuers and asset managers operate cross-border, may be subject to different regulatory regimes, and may be involved in multiple regional or international third-party initiatives that may have inconsistent objectives and requirements.

Next Steps

In light of the issues described above and the desire to move forward, IOSCO has decided to establish a Sustainability Task Force (STF) with a mandate to promote the two main objectives identified through the work of the SFN: 1) addressing transparency and 2) promoting investor protection. The IOSCO Board appointed Erik Thedéen, Director General of Finansinspektionen, Sweden, as chair of the STF.

The STF will focus on three main tasks:

1. Improve sustainability-related disclosures made by issuers and asset managers;
2. Collaborate with other international organizations and regulators to avoid duplicative efforts and to enhance coordination of relevant regulatory and supervisory approaches;
3. Prepare case studies and analyses of transparency, investor protection and other relevant issues within sustainable finance to illustrate the practical implications of its work.

With a view to improving sustainability-related disclosures made by issuers and asset managers, the STF will i) identify and develop categories of disclosure which are material (*i.e.*, decision useful) for investors and which are capable of falling within the supervisory and regulatory competence of securities regulators, and ii) assist IOSCO members to identify and address greenwashing and other investor protection concerns. As part of this work, the STF will examine categories of disclosure to assess whether industry specific or more broad metrics would provide decision useful information and comparability between different issuers. The STF will engage with the industry, voluntary third-party disclosure standard setters, and other relevant organizations.

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endnotes

[1] The report is available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD652.pdf>.

[2] ICI Global's survey response is *available at*
https://www.iciglobal.org/my_ici/memorandum/memo31798.

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