

MEMO# 32818

October 8, 2020

For Review 14 Oct: Draft Response to CFA ESG Consultation

[32818]

October 8, 2020 TO: ESG Task Force (Global)

ESG Working Group (US)

ICI Global Regulated Funds Committee

SEC Rules Committee RE: For Review by 14 Oct: Draft Response to CFA ESG Consultation

Attached for your review is ICI's draft response to the CFA Institute's consultation on its work to develop a voluntary, global industry standard, the *CFA Institute ESG Disclosure Standards for Investment Products*, that will establish disclosure requirements for investment products with ESG-related features.[\[1\]](#) Also attached for your reference is our summary of the consultation.

Please send me any comments by COB next Wednesday, 14 October. The consultation deadline for feedback is Monday, 19 October 2020.

The consultation utilizes a template with each consultation question followed by a text box for the response. We intend to respond to the consultation using the template, and then also submit a short cover letter using the language from our response to Question 1 to emphasize our concerns with the proposal.

Our response makes the following major points:

- **We disagree that the CFA Institute's proposed standard is needed.** We point to the wave of legislative and regulatory initiatives in different jurisdictions and express significant concerns that the proposed voluntary standard would duplicate or conflict with the disclosure that asset managers are already legally required to provide. (See response to Question 1.)
- **We disagree with the proposed requirement for independent examination.** We note that ESG fund disclosure is already subject to extensive legal requirements and periodic regulatory review and examination, and we do not see any benefit in requiring funds to pay a third party to duplicate what regulators are already doing. (See response to Question 10.)
- **We recommend against defining 'ESG Integration' and 'Proxy Voting, Engagement, and Stewardship' as 'ESG-Related Features' covered by the CFA Institute's proposed Standard.** We explain that this would scope in many

products that are not explicitly ESG-focused. (See responses to Questions 16 and 36.)

As always, please do not hesitate to reach out if you have any thoughts or questions that you would like to discuss.

Linda M. French
Assistant Chief Counsel, ICI Global

[Attachment](#)

endnotes

[1] The consultation is *available at* <https://www.cfainstitute.org/en/ethics-standards/codes/esg-standards>. For a summary of the consultation, *please see* ICI Memorandum No. 32738, *available at* https://www.ici.org/my_ici/memorandum/memo32738.

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