

MEMO# 33593

June 17, 2021

Draft ICI Global Comment Letter on EBA's Draft Regulatory Technical Standards on Disclosure of Investment Policy by Investment Firms: Comments Due by June 25

[33593]

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TO: Global Advocacy Coordination Advisory Committee

ICI Global Regulated Funds Committee

Investment Advisers Committee

Proxy Working Group

SEC Rules Committee

Small Funds Committee RE: Draft ICI Global Comment Letter on EBA's Draft Regulatory Technical Standards on Disclosure of Investment Policy by Investment Firms: Comments Due by June 25

In late March, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on disclosure of investment policy by investment firms under Article 52 Regulation (EU) 2019/2033 on the prudential requirements of investment firms (IFR).^[1] The draft RTS are meant to gather from in-scope investment firms^[2] disclosures designed to help stakeholders understand investment firms' potential influence over the companies in which they have voting rights and the impact of investment firms' policies on aspects such as the governance or management of those companies. These proposed disclosure requirements would be satisfied by the use of templates (containing quantitative information) and tables (containing qualitative information), and this information will be published on a yearly basis.

Comments are due by July 1. Please provide any comments on ICI's draft comment letter (attached below) to us (matt.thornton@ici.org or nhan.nguyen@ici.org) by June 25, COB.

In our draft comment letter, we state that we appreciate that the EBA has developed the draft RTS in accordance with its mandate under the IFR. Although we generally believe that the draft RTS are consistent with this mandate and represent a reasonable exercise of the

EBA's authority, we have concerns with a few elements of the CP. In response, we recommend that the EBA:

- Redefine "indirect" holdings to focus on the actual influence that an investment firm could have over a relevant investee company and exclude more attenuated connections between the two;
- Remove shareholder proposals from the disclosure requirements because they are outside the EBA's mandate; and
- Require that disclosures be made at the group level only.

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endnotes

[1] Available at https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Consultations/2021/Consultation%20on%20draft%20RTS%20on%20disclosure%20of%20investment%20policy%20by%20investment%20firms/972104/CP%20Draft%20RTS%20on%20disclosure%20of%20investment%20policy%20by%20investment%20firms.pdf. For a more detailed summary of the proposal, see ICI Memorandum [No. 33539](#) to Members, dated May 18, 2021.

[2] Only investment firms that do not meet the conditions for qualifying as small and non interconnected investment firms set out in Article 12(1) IFR (Class 2 investment firms) must disclose information about their investment policy. Moreover, the IFR specifies two materiality thresholds for the application of this disclosure requirement: it applies only to (i) Class 2 investment firms with on- and off-balance sheet assets on average greater than EUR 100 million over the four-year period immediately preceding a given financial year; and (ii) those companies whose shares are admitted to trading on a regulated market (in the European Economic Area) and in which the proportion of voting rights exceeds 5 percent of all voting rights issued by the company.