

MEMO# 33696

July 22, 2021

COMMENTS REQUESTED - ESG Questions in the EU Retail Investment Strategy Consultation - by 27 July COB

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TO: ESG Task Force

EU ESG Disclosure Regulation Working Group RE: COMMENTS REQUESTED - ESG Questions
in the EU Retail Investment Strategy Consultation - by 27 July COB

We are currently responding[\[1\]](#) to a European Commission's consultation, Retail Investment Strategy for Europe, which includes a number of questions on sustainable investing.[\[2\]](#) The overall purpose of the consultation is to determine how to increase retail investor participation in the EU capital markets, and, as relevant here, how to facilitate more sustainable investing. The questions on sustainable investing ask whether additional measures are needed in various areas, including disclosure, to spur more sustainable investing by retail investors. Please provide your comments by 27 July COB to adriggs@ici.org.

I attach proposed responses (very brief) to the five questions from the consultation, where we state that:

- The Commission should allow recently adopted and not yet implemented measures to take root before adopting any additional measures to spur sustainable investing (e.g., SFDR, Taxonomy Regulation, and changes to MiFID II suitability rules).
- The Commission should work with Member States and ESMA to encourage convergence in approaches to implementation and limit Member States' measures that create conflicting sustainable finance product rules that may fragment the markets and prevent sustainable products from being sold on a pan-EU basis.
- We do suggest that further guidance may be needed to clarify the categories of sustainable products under MiFID II rules. Please **see** the text below and let me know if you agree/disagree with this comment (or **see attached**, Question 12.4)

The Commission should consider further guidance to explain (1) the three categories of products that are considered as sustainable, especially the third category that requires a product to consider "principal adverse impacts on sustainability factors where qualitative

or quantitative elements demonstrating that considerations are determined by the client or potential client"; and (2) and the meaning of "minimum proportion" requirement for products that are invested in environmentally sustainable investments under the Taxonomy Regulation and in the sustainable investments under the SFDR.

- We use this response as an opportunity to state again that the information in the SFDR and the Taxonomy Regulation templates are overly detailed, citing to the ESAs' consumer testing results.
- We do not object to requiring ESG criteria to be considered in investment research to assess the implications of sustainability factors and risks alongside other risks and dependencies.

We recognize how particularly demanding we are of your time this busy summer, and we truly appreciate your input.

Anna Driggs
Director and Associate Chief Counsel
ICI Global

endnotes

[1] For ICI's draft response on the full consultation, see Memorandum No. 33692 (dated July 19, 2021), available at <https://www.ici.org/memo33692>.

[2] See Section 12 of the Consultation Paper, available at https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/2021-retail-investment-strategy-consultation-document.pdf.

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