

MEMO# 33758

September 8, 2021

FOR MEMBER REVIEW: Draft Response to CFA Institute Exposure Draft of Verification Procedures for CFA Institute ESG Disclosure Standards for Investment Products - Input due September 13

[33758]

September 8, 2021

TO: ESG Task Force

EU ESG Disclosure Regulation Working Group

Global Regulated Funds Committee

Global Regulated Funds Committee - Asia

SEC Rules Committee RE: FOR MEMBER REVIEW: Draft Response to CFA Institute Exposure Draft of Verification Procedures for CFA Institute ESG Disclosure Standards for Investment Products - Input due September 13

Attached for your review is ICI's draft response to the CFA Institute's Exposure Draft of Verification Procedures for CFA Institute ESG Disclosure Standards for Investment Products (Verification Procedures Exposure Draft).^[1] **Please provide your comments to Annette Capretta at acapretta@ici.org by 5:00 pm ET on September 13.** Comments are due to the CFA Institute by September 21, 2021.

The Verification Procedures Exposure Draft builds on a May 2021 Exposure Draft of CFA Institute Disclosure Standards for Investment Products (CFA Standards Exposure Draft), which would establish voluntary, global industry disclosure requirements for investment products with environmental, social, and governance (ESG)-related features (CFA Standards).^[2]

The Verification Procedures Exposure Draft seeks feedback on the proposed verification procedures for the CFA Standards.

In response to the last question posed in the Verification Procedures Exposure Draft,^[3] we reiterate the following points that we made in response to the CFA Standards Exposure

Draft:[4]

- We oppose the adoption of the CFA Standards because they merely offer different, but not materially improved, standards in comparison to a plethora of existing standard-setting efforts and would impose undue and unnecessary burdens on investment managers, with questionable benefit to investors; and
- In light of the significant oversight that already exists for regulated funds and their investment advisers, we strongly urge the CFA Institute to revise the recommendation for an independent verification to exclude circumstances when an investment product is regulated and already subject to extensive legal requirements and regulatory review and examination.

Annette Capretta
Associate General Counsel

endnotes

[1] For a summary of the Verification Procedures Exposure Draft, see Memorandum No. 33717 (Aug. 6, 2021), available at <https://www.ici.org/memo33717>. The Verification Procedures Exposure Draft is available at <https://www.cfainstitute.org/-/media/documents/code/esg-standards/exposedraftverificationprocedurescfainstituteesgdisclosurestandardsforinvestmentproducts.ashx>.

[2] For a summary of the CFA Standards Exposure Draft, see [Memorandum No. 33542](#) (May 20, 2021), available at <https://www.ici.org/memo33542>.

[3] The list of questions posed in the Verification Procedures Exposure Draft is included in Memorandum No. 33717 (Aug. 6, 2021), available at <https://www.ici.org/memo33717>.

[4] For a summary of ICI's response to the CFA Standards Exposure Draft, see Memorandum No. 33687 (Jul. 14, 2021), available at <https://www.ici.org/memo33687>.