

VIDEO

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Focus on Funds: Global Interest in Sustainably Focused Funds Is Growing

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In Europe and the United States, regulatory and investor interest is growing in funds that meet certain “ESG”—environmental, social, and governance—criteria. In the June 13, 2019, edition of *Focus on Funds*, ICI Global Associate Chief Counsel Linda French discusses the latest developments.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: For funds and their investors, three letters are taking on increasing importance: ESG. Environmental, social, and governance-related investing is a hot topic in both the United States and Europe. Funds and their investors are fast responding to the demand for these funds, but regulators also have their eye on them. So I got a sense of where the landscape is and the policy implications we all need to follow.

Linda French, ICI Global associate chief counsel, securities regulation: In addition to ESG, you’ll also hear people refer to sustainable or responsible or socially conscious investing, and often with slightly different ideas of—or understandings of—what each of these terms means.

Ortvals-Tibbs: It’s going to sound real different depending on whether you’re talking about Europe or the United States.

French: In Europe right now, there’s a lot of focus on the taxonomy legislation. So this is the idea of trying to come to a common understanding around, in particular, how we think about what is an environmentally sustainable investment.

Ortvals-Tibbs: Linda, we’ve talked about Europe, but it doesn’t matter whether you work in the funds industry and have any connection to Europe or not. This issue does matter to you here in the US as well.

French: Our members have been extremely active in the US with ESG investing. This is

something we're constantly engaging with them on, trying to learn what it is that they're doing, and then being able to share with regulators to help them understand the amount of work that's going on in this area right now.

Ortbals-Tibbs: It sounds to me like too a lot of what the conversation with regulators—no matter where they are—is about: “We’re working on growing this segment of the industry as well. Help us do that by not creating regulations that can actually kind of freeze things.”

French: That’s one of the big risks right now—what I think of as “moment-in-time” regulations, as opposed to creating the flexibility to allow continued innovation.

Additional Resources

- ICI [Viewpoints: SEC Chairman Jay Clayton Tackles Hot Topics at GMM](#)
- [Comment Letter: ICI Global response to ESMA consultation on integrating sustainability risk and factors in the UCITS Directive and AIFMD](#)
- [Comment Letter: ICI Global feedback on the European Commission’s proposed regulation on sustainability disclosure](#)

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