Response Form
for the
Consultation Paper on the development of the CFA Institute ESG Disclosure Standards for Investment Products

CFA Institute is developing a voluntary, global industry standard, the CFA Institute ESG Disclosure Standards for Investment Products (the "Standard"), to establish disclosure requirements for investment products with ESG-related features. The purpose of the Standard is to provide greater transparency and comparability for investors by enabling asset managers to clearly communicate the ESG-related features of their investment products. The goal for this Consultation Paper is to elicit feedback on the proposed scope, structure, and design principles of the Standard. **All comments must be received by 19 October 2020 in order to be considered.**

Providing Feedback

Public commentary on this Consultation Paper will help shape an Exposure Draft, the initial version of the Standard, which is expected to be issued in May 2021. Comments should be provided in this response form. You may address as few or as many of the Consultation Paper's questions as you wish. Unless otherwise requested, all comments will be posted on the CFA Institute website.

Guidelines for submission

Comments are most useful when they:

- directly address a specific issue or question,
- provide a rationale and support for the opinions expressed, and
- suggest alternative solutions in the event of disagreement.

There is a section for general comments at the end of this response form.

Positive comments in support of a proposal are equally as helpful as those that provide constructive suggestions for improvement.

Requirements for submission

For comments to be considered, please adhere to the following requirements:

- Insert responses to numbered questions in the designated areas of the response form. Please do not remove tags of the type <QUESTION_XX>. Your response to each question must be framed by the two tags corresponding to the question. If you do not wish to respond to a given question, please do not delete it but simply leave the text "ENTER RESPONSE HERE" between the tags.
- Provide all comments in English.
- Assign a unique file name to your response form.
- Submit the response form as a Microsoft Word document.
- Submit the response form to standards@cfainstitute.org by 5:00 PM E.T. on 19 October 2020.

General Information (required)

Respondent: *(Please enter your full name if you are submitting as an individual or the name of the organization if you are submitting on behalf of an organization.)*	EY
Stakeholder Group: *(Please select the stakeholder group with which you most closely identify.)*	Consultant or Advisor
Region: *(If you are submitting as an individual, please select the region in which you live. If you are submitting on behalf of an organization and the organization has a significant presence in multiple regions, please select "Global". Otherwise, please select the region in which the organization has its main office.)*	Global
Country: *(If you are submitting as an individual, please enter the country in which you live. If you are submitting on behalf of an organization, please enter the country in which the organization has its main office.)*	United Kingdom
Confidentiality Preference: *(Please select your preference for whether your response is published on the CFA Institute website.)*	yes, my response may be published

Consultation Paper Questions

Market Needs

Question 1: Do you agree that a standard is needed to help investors better understand and compare investment products with ESG-related features?

<QUESTION_01>

We agree that a harmonized standard is needed to help investors better understand and compare investment products with ESG-related features. As noted in both the Consultation Paper and in our responses to other questions, attention is required to ensure any new standard aligns and enhances existing practice and regulation, to ensure this goal is achieved. <QUESTION_01>

Terminology

Question 2: Are any of the defined terms ambiguous? If so, how could they be clarified?

<QUESTION_02>

We believe the defined terms used in the Consultation Paper are sufficiently clear.

<QUESTION_02>

Purpose and Scope

Question 3: In addition to the examples listed in Table 1, which regulations and standards, either in existence or in development, should be considered during the development of the Standard to avoid duplication or conflict and to ensure alignment and referencing if and when applicable?

<QUESTION_03>

In addition to the examples in table 1, we believe the development of the Standard should consider both sector specific regulations, for example additional disclosure requirements for issuers in the Oil and Gas sector, and local requirements from stock exchanges which are applicable to listed investment products. Further, the World Economic Forum and International Business Council white paper *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation* should also be considered.

<QUESTION_03>

Question 4: Do you agree that a disclosure-based approach would be more helpful to achieve the Standard's goals of transparency and comparability than a prescriptive-based approach?

<QUESTION_04>

We believe further analysis is required to determine whether a disclosure-based approach would be more helpful than a prescriptive-based approach, or whether a hybrid of the two may be appropriate.

In reaching this conclusion we consider, for example, the approach taken in the Global Investment Performance Standards ("GIPS"), which provides a mix of disclosure and prescriptive based guidance that both contribute to the overall value those standards provide. In general, we believe strongly that for the Standard to achieve its objectives any disclosures must be clear and understandable for the reader.

<QUESTION_04>

Question 5: Do you agree that the Standard should focus only on product-level disclosures and not firm-level disclosures?

<QUESTION_05>

We agree that the primary focus should be on product-level rather than firm-level disclosures. However, further consideration should be given to the needs of investor groups and whether they would be met through product only disclosures, taking into account how firms market their ESG capabilities to the breadth of investors who rely upon that information, and indeed how those investors make decisions on the selection of firm, i.e. whether fund-level disclosures alone provide sufficient information. In principle, and as articulated in responses to specific questions in this response, one of the key considerations is the consistency of reporting for investors across the multiple different types of ESG reporting which take place at different levels. <QUESTION_05>

Question 6: Do you agree that an asset manager should be permitted to choose the investment products to which they apply the Standard rather than be required to apply the Standard to all their investment products with ESG-related features?

<QUESTION_06>

We agree that an asset manager should be permitted to choose the investment products to which they apply the Standard. We also recommend the Standard consider requiring rational disclosure for why the asset manager chose to apply the standard to that product in order to inform the investor, so it is clear to the investor why the investment product does not have ESG-related features. In general, we believe strongly that for the Standard to achieve its objectives any disclosures must be clear and understandable for the reader.

<QUESTION_06>

Design Principles

Question 7: Do you agree with the design principles for definitions of ESG-related terms?

<QUESTION_07>

We believe the design principles as drafted are appropriate.

<QUESTION_07>

Question 8: Do you agree with the design principles for disclosure requirements?

<QUESTION_08>

We believe the design principles as drafted are appropriate.

<QUESTION_08>

Question 9: Should the Standard require that all disclosures be made in a single document? If disclosures were spread across multiple documents, would that pose a challenge for investors to understand and compare investment products?

<QUESTION_09>

We do not believe it is necessary to require that all information relating to disclosures be included in one single document, particularly as the substance and form of existing investment product disclosure requirements vary by geography.

However, it is recognised that regulatory approaches on material information disclosures often specify the need for certain minimum disclosures to be contained in a single document, endeavouring to address the challenge mentioned in the Consultation Paper and to promote disclosure effectiveness as far as possible. Whilst some flexibility is desirable, it will likely be important to specify minimum disclosure requirements designed to serve the objective of promoting comparability among disclosures across the same or similar categories of investment product. In this context requiring certain minimum material information disclosures within a single document would likely assist disclosure effectiveness regarding comparability.

In general, we believe strongly that for the Standard to achieve its objectives any disclosures must be clear and understandable for the reader.

<QUESTION_09>

Question 10: Do you agree with the design principle for independent examination?

<QUESTION_10>

We believe the need to have independent examinations of compliance with the Standard should be determined by investors, for example, considering of the level of trust they would gain if the application of the Standard were to be validated by an independent third party. If independent examinations are desired by investors, we agree with the design principle. <QUESTION_10>

Question 11: Should independent examination be required, or should it be recommended as best practice but ultimately left to the discretion of the asset manager?

<QUESTION_11>

As discussed above, we believe the need to have independent examinations of compliance with the Standard should be determined by investors. In common with the approach taken on GIPS, we would expect that requiring independent examinations would enhance investor confidence in their ability to rely upon the information disclosed.

<QUESTION_11>

Question 12: Should the independent examiner (i) examine the disclosures relative to only the design of the investment product, or (ii) examine the disclosures relative to both the design and implementation of the investment product?

<QUESTION_12>

As discussed above, we believe the need to have independent examinations of compliance with the Standard should be determined by investors. If desired by investors, an independent examination covering both design and implementation of the investment product would, in our view, provide a greater level of assurance to the users of the information by providing comfort that the product is functioning as designed, in addition to being designed well.

<QUESTION_12>

Proposal for General Disclosure Requirements

Question 13: Do you agree with the scope of the general disclosure requirements? Are there topics that should be added, deleted, or modified?

<QUESTION_13>

We believe the scope of the general disclosure requirements as drafted appears appropriate.

<QUESTION_13>

Question 14: Should the disclosure requirements address an investment product's intention to align with policy goals, such as the UN Sustainable Development Goals (SDGs), and if so, should these requirements be part of general disclosure requirements or feature-specific disclosure requirements?

<QUESTION_14>

To the extent the product has been designed to align with specific goals or sustainability standards, we believe that alignment should be disclosed in the fund's prospectus or other such documents. Further, to the extent investors value third-party validation, we would expect the process for implementing the alignment to the disclosed specific goals or sustainability standards to be part of that assessment. In our view, there is a benefit to disclosing this alignment, however, we recognize the inherent challenge of providing a Standard which adequately covers the volume of policy goals, both existing and forthcoming, while not becoming unwieldy. In general, we believe strongly that for the Standard to achieve its objectives any disclosures must be clear and understandable for the reader.

<QUESTION_14>

Question 15: Should the disclosure requirements include an explanation of whether, and if so how, an investment product considers principal adverse impacts on sustainability factors and where to find additional information, as required by Article 7 of Regulation EU 2019/2088 Sustainable Finance Disclosure Regulation?

<QUESTION_15>

We believe the disclosure requirements would benefit from an explanation of how and if an investment product considers principal adverse impacts on sustainability factors, as required by Article 7 of Regulation EU 2019/2088.

<QUESTION_15>

Proposal for ESG-Related Features and Feature-Specific Disclosure Requirements

Question 16: Do you believe that "ESG Integration" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_16>

We agree this name is clear and appropriate. We do however note the risk that such a naming convention is used to describe a broad range of practices. We would recommend therefore very clear guidance in the Standard as to what would meet this definition of ESG Integration, and importantly what does note, to avoid the risk this feature becomes an umbrella term rather than a specific feature.

<QUESTION_16>

Question 17: If an investment product had Feature (A), and only Feature (A), as defined above, would it be consistent with the CFA institute policy paper "Positions on Environmental, Social, and Governance Integration"? In other words, would it be clear that material ESG-related factors are considered alongside traditional financial factors solely for the purpose of seeking to improve risk-adjusted returns? If not, please suggest how that could be made clearer.

<QUESTION_17>

We believe this would be sufficiently clear.

<QUESTION_17>

Question 18: Is Feature (A) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_18>

We believe this is sufficiently clear.

<QUESTION_18>

Question 19: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (A)? Are there issues that should be added, deleted, or modified?

<QUESTION_19>

We agree with issues addressed in Feature (A).

<QUESTION_19>

Question 20: Do you believe that "ESG-related Exclusions" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_20>

We agree this name is clear and appropriate.

<QUESTION_20>

Question 21: Are "negative screening" and "norms-based screening" similar enough, particularly in the types of issues to be addressed by disclosure requirements, that they can both be covered by Feature (B) ESG-Related Exclusions? If you prefer that they be two separate features, please explain the key differences in function, benefits, and disclosure requirements.

<QUESTION_21>

[We believe that "negative screening" and "norms-based screening" can be covered by Feature (B) ESG-Related Exclusions. We also believe, however, that they are sufficiently different, and used loosely in some areas of practice, that precise definitions within the Standard will be necessary to reduce any potential investor confusion.

We also recognize the challenge posed in addressing a significant volume of existing definitions and practice and have added some additional considerations in the Standard below.

Negative and norm-based screening have been comprehensively defined according to criteria established by international bodies such as the PRI and the IIF. Reference is also made to national bodies such as the BSI and the SFAMA/SSF, which begs the question of how the approach would work in the face of regulatory-driven exclusion procedures.

A further consideration arises from the nature of the forms of screening themselves:

- Negative: Alcohol*; Animal Welfare; Armaments/Munitions; Child Labour; Environmental Damage; Fossil Fuels; Fur; Gambling*; Human Rights; Nuclear Power; Pornography/Adult Entertainment*; Predatory Lending; Tobacco* – 'Do No Harm' principle; [*'Sin' categories]
- Norms-based screening – PRI Screening Definitions - involves either:

i) defining the investment universe based on investees' performance on international norms related to responsible investment/ESG issues, or

ii) excluding investees from portfolios after investment if they are found following research, and sometimes engagement, to contravene these norms. Such norms include but are not limited to the UN Global Compact Principles, the Universal Declaration of Human Rights, International Labour Organization standards, the United Nations Convention Against Corruption and the OECD Guidelines for Multinational Enterprises.

In our view the ESG-related Exclusions (B) do not make explicit references to the latter bodies, which could be an area for potential ambiguity if the standards are applied globally.

<QUESTION_21>

Question 22: Is Feature (B) clearly defined? If not, please suggest how the definition could be made clearer or more precise.

<QUESTION_22>

We believe Feature (B) is clearly defined as explained above.

<QUESTION_22>

Question 23: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (B)? Are there issues that should be added, deleted, or modified?

<QUESTION_23>

We believe this section would benefit from examples, building on existing practice and with reference to the various existing definitions and requirements detailed in the Consultation Paper and in our response to question 21.

<QUESTION_23>

Question 24: Do you believe that "Best-in-Class" is a clear and appropriate name for this feature? If not, is "Positive ESG Performance Profile" a better name? If you dislike both of these names, please suggest an alternative and explain why it would be a better choice.

<QUESTION_24>

We recognize the inherent challenge around the naming convention used for this feature, and with the potential interpretations of the term 'best-in-class'. Positive ESG Performance Profile may be better but fundamentally we believe the precision and clarity with which the Standard defines this feature will be key to ensuring this feature does not create inadvertent confusion for investors.

We agree with the sentiment that: "the terminology currently used with this feature may lead to confusion in the marketplace". Describing a product as "best-in-class" may lead to confusion if the product does not clearly state which "class" is being referenced or what type of criteria is used to constitute "best." The term "positive screening", however, may lead to confusion because the term

could be interpreted as the exact same thing as "negative screening," with the only difference being that the criteria are stated in inclusionary terms instead of exclusionary terms.

The term 'Best-in-class' may not be a longer-term descriptor if the data is not available or forthcoming to enable items to be compared, or if classifications are not readily available e.g. pending full clarity arising from further regulatory measures such as the Taxonomy Regulation in Europe (which caters solely for six sub-categories of Environmental Factors at the time of writing) or pending further clarification from the SASB's Materiality Matrix as applicable to Social or Governance Factors. The success of such an approach will depend on the availability of benchmark and other forms of data, plus evidence of investment and sophistication on the part of asset managers themselves when it comes to provision of forward-looking scores.

Many asset managers already apply exclusionary screening, covering screening conducted under a manager's own policy and client-directed screening as defined under the PRI Screening Definitions. The term 'Best in Class' under Section (C) will need to take account of asset managers applying positive screening, for example covering domains such as:

- Corporate Community Investments;
- Employment;
- Ethics/Values;
- Human Rights;
- Low Emissions;
- Managing Environmental Impacts;
- Beneficial Products;
- Green/Climate Change Policies;
- Workplace Diversity.

<QUESTION_24>

Question 25: Do you agree that Feature (C) is distinct enough, particularly in the types of issues to be addressed by disclosure requirements, that it should be separate from other features? If not, please suggest the feature with which it should be combined.

<QUESTION_25>

We agree that Feature (C) is certainly distinct enough, particularly in comparison with Feature (B). We do, however, believe that market participants would welcome some cross-reference to emerging regulations, particularly in Europe given the arrival of the Sustainable Finance Disclosure Regulation (SFDR) which is applicable in Level 1 form from 10th March 2021.

As explained above from an asset management lens, Social Responsible Investing historically recognized that financial products may already combine different approaches (such as exclusion and selection criteria) covering different issues (ESG overall, climate change mitigation, specific ESG themes, thematic/impact investing, etc.) in varying degrees of restriction and/or conviction (negative, positive or norm-based screening).

The concept of intentionality is anchored in the Disclosure Regulation (SFDR L1) with Recital 21 stating that: '…*it is necessary to distinguish between the requirements for financial products which promote environmental or social characteristics and those for financial products which have as an objective a positive impact on the environment and society. As a consequence, as regards the financial products with environmental or social characteristics, financial market participants should disclose whether and how the designated index, sustainability index or mainstream index, is aligned with those characteristics and where no benchmark is used, information on how the sustainability characteristics of the financial products are met. As regards financial products which have as an objective a positive impact on the environment and society, financial market participants should disclose which sustainable benchmark they use to measure the sustainable performance and where no benchmark is used, explain how the sustainable objective is met. Those disclosures by means of periodic reports should be carried out annually'.*

<QUESTION_25>

Question 26: Is Feature (C) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_26>

We believe Feature (C) is clearly defined, however, we are mindful this will also need to take SFDR's Recital 21 and especially the classifications of products under Article 8 (characteristics), Article 9 (objectives) or neither when these measures are clarified in due course. Our current understanding, at the time of writing, is where a financial product is not subject to neither Article 8 nor Article 9, that the information to be disclosed shall be accompanied by the following form of words: 'The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.'

<QUESTION_26>

Question 27: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (C)? Are there issues that should be added, deleted, or modified?

<QUESTION_27>

We agree with the issues to be addressed by the disclosure requirements specific to feature (C).

<QUESTION_27>

Question 28: Do you believe that "ESG-related Thematic Focus" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_28>

We believe this name is clear and appropriate.

<QUESTION_28>

Question 29: Do you agree Feature (D) is distinct enough, particularly in the types of issues to be addressed by disclosure requirements, that it should be separate from other features? If not, please suggest the feature with which it should be combined.

<QUESTION_29>

We agree that the definition and delineation of Thematic Investing under Category (D) is both distinct and internally consistent. The Notes and Examples are also helpful.

<QUESTION_29>

Question 30: Is Feature (D) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_30>

We believe Feature (D) is clearly defined.

<QUESTION_30>

Question 31: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (D)? Are there issues that should be added, deleted, or modified?

<QUESTION_31>

We believe the issues to be addressed by the disclosure requirements specific to Feature (D) are appropriate.

<QUESTION_31>

Question 32: Do you believe that "Impact Objective" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_32>

We believe that "Impact Objective" is a clear and appropriate name.

We see firms setting Impact Objectives as a subset of Sustainable Finance characterized by investments made with the intention to generate positive Social Outcomes or Environmental Impacts for underserved people and the planet, in addition to financial returns. The term Impact Objectives also reconciles with certain regulators (e.g. in the UK, Hong Kong, Singapore and Australia) focusing on Outcomes-focused regulatory measures.

We are also mindful of the Bridges 'Spectrum of Capital' approach - first published in 2013 – which is an attempt to map out the broad range of risk/return strategies that exist within sustainable and impact investing— and to explain how that relates to the capital markets more generally. The thesis is that these categories fit into a broader spectrum of capital, ranging from traditional investment on the one

hand to philanthropy on the other – and that along this spectrum there are a number of different strategies for investors to adopt, depending on their desired risk, return and impact profile.

<QUESTION_32>

Question 33: Is Feature (E) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_33>

We believe Feature (E) is clearly defined, however we recommend making direct reference to the IRIS Glossary (describing the GIIN's impact themes, which are referenced within Feature (E)), which provides many practical examples of Impact Objectives.

<QUESTION_33>

Question 34: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (E)? Are there issues that should be added, deleted, or modified?

<QUESTION_34>

We believe that the measures would benefit from referencing other areas of topicality within European regulations e.g. The Circular Economy mentioned under the EU's Taxonomy Regulation. Some market participants have also mentioned the Life Cycle Approach suggested under Regulation 2013/179. The latter takes into consideration the spectrum of resource flows and environmental interventions associated with a product or organization from a supply chain perspective, including all stages from raw material acquisition through processing, distribution, use, and end-of-life processes, and all relevant related environmental impacts (instead of focusing on a single issue).

<QUESTION_34>

Question 35: Do you believe that "Proxy Voting, Engagement, and Stewardship" is a clear and appropriate name for this feature? If not, please suggest an alternative and explain why it would be a better choice.

<QUESTION_35>

We agree this name is clear and appropriate.

<QUESTION_35>

Question 36: Do you agree that "Proxy Voting, Engagement, and Stewardship" should be a distinct feature? If not, would you prefer that the types of issues to be addressed by disclosure requirements be redistributed to other features or to general disclosures?

<QUESTION_36>

We agree this should be a distinct feature, particularly given the focus in the UK Stewardship Code.

<QUESTION_36>

Question 37: Is Feature (F) clearly defined? If not, please explain how the definition could be made clearer or more precise.

<QUESTION_37>

We agree Feature (F) is clearly defined, however we recommend a read across to the UK Stewardship code 2020 for consistency.

<QUESTION_37>

Question 38: Do you agree with the issues to be addressed by the disclosure requirements specific to Feature (F)? Are there issues that should be added, deleted, or modified?

<QUESTION_38>

We agree with the issues to be addressed specific to Feature (F).

<QUESTION_38>

Question 39: Do the six features described fully cover the spectrum of ESG-related features currently offered in the marketplace?

<QUESTION_39>

We believe the six features described cover the spectrum of ESG-related features, however we would recommend considering whether bullet point 6 "Specific goals for proxy voting, engagement, and stewardship, if any" should be merged with bullet point 1.

<QUESTION_39>

Proposal for Classification of ESG-Related Features According to ESG-Related Needs

Question 40: Does this list of ESG-related needs represent the spectrum of investors' ESG-related needs?

<QUESTION_40>

We believe that the list of ESG-related needs represents the spectrum of investors' ESG-related needs, however, we suggest for consideration, a possible addition.

Some types of investors may specifically demonstrate strong motivation to direct their investment preferences towards outcomes that support short, medium and long-term ESG outcomes oriented towards societal prosperity goals and environmental sustainability. I.e. "I want to contribute directly to influencing capital flows/capital allocation outcomes that will contribute towards assisting with reducing

capital flows to investment products not clearly supportive of achievement of specific types of ESG objectives and outcomes". These investors may wish to specifically avoid any investment product linked to a country or national environment where that country has (for example) not met or is not on the road to meeting its Paris Agreement targets, or has not adopted national policy towards achieving carbon neutrality in a specified time-frame."

The differentiator in the above version is that the investor need focuses directly on influencing capital flows as the first order priority. This may be more relevant for certain types of sovereign wealth funds, national savings or superannuation investors that have more significant direct capability to have a material impact on levels of investment due to their size.

<QUESTION_40>

Question 41: Are these five ESG-related needs clearly differentiated and mutually exclusive?

<QUESTION_41>

We agree they are clearly differentiated however they cannot be mutually exclusive.

<QUESTION_41>

Question 42: Do you agree with the classification of ESG-related features according to ESG-related needs, as shown in Table 3? If not, how might it be improved?

<QUESTION_42>

We agree with the classification of ESG-related features shown in Table 3, it is certainly useful for investors as well as being internally logical and consistent. However, we recommend the matrix consider two further features.

On the x-axis, we need to be mindful that investors will explicitly wish to exercise 'responsible' preferences as well as well as preferences which are 'sustainable', 'thematic' and 'impactful'. To that end, investors who are risk-averse may wish to mitigate the risk that their traditional investments become 'stranded assets' as a result of market, exogenous or political pressures, thus forcing a fire-sale.

Secondly, the classification also needs to take account of accounting-led materiality classifications offered by the likes of the SASB's 11 categories, and the classification matrices being offered by benchmark service providers and by enabling vendors. The matrix will also need to likely flex with evolving regulations and staged transitions over the 2021-2023 and beyond period, in Europe, the Americas and in Asia-Pacific.

<QUESTION_42>

Users and Benefits

Question 43: Do you agree with the description of user benefits? Are there any benefits that should be added or deleted?

<QUESTION_43>

We agree with the description of user benefits and the four constituencies; asset managers, investors (institutional and individual), consultants/advisors and database providers as a valid way to segment of the user base. We have made some further observations for consideration below.

In view of the asset manager eco-system, it is important to be mindful of the sub-categorization of asset managers intro traditional, alternative, wealth managers/private banks and universal banks. For those asset managers outsourcing critical functions in the middle- to back-office to third party agents, the function of asset servicers and depositories should be recognized. The third-party category is a broad one in terms of how the practitioner segments are serviced, particularly from the points of view of operational resilience and acceptance of liability, so it is important to include importantly providers of market data, scores and research and database providers.

A further point to consider is that regulators, both prudential and conduct, would benefit greatly from ~~a~~ consistency of classifications. Prudential regulators will be providing challenge and oversight over the provision of regulatory capital to cover the different risks assumes by asset managers, particularly market, credit and operational risks, but in times to come, the expected ESG risks which are likely to emerge, as covered under the COSO-WBCSD ESG ERM Framework. Conduct regulators in each country will need to ensure that clients, be they professional end investors or retail-classified investors, are treated fairly, not disadvantaged in any way, nor suffer from any detriment from ambiguities or information asymmetries arising from transactions.

<QUESTION_43>

Question 44: Do you agree with the terms used to define the users of the Standard? Are there any terms we should include, or avoid using?

<QUESTION_44>

We agree with the terms used to define the users of the Standard. While multiple terms are used in practice, we believe these are sufficiently clear and understandable.

<QUESTION_44>

General Comments: Please enter general comments below.

<GENERAL_COMMENTS>

ENTER RESPONSE HERE

<GENERAL_COMMENTS>