

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: <i>(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.)</i>	The Asset Management Group of the Securities Industry and Financial Markets Association (“SIFMA AMG”)
Stakeholder Group: <i>(Please select the stakeholder group with which you most closely identify.)</i>	Asset Manager
Region: <i>(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.)</i>	North America
Country: <i>(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.)</i>	United States
Confidentiality Preference: <i>(Please select your preference for whether your response is published on the CFA Institute website.)</i>	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>

As set out in the General Comments section at the end of the response, SIFMA AMG appreciates CFA's efforts, however our members are opposed to the CFA putting forward an ESG disclosure standard at this stage.

As noted by the CFA in its consultation paper, there are already a number of regulatory and industry standards that the asset management and investor community are grappling with across the globe. In particular, the upcoming European Sustainable Finance Package is extensive, onerous, and ongoing. An additional CFA led ESG standard at this stage would increase the compliance burden and introduce further complexity for both asset managers and investors.

We note that US regulators are still considering their approach towards ESG regulation, and accordingly our members are still waiting for further clarity regarding their US regulatory responsibilities in this area. In particular, we note the SEC's recent consultation on ESG and the Fund Names Rule, as well as the impending AMAC recommendations to the Commission on ESG in fund disclosures. It is clear that US regulators are still considering these issues, and in SIFMA AMG's view, any industry led ESG disclosure standards such as the CFA's standard, would be premature until US regulatory thinking has been further developed in this space.

Accordingly, SIFMA AMG does not support the CFA's Standard at this stage – in our members' view, the CFA is not the most appropriate body to develop such a standard. The matter should first be left to national regulators, particularly in the US. Our members therefore encourage the CFA to contribute to the thinking of national regulators in this area, or to the global standards being developed by the International Organization of Securities Commissions ("IOSCO"), rather than creating its own ESG standard that will sit alongside and duplicate the myriad of existing and upcoming ESG frameworks that firms already have to consider.

If the CFA nevertheless wishes to proceed with this initiative, we have set out below our feedback on the proposals. However, we would strongly recommend that the CFA delays the development of the Standard until the other ESG measures consuming the attention of the asset management and investor community have been fully developed, embedded and understood within the industry (including in particular, the upcoming European Sustainable Finance Package). In our members' view it would make more sense for the CFA to revisit the Standard in a few years, as that would then enable the CFA to ensure that its Standard does not conflict with any of the measures currently being developed and would also allow the CFA to build upon those measures to the greater benefit of the investor community. Any Standard developed before this would be premature and would not be able to properly take into account those standards and regulations.

Finally, given our concerns we would also emphasize the importance of ensuring that the Standard is voluntary in nature.

<QUESTION_01>

Terminology

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

<QUESTION_02>

“ESG-RELATED FEATURE” –

- (i) the definition should be amended to clarify that a product only has an ESG-related feature (and therefore is in scope for the relevant disclosure standards) if it is marketed or promoted as having such a feature. The product design is not sufficient to determine whether an ESG related feature exists.
- (ii) the definition should also include a materiality threshold to reflect the fact that most asset managers will apply baseline sustainability safeguards in their investment decisions, which by themselves should not be sufficient to categorize a product as having an “ESG-related feature”. As otherwise every product could potentially be badged as having an ESG feature, thereby defeating the purpose of the regime to help investors better identify products which meet their specific ESG needs (for this reason, we would also recommend that the CFA removes Features A and F from the Standard – please see our responses below). The definition should instead be limited to instances where the feature is a material part of the strategy.

“INVESTMENT PRODUCT” – the definition of investment product is too broad and should exclude limb (ii) (i.e. “strategies for which one or more segregated accounts are managed or may be managed”). Segregated accounts tend to be bespoke in nature and investors are able to clearly embed any ESG needs/preference in the investment strategies and guidelines agreed on for the account. Therefore, there is no need for additional disclosures to help direct ESG needs.

<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>

As noted in our response to Question 1, there are numerous regulatory and industry standards in this space that exist or are in various stages of development across multiple jurisdictions. The CFA’s list in Table 1, while noting many important initiatives, is already out of date and missing many of the more recent reform efforts. Rather than considering other regulations and standards, we urge CFA to wait until these efforts are completed before deciding whether a CFA-lead disclosure standard is necessary or useful. To proceed at this point will result in asset managers duplicating efforts (with the added complexity of having to navigate conflicting requirements / standards across jurisdictions) and will also multiply the

disclosures received by investors. As noted above, we think it would make more sense for the CFA to revisit the Standard in a few years, so that it can build on the upcoming ESG measures (e.g. the EU Sustainable Finance Package) to help avoid duplication / conflicts and create a more effective framework that could add value to investors, if there still appear at that time to be gaps in the global regulatory framework.

Additionally, if the CFA were to proceed with its Standard, now or in the future, in our view it must allow for substituted compliance – i.e. firms are able to meet the Standard by evidencing compliance with other relevant rules and standards (such as those noted in Table 1).

<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>

While we are opposed to the CFA developing an ESG disclosure standard at this time, we do agree that a principles-based approach to disclosures, taken by the appropriate regulatory authorities, is preferable to a prescriptive approach. A prescriptive approach will make it difficult for investors to compare and contrast different products, will discourage firms from offering ESG products and will also end up being inflexible / ineffective across different product types and asset classes.

<QUESTION_04>

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

<QUESTION_05>

Whilst we are opposed to the Standard as a whole, if it is developed, we agree that it should focus only on product level disclosures and no disclosures should be developed at an entity level.

A number of standards already exist which require firms to make disclosures at an entity level on their sustainability practices, including the UK Stewardship Code and the Principles for Responsible Investment. Any additional standards from the CFA will result in unnecessary duplications. Additionally, entity level disclosures are likely to be less useful to investors when choosing between different investment products to meet their ESG needs and will likely result in confusion.

<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>

Yes. If the CFA does decide to develop a standard, we agree asset managers should be permitted to choose which investment products are appropriate for the Standard. That is, asset managers who choose to apply the Standard to some products should not be obligated to apply it to all products. This is particularly important when considering the broad nature of the CFA's proposed "ESG-related features." For example, the ESG Integration and Proxy Voting, Engagement and Stewardship features would potentially be applicable to most, if not all, products offered by many asset managers. Such an approach could potentially result in asset managers labelling all their products as having ESG-related features, even when this does not reflect the product's strategy, aims, or actual features. This result would mislead and confuse investors, conflict with ESG-related marketing rules in some jurisdictions such as France, and will defeat the purpose of the regime – i.e. to enable investors to better identify products that meet their specific ESG needs. In addition (as noted under Question 2 above) a product should only be considered to have an "ESG-related feature" where this is a material part of the strategy of the product.

Additionally, we believe that even when asset managers choose to apply the Standard to a particular product, they should have the flexibility to not comply with all of the Standard's requirements, if, for example, some requirements aren't relevant. This will help ensure that the standard is more effective, principles based and can be appropriately adapted to different product types and asset classes.

<QUESTION_06>

Design Principles

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

<QUESTION_07>

We are opposed to the Standard in principle. However, if the CFA proceeds any ESG-related terms should be familiar and aligned to those used by other regulatory rules / industry standards. The CFA should not create new ESG related terms or definitions, as that would just introduce more complexity and confusion for managers and investors (for example, the Standards use of the term "ESG needs" doesn't sit well with the EU's terminology of "sustainability preferences", which we also consider to be a more appropriate term).

Additionally, the design principles should ensure that asset managers have flexibility regarding which ESG terms to use, allowing for the use of commonly accepted terms used under other applicable laws (e.g. the Sustainable Finance Package) or codes (e.g. the Principles for Responsible Investment).

<QUESTION_07>

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

<QUESTION_08>

We are opposed to the Standard in principle. However, in the event CFA proceeds, any disclosure requirements that are introduced by the Standard should be proportionate, principles based and not prescriptive. Additionally, we don't agree with the CFA's proposal to:

- require “feature” specific disclosures and then additionally have “general” disclosure requirements that apply to all products that apply the Standard. Rather, we think the Standard should only prescribe disclosures that are relevant to the ESG features identified by the Standard. This aligns with the CFA’s stated goal of helping investors match their ESG needs to the ESG features set by the Standard, and would help ensure that the disclosures are appropriately focused;
- have both minimum required disclosures and additional recommended disclosures. The Standard should instead be focused on a concise list of disclosures that firms can choose to apply or not apply, depending on relevancy.

<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>

If the CFA proceeds despite practical concerns, we do not believe the Standard should require all disclosure be made in a single document. Rather firms should have the flexibility to cover off the disclosures in multiple documents or to consolidate them in a single document (including cross-references where relevant) depending on what they think would be most appropriate for their products or investors.

As we have already noted, there are a large number of competing and potentially inconsistent ESG disclosure standards and requirements that currently apply or will apply to firms. Each of these standards and requirements mandate specific disclosures / disclosure documents, and as noted in our response to Q3 above, we think the CFA should enable firms to benefit from substituted compliance where possible to avoid repetition.

If firms are mandatorily required to prepare a separate CFA ESG disclosure document, asset managers will have to duplicate efforts, creating an increased compliance burden. It will also potentially lead to the provision of duplicated information to investors, who are already often overwhelmed and confused by the amount of information they receive. Accordingly we think firms should have the flexibility to cover off the disclosures in multiple documents or in a single document depending on what they consider would be most useful for their products or investors.

<QUESTION_09>

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

<QUESTION_10>

As noted above, SIFMA AMG’s members are opposed to the Standard in principle, and we have considerable doubts as to the usefulness of independent examination - which is likely to be very costly, inconsistently applied, and not offer any particular value or benefit to investors.

We note that as regulated entities, asset managers are obliged to be fair, clear and not misleading in their communications and are accountable for the disclosures they make – we don't think an independent examination on top of that will provide any particular assurances or value to investors.

In addition, given that independent verification of reported ESG data by companies and by asset managers is such a nascent area, we think any independent examinations at this stage would be premature and ineffective. ESG ratings services provide inconsistent results and there is nothing to suggest auditors will be able to make any better assessment. The broader framework isn't in place for such an examination to be effectively performed and we suspect that in conducting their assessment, the examiners will look to borrow from other ESG rules / frameworks, which are themselves very new and in need of improvement. Independent examiners are also likely to introduce their own minimum standards / expectations into the disclosures in practice, particularly as they compare the disclosures prepared by different asset managers and look to level-set, which would encourage prescription and deviate from the principles-based disclosure approach being targeted by the CFA.

The independent examination requirements will effectively create a new industry / service for the auditing of ESG disclosures that would not be helpful or necessary. Given the inconsistencies that would inevitably arise from differing independent examiners' review of the disclosures, the considerable cost burden that this requirement would place on asset managers cannot be justified – especially since our members do not have a sense of how demanding the CFA's final Standard will be at this stage.

<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>

Please see our response to Question 10 above – we do not think that independent examination should be required or encouraged. As noted in our response to Question 10, we consider that this requirement will impose a significant cost burden on asset managers, will be premature at this stage and is unlikely to provide any particular assurances or value to investors.

<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>

Please see our response to Question 10 above. We do not think that independent examination should be required. This is particularly true when addressing implementation efforts, as that would then entail the independent examiner reviewing all the investments of the product on an ex-post basis and effectively assessing the adequacy of the products' ESG profile, which the CFA stated is not intended in this exercise.

<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>

As noted in our response to Question 8 above, we don't think that any general disclosure requirements should be included, rather only ESG feature specific disclosures. We also note that most of the items suggested by the CFA as general disclosures (e.g. description of the products investment mandate, objective, or strategy) would in any case be included in the product offering documents. Therefore, the CFA's list appears to be duplicative. To the extent that any items in the general disclosures are ESG specific and not already included as a matter of course in prospectuses or other regulatory materials, we think they should be included in the ESG feature specific section instead.

<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>

No, if the CFA decides to proceed with this Standard, we are opposed to this suggestion. There are a variety of different global and local standards that investment products could follow and alignment with the UN's SDGs is just one of many considerations for asset managers when developing ESG themed products. Asset managers should have the flexibility to decide which ones they incorporate or target within their products, after considering factors such as the adequacy of the standard, investor demand and the product's investment objectives.

<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>

No, if the CFA decides to proceed with this Standard, we strongly disagree with including disclosures of this kind. The upcoming principal adverse impact disclosures in the EU are very burdensome and unhelpful both for asset managers and investors, particularly given that they are not terms that investors recognize. We also note that there remains considerable complexity and uncertainty around implementing these disclosures in the EU, which are also still in consultation stage and have not yet been finalized. The CFA may also be aware of the delay to secondary legislation regarding these disclosures, creating further complexity and confusion among the asset manager community at this time. We therefore strongly

disagree that these issues should be exported to non-European markets and products, even if on a voluntary basis.

<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>

Please see our response to Question 18 below.

<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>

Please see our response to Question 18 below.

<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>

In our view Feature (A) is very broadly defined and would capture most financial products (even those that do a very limited amount of ESG integration) and is therefore redundant and potentially misleading to investors. Most long only managers will look to broadly integrate ESG in their risk management and investment decisions across all products; ESG integration is also being widely understood within the asset management community as a capability (i.e. part and parcel of being an effective asset manager) rather than a specific ESG feature or commitment.

Therefore most products offered by asset managers could be badged as having this ESG feature, which would effectively make the feature redundant and defeat the purpose of the CFA’s regime – i.e. to enable investors to better identify products that meet their specific ESG needs. The use of the feature would also appear to contradict the Autorité des marchés financiers’ (“AMF”) ESG reforms in France and the EU Sustainable Finance Package, which do not permit asset managers to promote funds for which the manager adopts broad ESG integration techniques / safeguards as being funds with ESG features or

objectives (on the basis that characterizing the broad ESG integration as a specific ESG feature would have the potential to mislead investors).

Accordingly, we would recommend that Feature A be deleted from the list of potential ESG features, if the CFA is minded to continue with the Standard.

<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>

No – as we do not think that Feature A should be included in the Standard.

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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 think that the name of this feature should be amended. In our members’ experience, regulators such as the US Financial Industry Regulatory Authority, Inc (“**FINRA**”) do not like the use of the term “best in class” for 40 Act funds and so the use of this term is likely to create issues in practice.

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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>

No comment

<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>

Please see our response to Question 36 below

<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>

No, we strongly object to this feature being included in the Standard, if the CFA decides to proceed. As noted in our response to question 18 above, most asset managers will engage in proxy voting, engagement and stewardship activities across most products and investments. Therefore most products offered by asset managers could be badged as having this ESG feature, which would effectively make the feature redundant and would also potentially mislead investors into thinking that certain products are ESG products, even though the product does not have any specific ESG aims or objectives. In our view, Feature F is so broad that to include it as a feature would defeat the purpose of achieving comparability of ESG disclosures. Features with such broad terms are likely to deter asset managers from subscribing to the CFA’s Standard. We also do not think that this feature meets a particular investor ESG need or preference. Additionally, we note that the SEC already has a comprehensive regulatory regime on proxy voting and note that this is an activity that must be conducted in the best interests of clients generally, and not to further specific ESG goals.

This feature would also contradict the AMF's ESG reforms in France and the EU Sustainable Finance Package, which do not permit asset managers to promote funds for which the manager adopts broad ESG safeguards or undertakes proxy voting / stewardship as being funds with ESG features or objectives (on the basis that the product does not make any binding ESG commitments or promises).

Accordingly, we would recommend that Feature F be deleted from the list of potential ESG features, if the CFA is minded to continue with the Standard, as it will be misleading to investors, will contradict European rules and could be used for almost all product types and so is likely to be redundant / of limited value when it comes to helping investors better identify products that meet their ESG needs. Feature F is made further redundant by the plethora of existing stewardship standards (including the ICGN Global Stewardship Principles, the 40 Act and the EU's Shareholder Rights Directive II).

<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>

Please see our response to Question 36 above.

<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>

Please see our response to Question 36 above – the issues being suggested are already covered by other regimes, such as the Stewardship Code and the Principles for Responsible Investing.

<QUESTION_38>

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

<QUESTION_39>

As per our previous responses, we are opposed to the Standard in principle. However, if the CFA proceeds with the proposed Standard, we think Features A and F should be deleted as they are not distinct ESG features.

<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>

No comment

<QUESTION_40>

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

<QUESTION_41>

We don't think that the first need identified in Table 2 is in fact an ESG specific investor preference / need. Rather, investors would expect that the investment manager consider all relevant factors material to the risk and return of the investment.

<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>

As noted above, we think Features A and F should be deleted as they are not distinct ESG features.

<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>

As set out in our response to Question 1 above and the General Comments section below, we are opposed to the CFA's Standard at this stage. There are already a number of local, regional and international ESG disclosure standards in play, and we do not think that the CFA will be able to help these other standards come together under the umbrella of one global standard. As such, we do not agree with the user benefits outlined in the paper.

<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>

No comment

<QUESTION_44>

General Comments: Please enter general comments below.

<GENERAL_COMMENTS>

The Asset Management Group of the Securities Industry and Financial Markets Association (“**SIFMA AMG**”) brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG’s members represent U.S. and global asset management firms whose combined assets under management exceed \$45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds. For more information, visit <http://www.SIFMA AMG.org/amg>.

Whilst SIFMA AMG appreciates the work that the CFA has done in this area, our members are opposed to the Standard. In our members’ view, the CFA is not the most appropriate body to develop such a standard. Rather, national regulators should consider and outline the parameters of ESG regulation in the first instance. An additional CFA-led ESG disclosure framework, on top of the numerous standards that asset managers and investors are already considering and/or required to follow, would not be useful at this stage. Our members would therefore encourage the CFA to instead contribute to the thinking of national regulators in this area, or to the global standards being developed by IOSCO.

We have, however, provided feedback in our response on the broader questions raised by the CFA, in the event the CFA decides to still proceed with the Standard. In that case we would strongly recommend that the CFA delays the development of the Standard for a few years until the other ESG measures that are currently in train have been fully developed, embedded and understood within the industry. As any Standard developed before this would be premature and would not be able to properly take into account those standards and regulations.

<GENERAL_COMMENTS>