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المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/17/2021

Madrid, 30 June 2021

IOSCO consults on sustainability-related regulatory and supervisory expectations in asset management

The Board of the International Organization of Securities Commissions (IOSCO) is requesting feedback on proposed recommendations about sustainability-related regulatory and supervisory expectations in asset management.

The IOSCO Consultation Report on [*Recommendations for Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management*](#) (Consultation Report) focuses on investor protection issues and proposes that securities regulators consider setting regulatory and supervisory expectations for asset managers regarding sustainability-related risks and opportunities.

The recommendations cover five areas:

- asset manager practices, policies, procedures and disclosure
- product disclosure
- supervision and enforcement
- terminology
- financial and investor education

The recommendations aim to address various challenges, such as existing gaps in skills and expertise and the risk of fragmentation caused by divergent regulatory approaches. These challenges may further contribute to a lack of comparability for sustainability-related products, creating difficulties for investors' monitoring and decision-making, and therefore facilitating greenwashing.

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The Consultation Report outlines the types of greenwashing at the asset manager and product levels, describes the different regulatory approaches taken by securities regulators to address sustainability-related risks and opportunities and provides an overview of the financial and investor education initiatives conducted by regulators.

The Consultation Report discusses asset managers' sustainability-related practices and firm level disclosures, which are broadly categorised into the following areas, consistent with the [Task Force on Climate-related Financial Disclosures Recommendations](#) (TCFD Recommendations): governance, strategy, risk management, and metrics and targets.

The Consultation Report also highlights a clear need to address the challenges associated with the lack of reliability and comparability of data at the corporate level and the ESG data and ratings provided by third-party providers. The recently published [Report on Sustainability-related Issuer Disclosures](#) addresses data gaps at the corporate level, while a separate IOSCO report, to be published in July, will cover the proliferation of data and ESG ratings providers.

Ashley Alder, IOSCO Chair and Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, said: *“The number of ESG investing and sustainability-related products has risen significantly in recent years, magnifying some crucial challenges, including concerns about the consistency and comparability of sustainability-related information and greenwashing. This report sets out IOSCO’s view of the regulatory and supervisory expectations needed to support asset managers in addressing these challenges. It follows IOSCO’s publication earlier this month of its vision for a global baseline of consistent and comparable investor-focused sustainability disclosure standards under the IFRS Foundation, which will also help the asset management industry consider climate and sustainability-related issues in the investment process.”*

Erik Thedéen, Chair of the IOSCO Sustainable Finance Task Force and Director General of Finansinspektionen of Sweden, said: *“Asset managers are at the heart of the investment chain*

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and play a central role in the eco-system of sustainability-related information. Sustainability-related policies and frameworks can therefore help ensure that asset managers take sustainability-related risks and opportunities into consideration and integrate them into their decision-making process. Given the accelerated pace of developments and the interest in converging on a common global baseline, the consultation report refers to the TCFD Recommendations which asset managers could consider for their sustainability-related policies.”

Notes to the Editor:

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions and is made up of 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Bahamas, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Russia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 10 of the G20 members. Dr. Mohammed Omran, Executive Chairman of the Financial Regulatory Authority, Egypt is Chair of the GEM Committee. The committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
4. IOSCO aims through its permanent structures:

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- to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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