



**AMIC response to the ESAs Survey on templates for Environmental and/or Social financial products  
under SFDR  
16/10/2020**

**Q1. How useful is the highly standardised presentation of the information in this format?**

Having a standardised presentation of the required information can be fairly useful for end clients, especially non-professional ones. However, we find the extra-financial information displayed in the mock-ups too lengthy and often repetitive making it hard to read from a retail end-customers perspective.

Also, the proposed presentation (i.e. Q&A, graphs) does not fit in with the current prospectus and annual report formats. This pre-contractual and periodic information is intended to be included into existing documents provided for under EU sectoral legislation and provided by, for example, AIFMs, UCITS management companies. To facilitate this inclusion, and to ensure that information can be provided in compliance with EU and national legislation, it is important to guarantee flexibility in the way documents are structured, while ensuring that the information they contain is meaningful and comparable.

Furthermore, certain products such as UCITS are already mandated under existing regulations to include certain similar disclosures (e.g. Investment Strategy, Tracking, Portfolio composition) in the Prospectus and Annual Report, resulting in unnecessary duplication, potential conflicting disclosures and information overload for investors.

In our view, extra-financial information in the draft RTS are already prescriptive enough to ensure a certain level of comparability and in that context a principles-based approach could foster innovation and competition. From the moment financial market participants comply with the requirement to provide sufficient, transparent and clear information on the binding set of points, they should have more freedom to choose the presentation format which suits their products, prospectuses and annual reports. Please note that this is already the common practice for the presentation of financial information.

**Q2. More specifically, how useful is the presentation of the information with the use of icons as visual aids (in mock-up 1 and 3)?**

We believe that the icons would not add meaningful information; therefore we advise that they should not be mandatory. While we understand the desire to make the documentation attractive to end customers, the inclusion of icons in existing prospectuses and annual reports may be very difficult.

**Q3. More specifically, how useful is the presentation of the information with the use of graphs as visual aids?**

A graphical representation does not fit the current prospectus format, and its integration would be quite complex. Websites or periodic reports are better suited for the disclosure of graphical representation of investments of the financial products: they allow more frequent and continuous updating than the pre-contractual documents. The need for flexibility in updating this type of information is important as there is still uncertainty as to what would qualify as a “sustainable investment” under SFDR/Taxonomy and as the ESG footprint of investee companies will evolve over time.

We believe that the planned minimum asset allocation of the product should be limited to a narrative description in the prospectus; whereas its graphical representation could be published on the website and/or in the annual reports. As for the sectoral allocation, it should not be mentioned at all in the prospectus (neither narrative, nor graphical representation) due to its constantly changing nature, especially in actively managed financial products. A narrative description and graphical representation of the sectoral allocation could be published either on the website (on a quarterly or annual basis) and/or in the annual reports. Please note that the sectoral allocation is already published by the asset managers in their monthly factsheets or monthly reports. These documents suit better the changing nature of the sectoral allocation, and perfectly serve the purpose of regular and timely communication on any changes.

**Q4. More specifically, how useful is the presentation of the information with the use of explanatory note, in the column at the right side of the document, which are presented on a grey background)?**

We believe that explanatory notes are very useful for our clients to better understand financial and extra-financial characteristics of financial products. However, we don't find the proposed presentation to be the most appropriate one. Firstly, it does not fit the current prospectus and annual report formats. Secondly, asset managers already include a specific section with financial and extra-financial terms definitions into their prospectus. We think that it should be up to the financial market participants to decide on the way they will be integrating explanatory notes in their prospectus. In some cases, a glossary in another part of the document could be more meaningful.

**Q5. Are there any presentational aspects that might make it hard to understand the sustainability-aspects of products?  
For example, with regards the distinction between the sub-categories of investments, namely between #1A and #1B?**

The provided example of a graphical representation between #1A and #1B could indeed help to understand the sustainability aspects of a product. However, we believe that this kind of graphical representation should not be part of the prospectus, but could be published on the website and/or annual reports.

**Q6. Do you have any other suggestions or comments to improve the presentation of these disclosure documents?**

**General comment:**

When developing templates for pre-contractual and periodic disclosure one should take into consideration:

- Investor types: focus on retail clients (i.e. shorter disclosure) vs institutional clients (more flexibility)

- Product types: whereas the same template with some common elements can be used for both Article 8 and 9 products, sufficient flexibility should be given to reflect on the specificities of each type of products;
- Nature of the required information (static, dynamic, etc.) and appropriate channel (i.e. website vs prospectus) to make sure clients are provided with the relevant information in a timely manner;
- Existing disclosures via the prospectus and its legal/format constraint to better integrate extra-financial information into this document in a smooth way;
- All other documents used by the financial market participants to communicate on different characteristics of financial products to ensure there is as little overlap as possible and the most appropriate document is chosen to communicate on these characteristics.

**Specific point on the warning statement:**

We believe the warning statement for article 8 products (“This product does not have as its objective sustainable investment”), which is not required by the level 1 texts of SFDR and the EU Taxonomy, is potentially confusing for investors and should therefore be amended as proposed below.

*This product has:*

~~-ESG objective: no~~

~~-ESG characteristics: yes~~

***For article 8 products***

*This financial product promotes environmental or social characteristics, ~~but does not have as its objective a sustainable investment.~~ It might invest partially in assets that have a sustainable objective, for instance qualified as sustainable according to the EU classification.*

***For article 9 products***

*This financial product mostly invests in assets that have a sustainable objective, for instance qualified as sustainable according to the EU classification.*

**Q7. When the templates are presented via digital media, can you foresee any particular challenges? Can you suggest how these particular challenges could be overcome while retaining the core aspects of the standardised template format?**

We would recommend initially allowing a flexible format such as Searchable PDF for Prospectus/Periodic Reports rather more technical formats.