



Japan Securities Dealers Association

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Ms. Raluca Tircoci-Craciun

International Organization of Securities Commissions (IOSCO)

Calle Oquendo 1228006

Madrid, Spain

Comments on “Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management”

Dear Ms. Raluca Tircoci-Craciun,

The Japan Securities Dealers Association (JSDA¹) appreciates the opportunity to provide the following comments on “Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management” published on June 30, 2021 by the International Organization of Securities Commissions (IOSCO).

Our association understands the growing awareness towards significant economic and financial impacts of climate change and environmental, social and governance (ESG) risks, and has worked to tackle such issues to date. We would like to express our appreciation for IOSCO’s ongoing efforts to address these new issues with remarkable initiatives.

The JSDA would like to submit the following comments that are from some of our member securities firms and hope that the comments will be thoroughly considered as the recommendations are finalized going forward in order to realize fairness between regions and clarify the definitions of terms in this area after this consultation.

¹ The Japan Securities Dealers Association (JSDA) is an association that functions as both a self-regulatory organization and as an interlocutor between market participants and various stakeholders, including government authorities. Its legal status is a Financial Instruments Firms Association authorized by the Prime Minister. Both functions operate independently. The JSDA is made up of approximately 490 members that include securities firms and other financial institutions running securities businesses in Japan.



Question 4: Should securities regulators and/or policymakers, as applicable, consider setting out different disclosure requirements for products with sustainability-related investment objectives as compared to products that promote sustainability-related characteristics? If so, for which of the different areas of disclosure listed above should the requirements vary, and how should they vary? In addition, if so, should securities regulators and/or policymakers, as applicable, consider specifying thresholds or other criteria for determining whether a product has sustainability-related investment objectives as compared to sustainability-related characteristics, and what should those thresholds or criteria be?

(Response)

- The classification of the product with sustainability-related characteristics and the product with sustainability-related investment objectives seems to be based on EU Regulation on sustainability-related disclosures in the financial services sector. We understand that this classification is still subject to debate in EU.
- As such, we welcome IOSCO's initiative to sort out and provide an internationally agreed classification standard that many market participants can adopt. We believe that a more widespread understanding of the classification among market participants can promote its use in the market.
- We need to underscore, however, that IOSCO needs to handle the issue very carefully as it should refrain from being seen as rubber stamping any specific jurisdiction's framework concerning what constitutes a sustainable financial product.

Sincerely yours,

HISHIKAWA Isao
Director, Chief Officer for International Affairs & Research
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