

MSCI's Feedback on European Single Access Point (ESAP) For Financial and Non-Financial Information Publicly Disclosed by Companies

MSCI Ltd.

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INTRODUCTION

MSCI appreciates the opportunity to comment on the **EUROPEAN SINGLE ACCESS POINT (ESAP) FOR FINANCIAL AND NON-FINANCIAL INFORMATION PUBLICLY DISCLOSED BY COMPANIES**

About MSCI

MSCI Equity Indexes

MSCI is a leading provider of investment decision support tools to institutional investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes, ESG research and tools, and portfolio risk and performance analytics. MSCI is headquartered in New York, with research and commercial offices around the world.

MSCI has been calculating indexes for more than 45 years. The MSCI equity indexes include country and regional indexes, size indexes (large cap, small cap, and micro-cap), sector indexes, style (value/growth) indexes, strategy indexes, thematic indexes and ESG indexes.

MSCI also calculates custom indexes at the request of clients, by applying client screens and constraints to MSCI equity indexes. MSCI equity indexes are used worldwide by:

- assets owners to help them with their mandate decisions and with reviewing their managers' performance;
- active asset managers so that they can actively manage their funds against an index and report performance;
- passive fund managers to issue passive funds and ETFs based on the indexes;
- broker dealers for providing trading execution services, creating OTC and non-OTC derivative financial products and writing research more generally;
- stock exchanges to create equity index linked futures and options contracts; and
- CCPs to calculate the risks of its positions for index linked futures and options contracts.

During 2013 and 2014, MSCI implemented the IOSCO Principles for Financial Benchmarks, was externally audited during each of 2014, 2015

and 2016 for the MSCI equity indexes and select MSCI private real estate indexes, and posted the adherence statements and audit reports on the Index Regulation page of www.msci.com. During 2017, 2018 and 2019, MSCI devoted those resources to implementing the EU benchmark regulation ("BMR"), and MSCI posted the IOSCO adherence statements on the Index Regulation page of www.msci.com.

On 5 March 2018, MSCI Limited, which is a UK subsidiary of MSCI Inc., was granted authorization by the UK FCA as a UK administrator under the BMR for the MSCI equity indexes. MSCI was the first major global equity index provider to become authorized under the BMR. On 13 June 2019, MSCI notified the FCA in relation to specific UK MSCI Private Real Estate Indexes used as regulated benchmarks under the BMR. On 16 December 2019, MSCI notified the FCA in relation to the MSCI fixed income indexes.

Q7. Should ESAP include information from the hereunder provided list of EU legislations in the financial area? And if so, please specify whether the ESAP should embed this information immediately (as soon as the ESAP starts) or at a later stage (phasing in) (please choose one of the two options for each EU legislation that you agree to include in ESAP).

MSCI: We support the stated purpose of the ESAP, which is “to establish a European single access point (ESAP) for companies’ financial and sustainable investment-related information made public pursuant to EU legislation”. This can positively, effectively, and efficiently support the SFDR and certain of the other EU’s other sustainability initiatives. It could also support the EU’s CMU efforts. Anything beyond that, however, is superfluous and will take time and effort away from the main goal of ESAP. Expanding ESAP beyond the stated purpose, risks creating a tool that is too big, too unwieldy, and too burdensome, which could ultimately threaten the launch of the tool itself.

Further, other regulations already set out the mechanisms for data disclosures, and given that other regulations cover other actors/other types data, we do not believe centralizing all data disclosures across EU regulation into one tool is needed and, in fact, it could be counterproductive. For example, under the benchmark regulation, ESG data is provided at index level, not the company level, and thus risks confusion with a database trying to capture company data. Further, the benchmark regulation specifically allows benchmark administrators to provide portals on their own websites to manage and publish the ESG index level data. This is working. However, as we’ve seen with the ESMA Benchmarks Register, a centralized data base requiring the upload of data for millions of benchmarks is not working, which is why we do not recommend that ESAP apply to the benchmark regulations.

It is our understanding that, particularly considering the EU sustainable finance goals, time is of the essence in terms of disclosures. Therefore, we suggest the ESAP focus on a simple, intuitive, company and user-friendly solution for the immediate need (i.e. company financial data and company non-financial data per EU regulation).

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The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: <https://www.msci.com/index-regulation>.

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