

12 March 2021

DG Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Bruxelles/Brussel
Belgium
(submitted via the EC online portal)

RE: Targeted consultation on the establishment of a European single access point (ESAP) for financial and non-financial information publicly disclosed by companies

Introductory Comments

BNY Mellon welcomes the opportunity to respond to this Consultation Paper on the establishment of a European single access point (ESAP) for financial and non-financial information publicly disclosed by companies.

In this paper, we further elaborate on some answers where we were unable to include in the online form.

Additional Commentary

Question 1. General Questions

ESAP has major potential in helping provide solutions to the problems of segmented and inaccessible capital markets.

The concept of ESAP as a single location where investors and market participants can access data covering issuers and market participants across all European countries is very powerful.

The success of ESAP will be critically dependent on the integrity, reliability and comparability of the data that it holds. The larger the scope of the data that ESAP holds, the greater will be the benefits that ESAP delivers.

ESAP should hold at least four types of public data (in order of importance):

1. Information on companies/issuers (financial and non-financial)
2. Information on securities
3. Information on market participants
4. Information on financial products

The implementation of ESAP should be in phases, with the priority given to the most important categories of information. ESAP should be designed so that it will be able over time to increase the types of data that it can hold.

In order to function as a real single location, ESAP should be able to accept data provided on a voluntary basis by a wide range of market participants.

ESAP should aim at:

- i. expanding the range of entities/securities about which information is available (not just blue chips, but also SMEs, bonds from unlisted issuers, public sector securities);
- ii. ensuring a wide range of data is available (e.g. financial and ESG data); and
- iii. supporting machine readability to foster innovative solutions in the space of data analytics.

A pre-requisite to the successful launch and implementation of ESAP is the harmonization of the current public reporting processes and requirements, as well as the streamlining of the existing multiple reporting channels across Member States.

The following key principles informed the answer choices selected:

Scope

Data is core to the efficient functioning of capital markets. ESAP should aim at gathering and maintaining the widest possible scope of data in the longer term. However, the key principle that should guide the prioritization efforts with respect to ESAP's scope in the shorter term, should be to focus on all data that better and more directly informs investment decision-making.

In particular, Environmental, Social and Governance (ESG) data should be prioritized, including with respect to the specific data points set out under the Taxonomy Regulation, and the Sustainability-related Disclosure Regulation (SFDR). There are significant challenges with accessing, analysing and comparing ESG information, and the urgency with which capital needs to be channelled into greener projects, in line with the Paris Agreement objectives, is equally significant.

Further, ESAP should be open and accessible to a wide range of capital market participants. ESAP should have the potential to contain information on securities issued by European issuers on non-European trading venues, and information on non-European companies that issue securities on European trading venues. ESAP will help attract global investor interest to European companies and European trading venues.

Data quality (accuracy and completeness)

Data quality is critical prerequisite for the success of ESAP. ESAP should facilitate a mechanism for indicating whether the data has received any form of validation.

In order to achieve this level of transparency, we would recommend considering a system of validation labels, considering a spectrum of objectively determined labels. For example, these labels could be ranging from 'no validation' to 'validation at source via internal audit' 'data officially submitted to a regulatory authority in compliance with applicable law', 'validation at source via 3rd party verifier' etc.

This approach would strike a fair balance between providing users with adequate flags on data quality, as well as supporting data preparers that may not have adequate resources to pay for external third party verifiers.

Data sources

In line with the arguments set out for data quality, it is fundamental that all data sources are provided.

Timeliness

In order to be a true 'single point of access' for all data in the EU, ESAP must strive to guarantee its users that the data it maintains is the latest available, effectively eliminating the need for consulting multiple data sources. We appreciate that there are inherent challenges with ensuring that data released by companies is simultaneously captured by ESAP. A potential solution to this challenge may be to start requiring public disclosures made pursuant to EU regulatory to be satisfied via submissions on the ESAP. Further, existing national data repositories (including company registers etc.) should automatically feed onto the ESAP.

Data Immutability

ESAP should maintain the full historical record of data submitted onto the platform. There are various technologies that could support the maintenance of a reliable audit trail of all historical records (see for example Distributed Ledger Technologies). In any case, we recommend that data maintained on the ESAP should always be date-stamped.

Voluntary (and Global) Data

Another great value proposition of ESAP could be maintaining all data resulting from existing (and future) global voluntary data disclosure regimes. There is a rich realm of initiatives favouring targeted commitments and associated voluntary disclosures, in particular in the ESG space – e.g. TCFD, UNEP FI, DP, SASB, GRI, SBTi.

In satisfaction of such initiatives, corporate entities often disclose in different formats and via different media (e.g. some may be integrating these disclosures into existing regulatory reports, annual reports, CSR reports, standalone publications, or dedicated sections of websites, etc.).

ESAP could have a dedicated section supporting and maintaining all information disclosed on a voluntary basis, effectively aiming at becoming a centralized depository for all these disclosures, rendering it easier for data consumers and users to access it in one place.

Over time, ESAP could act as an important repository for public KYC information, for information on corporate actions, and for information on the regulatory status of securities (for example, whether securities are in-scope of CSDR settlement discipline rules or of SRD2 processes).