
Response to the European Commission's targeted public consultation the establishment of a European Single Access Point for financial and non-financial information publicly disclosed by companies (Section 6: Additional Information).

AFME's guiding principles for the establishment and operation of the ESAP.

12th March 2021

Executive Summary

AFME is fully supportive of the establishment of a European Single Access Point (ESAP) for financial and non-financial information publicly disclosed by companies. AFME is grateful for the opportunity to provide input to the European Commission's targeted public consultation¹. This document constitutes AFME's response to Section 6 of the public consultation relating to "Additional information".

In this response we set out AFME's guiding principles for the establishment and operation of the ESAP, which we hope are useful to policymakers as a tool for assessing the scope, utility and operation of the ESAP in order to facilitate investors' access to company data, including that of SMEs, in line with the High Level Forum (HLF) on the Capital Markets Union (CMU) recommendations in its final report adopted on 10th June 2020².

These guiding principles for ESAP could also support the delivery of the wider European Commission Data Strategy³ published on 19th February 2021, which aims to facilitate greater data sharing across Europe, and within multiple sectors such as Financial Services, through further similar initiatives.

Overview

AFME considers that the ESAP should be primarily designed to increase transparency, with regards to companies currently mandated financial and non-financial ESG information disclosures intended for consumptions by end investors, whilst not increasing costs nor administrative burdens for companies or end investors.

AFME concurs with the Commission with respect to the objective and scope of the ESAP as articulated within the Commission's Consultation strategy for the European Single Access point (ESAP)⁴ paper accompanying the targeted consultation, which states:

"The ESAP will address primarily information published by companies that are capital market participants, as well as SMEs looking for funding, as foreseen in the new CMU action plan. It will encompass information disclosed pursuant to the Non-Financial Reporting Directive and it could also be extended to other categories of ESG information disclosed by financial institutions."

The scope of the content of companies information that should populate the ESAP in the first phase would serve the greatest need of end investors if it were to include both companies ESG disclosures and mandated company financial public disclosures. AFME notes that further phases of the initiative could be expanded to include other public disclosures.

¹ https://ec.europa.eu/info/consultations/finance-2021-european-single-access-point_en

² https://ec.europa.eu/info/sites/info/files/business_economy_euro/growth_and_investment/documents/200610-cmu-high-level-forum-final-report_en.pdf

³ https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-data-strategy_en

⁴ https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/2021-european-single-access-point-consultation-strategy_en.pdf
(Section 2: Consultation scope and objectives)

AFME's guiding principles for the establishment and operation of the ESAP

AFME believes the ESAP would be most successful in achieving its stated objective to facilitate investors' access to company data, including that of SMEs, if it followed the guiding principles below.

1. The ESAP should be configured with the primary goal of increasing the availability and transparency of companies financial and non-financial ESG disclosures for the benefit of end investors whilst not increasing costs or administrative burdens for corporates or end investors.

Introducing extra cost or administrative burdens for listed companies or end investors would not be conducive to creating a vibrant and competitive business environment in European capital markets as envisaged by the HLF final report on the CMU.

2. The ESAP should not create new disclosure requirements.

The scope of the data collated within the ESAP should be only that corporate disclosure information and/or ESG disclosure information which would be demonstrably useful to potential investors and that which is currently mandated for public disclosure by companies (or is provided on a strictly voluntary basis at the discretion of the company itself in the case of SME non-listed companies). Through the ESAP process, consideration should be given to whether further disclosure could be useful to investors and enhance the functioning of the EU's capital markets.

3. The ESAP should focus on information that is disclosed to the public as opposed to supervisory reporting.

This will ensure the scope of the ESAP is proportional and its development is primarily driven by the measure of increased utility and transparency for end investors.

4. The ESAP should be populated with companies data utilising the existing architecture via the relevant individual member state mechanisms.

AFME supports this approach as recommended by the HLF final report on the CMU. For instance, with respect to mandated company financial public disclosures, this will be the existing mechanisms such as company registers; National Competent Authorities (NCAs); or Officially Appointed Mechanisms (OAMs). This will ensure no additional burdens will be borne by the corporate entity. Rather than being a new database, ESAP should take a federated approach and build on existing national and EU IT infrastructures.

5. The ESAP should complement existing information initiatives.

For instance, BRIS (Business Registers Interconnection System) which is a joint effort by EU governments and the European Commission or Securitisation Repositories (mandated under the EU Securitisation Regulation and to which market participants have a legal requirement to submit data on public securitisations).

6. The design and governance of the ESAP should ensure that companies are not required to make duplicative submissions.

Rather, companies should have assurance that they will only ever be required to submit their mandated public disclosure once to a single mechanism. This will ensure no additional burdens will be borne by the corporate entity.

7. Preparers of information (companies) and users of information (end investors) should play primary roles in the design, implementation and governance of the ESAP.

This will ensure the project remains focussed on the needs and concerns of those stakeholders who will determine the success of the ESAP and ultimately deliver on the objective of creating a vibrant and competitive business environment in European capital markets as envisaged by the HLF final report on the CMU.

8. The ESAP should ensure that information is machine readable and accessible via Application Programming Interfaces (APIs).

APIs are a preferred industry method for the transmission of data as they can provide security and efficiency benefits, and access on a real-time or regular basis.

About AFME

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society. AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia. AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.

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